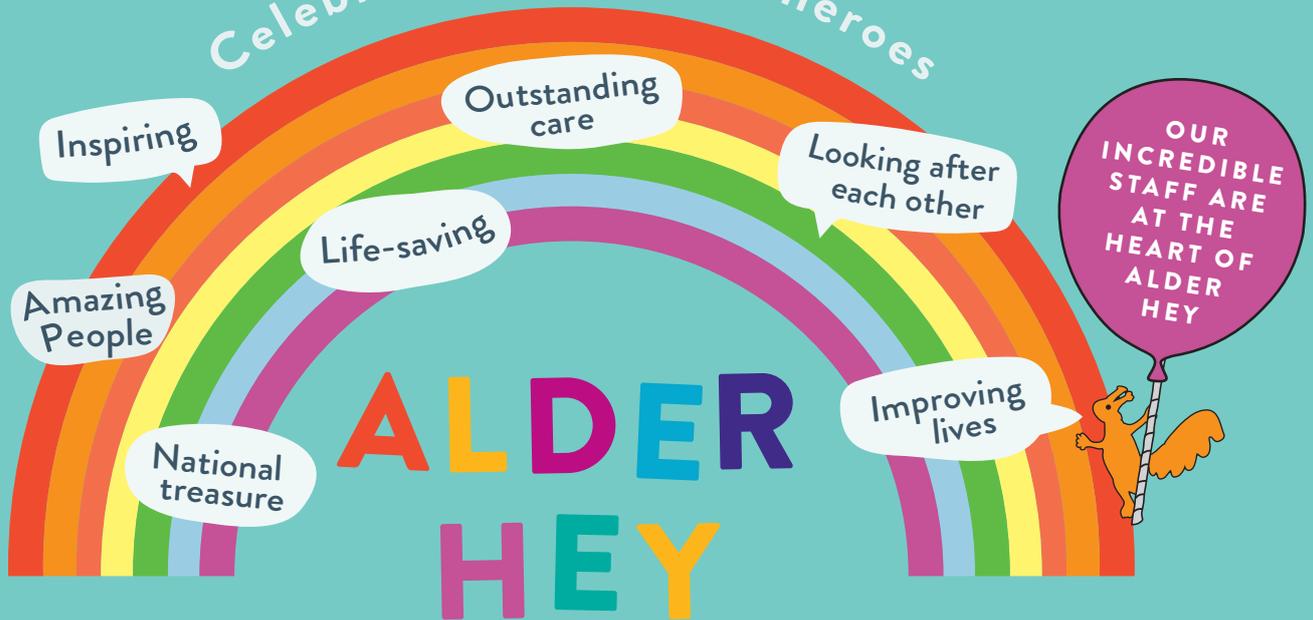


A SPECIALIST CHILDREN'S TRUST

Celebrating our NHS heroes



**ALDER
HEY**

FAMILY

LEADING THE WAY IN RESEARCH,
EDUCATION & INNOVATION

ANNUAL REPORT &

ACCOUNTS 2019/20



Alder Hey Children's
NHS Foundation Trust

Annual Report & Accounts 2019/20

Presented to Parliament pursuant to Schedule
7, paragraph 25 (4) (a) of the National Health
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A MESSAGE FROM OUR CHAIR AND CHIEF EXECUTIVE

As we come together to write our welcome message this year, our thoughts are with the loved ones of all those affected by COVID-19 from across the globe.



Although the pandemic arrived in its full force only at the very end of 2019/20, its impact has of course been felt in every aspect of our work, just as it has across every facet of society worldwide. As an NHS organisation, we have been acutely aware of the gravity of our responsibility on the frontline of the fight against the pandemic, of the vulnerability of those whom we are privileged to care for and, acutely, of the sacrifice that our amazing staff have felt honoured to make, day in day out, throughout this extraordinary time.

It is our responsibility to do justice to that sacrifice on their behalf and to try to convey within this report how the Alder Hey family has come together, as it always does in the most difficult of times, to face the challenge as one and how we hope to emerge stronger for it. Along with all of our NHS friends and colleagues, we have been humbled by the public's support for our supremely dedicated staff, now universally acknowledged as 'heroes' - as they have always been to us - as they unstintingly strive to ensure every single patient is at the heart of what they do every day.

In the face of a new virus, which brought with it so many unknowns, the way in which we provide care has needed to change; within a short space of time we reconfigured services and introduced new ways of working in order to keep our patients and their families safe. Some of these changes have led to improvements and opportunities which the Alder Hey family has embraced, including virtual visiting on our wards, video consultations from home and the implementation of a Crisis Care Service offering 24 hour support to children and young people who are in mental health crisis. We have also significantly invested in our digital services, ensuring our staff have been able to work continuously throughout the pandemic, including at home where possible. Alongside this, a greater focus on wellbeing support and a dedicated Staff Advice and Liaison Service have helped colleagues feel supported throughout this challenging time.

Whilst remembering those lost to the virus, it is a fitting tribute to them to focus on and celebrate the many achievements, triumphs and challenges that the year brought, before everything changed, perhaps forever. For Alder Hey, it was already

another eventful and stimulating year and we are, as ever, proud to belong to one of the most outstanding performers in the NHS. We again fulfilled our promises to patients to see and treat them in accordance with NHS standards – including cancers and elective cardiac surgery – and although our Emergency Department saw its busiest winter on record, we were able to meet the 4 hour target in almost 90% of cases.

In January and February we welcomed colleagues from the Care Quality Commission, who inspected six of our core services, as well as carrying out a review of the organisation against their ‘well led’ standards. Alder Hey was rated ‘Outstanding’ in the caring domain and ‘Good’ overall.

Our ambition to create Europe’s first dedicated children’s healthcare campus in a park continued throughout the year and we remain focused on striving to secure the very best health outcomes for children and young people into the future. Our new specialist bereavement facility, the Alder Centre, is nearing completion. Building work has begun on a new home for our community paediatric and mental health services, which will include new mental health and neurodevelopmental outpatient facilities and a brand new twelve bed specialist inpatient mental health unit. We are delighted that we will soon be able to deliver these vital services together, within the best possible environment of the wider Alder Hey campus.

We remain committed to re-creating a new Springfield Park, surrounding our campus with an enhanced safe and secure green space ; a park where...where children and young people can play and enjoy outdoor activity and one which supports the wellbeing of the local community. We are now working with key partners and continuing to engage with the local community before beginning restoration later this year.

At Alder Hey our ambition remains to do all we can to reduce health inequalities and create a healthier future for children and young people. We continue to work in partnership with those who share this vision of placing the needs of children and young people first. As we emerge from the current crisis, we will redouble our efforts to advocate on their behalf, to ensure their voices are heard and to nurture our future generations.

We commend our Annual Report for 2019/20 to you and look forward to the coming year with hope and optimism for a healing world.

Jo Williams

**DAME JO WILLIAMS
CHAIR**

Louise Shepherd

**LOUISE SHEPHERD CBE
CHIEF EXECUTIVE**



DELIVERY OF OUTSTANDING CARE



THE ASTHMA TEAM

Asthma is the most common long term condition of childhood, and can cause considerable and long lasting difficulties for children and families.

Dealing with a huge cohort of patients, our Asthma Team has been able to refocus the way they provide treatment away from prescribing medicines and towards improving the 'whole patient'.

They are committed to person-centred care, and through initiatives such as exercise classes, new technological solutions and healthy nutrition they aim to improve the self esteem of their patients as well as their health.

True pioneers and resolute champions, the Asthma Team deliver truly outstanding care.

BEST PEOPLE DOING THEIR BEST WORK



RAY CLARKE

Mr Clarke is a longstanding Ear Nose and Throat Consultant who has revolutionised the care and treatment of our patients during his incredible 31 years of service to Alder Hey.

Nominated by dozens of colleagues, Ray has grown the ENT service from a one man job into a robust team of seven consultants with a range of sub specialisms, three specialist nurses, two clinical fellows and a large and busy Outpatient Team.

But even more important is his warmth, good humour and genuine compassion he brings to his patients and colleagues alike.

PERFORMANCE REPORT

Overview

The following section of the report is designed to provide a broad summary of Alder Hey as an organisation: what we are about, what we are aiming to deliver for our patients and families, the risks to achieving this 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 330,000 children and young people each year. In addition to the hospital site at West Derby in north Liverpool, 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 3,750 staff who work across our community and hospital sites and as a teaching and training hospital we provide education and training to around 540 medical and over 500 nursing and allied health professional students each year.

Our operating turnover is £291m of which £256m 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 £72m contract on behalf of 21 associate CCGs in the North West of England. In addition we have a contract with a value of £17m 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 national tariff for this work. We are one of the two accredited major trauma centres 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 the 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. The Trust also is one of four commissioned paediatric national craniofacial units.

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 - since April 2016, NHS Improvement - have been generally among the highest available since authorisation as an NHS Foundation Trust in 2008 and we have consistently achieved the government's NHS Constitution access and quality targets.

The year saw much progress and achievement against the Trust's Integrated Research Strategy for Child Health in partnership with the University of Liverpool and other academic institutions and has continued to deliver research at volume and to the highest standards of safety and quality. Increasing evidence has established the association between research volume and intensity in the hospital and improved health outcomes for patients. In 2019/20, Alder Hey recruited over 8,399 children and young people into its research studies, maintaining its position as the highest recruiting centre to studies in children since the inception of the National Institute for Health Research (NIHR) Clinical Research Network (CRN).

Research is now included as part of CQC's inspection framework which emphasises the importance of the safety and quality of research, given the proven association between research volume and improved outcomes/decreased mortality in NHS trusts. In the Trust's CQC 'Well Led' inspection, the Director of Research was interviewed by members of the CQC inspection team and welcomed the opportunity to describe the breadth of means by which the organisation promotes, supports and facilitates clinical research.

Alder Hey is an organisation focused on research and innovation. This is clearly demonstrated through the implementation of the NIHR Intention4Innovation DETECT research project. This has involved a hospital-wide roll out of a digital, real time technology platform for the assessment of paediatric early warning scores (PEWS) which can identify those inpatients who are clinically deteriorating and may need an escalation in their treatment. This replaces the previous paper-based system for monitoring PEWS. The implementation of a whole hospital intervention for evaluation is only possible in a research-focused NHS organisation such as Alder Hey. While the evolution phase is still ongoing, interim results are very promising with respect to reduction in transfers to the Critical Care Unit.

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 the Alder Hey Children's Charity, Ronald McDonald House (located in the grounds of the hospital) is able to offer support and a safe place to stay in a 'home away from home' environment for families at the toughest time in their life. We continue to work closely and strengthen our relationship with our charitable partners.

We have been authorised as a Foundation Trust since 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 just over 15,000 people across the regions we serve. We have a well-established Children and Young Peoples' Forum. 'The Forum' helps develop new ideas for how they can be at the centre of the Trust's plans and activities, including continuing to play 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 divisions: Medicine, Surgery, Research and Community Services and Mental Health - each led by a triumvirate leadership team, comprising a Clinical Director (as the accountable officer), supported by a senior manager in the role of Associate Chief Operating Officer and an Associate Chief Nurse who, together with service leads and managers, are responsible and accountable for the overall clinical, workforce and financial performance of their area.



The four clinical divisions are comprised of the following services:

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
- Bed management
- Phlebotomy
- Medical day care
- Neurology
- Allergy
- Neurophysiology
- Physiotherapy
- Occupational therapy
- Speech and language therapy

Research

- Clinical Research Facility
- Experimental Arthritis Treatment Centre
- Paediatric Medicines Research Unit
- Children's Nursing Research Unit
- Governance and quality
- Research delivery
- Commercial partnerships

Surgery

- Cardiac surgery and cardiology
- Paediatric intensive care and designated ECMO service
- High dependency care
- 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
- Craniofacial surgery
- Orthopaedics
- Plastic surgery
- Spinal surgery
- EBME (medical equipment)

Community and Mental Health

- Children's Community Nursing Team
- Homecare
- Community matrons
- Community therapies (physiotherapy, occupational therapy, speech and language therapy, dietetics)
- Neurodevelopmental paediatrics
- Learning disabilities
- Complex Discharge Team
- Transition Service
- Safeguarding services
- Rainbow Centre
- Specialist Child and Adolescent Mental Health Services (eating disorders, Tier 4 Unit, crisis care, Specialist Community Mental Health Service)
- Outpatients
- Booking and scheduling
- Medical records
- Phlebotomy

Our CQC Ratings

The Trust's current ratings are as follows:

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

Our Vision

The Alder Hey Board has continued to work toward its clear, long term strategic ambitions originally set out in 2011; our Vision was endorsed by the current Board and Council of Governors through the development of Our Plan to 2024. It has remained at the core of all of our strategies, plans and decisions.

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

Our Strategy

Throughout 2019/20 the Board continued to see progress against "Our Plan" - our Strategic Plan to 2024 – as the principle vehicle to take us towards our Vision of 'a healthier future for children and young people'.

Alder Hey's Strategy remains 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 2019/20, our strategic aims reflected the organisation's continued focus on highest quality services supported by a range of underpinning and enabling activities, as illustrated through our now familiar graphic. In addition, the Trust's values underpin all that we do and how we do it.



Delivering on our Strategic Aims and our Operational Plan: Highlights from 2019/20

2019/20 was another successful year for Alder Hey. Highlights of progress against our plans during the year include the following:

Delivery of Outstanding Care

- Alder Hey now has the best survival rate for paediatric cardiac surgery in the world at 99%, as well as the best survival rate for children who have required ECMO treatment in intensive care.
- In the last five years, we have seen a 27% reduction in the number of children who die in hospital (even though we treat some of the sickest children in the UK) out-performing our peer group.
- The Trust made further gains in terms of patient safety, demonstrating a reduction in medication errors from 18% to 3.2% and the number of hospital acquired infections by 30% from the 2017/18 baseline.
- Nationally, the Trust is third overall out of all acute specialist organisations for the number of incidents reported against a rate per 1,000 bed days, making us the top performing children's Trust in this regard. This is an improved position from the previous six months with an increase of 1% in terms of the number of incidents reported when compared to the same time period the previous year.
- The Trust has seen the eradication of grade 4 pressure ulcers for the last four years.

The Best People Doing Their Best Work

- The Trust successfully became an accredited 'Step into Work' organisation in 2019/20, which enables us to provide sustainable employment opportunities to members of our community from minority groups. We have continued to successfully provide career workshops and events to support the development of the future workforce and have provided 96 clinical placements to students from five local schools in addition to hosting 145 student work experience placements. During 2019/20 we also hosted six career fairs to showcase career opportunities across multiple specialties within the Trust to students from local schools and colleges.

- In 2019/20 the Trust developed its five year People Plan, outlining the strategic vision for how we will support all of our people and the wider paediatric workforce to deliver the Alder Hey Vision over the next four years and beyond. Our People Plan is based around five strategic pillars, all of which are fundamental to the development of a healthy, psychologically safe, improvement-focused, compassionate, inclusive and learning culture for our staff and for the children and young people we care for.



- The Trust continued with the delivery of its Apprenticeship Strategy during 2019/20, including increasing support for individuals with additional learning needs and successfully retaining its status as an employer provider of apprenticeships programmes such as healthcare apprenticeships, which will provide a foundation for developing our Nursing Pathway.
- Our 2019 Staff Survey produced more responses than ever before with 62% of staff responding; the highest that the Trust has ever had.
- In addition we have continued to develop the staff support available through the launch of our Staff Advice and Liaison Service (SALS) which provides advice, guidance and support on a range of domestic and work related issues to complement the support already in place. The service combines the best of the staff support already on offer in the organisation,

with a number of new elements to bring about the consistency and ease of access to make the staff support available at Alder Hey outstanding.

- We are continuing to champion a working environment that encourages all staff to 'speak up' and 'listen up' through our Freedom to Speak Up Guardian and champions. In early 2019 we appointed our new Freedom to Speak up Guardian who is working in partnership with Human Resources, to embed a safe and just learning culture. This includes working together with staff side colleagues to eliminate bullying and harassment through the implementation of a formal resolution process, supported by a working group.

Sustainability Through External Partnerships

- We have continued to develop our international networks, working with the Liverpool City region to maximise opportunities for international placements and learning opportunities, such as our partnerships with healthcare organisations in China. We are also working with our higher education institutions to develop new and innovative opportunities for learning, utilising new technologies and digital platforms.
- Alder Hey continues to lead the transformation of children's services in Liverpool, developing new community pathways such as for infant feeding and building community hub teams for children and young people. The Trust is currently leading the evolution of the pre-existing Children's Transformation Board into the Starting Well Board for Liverpool, working in partnership with Liverpool City Council's children's services and the Liverpool Provider Alliance. Our common aim is to provide a healthier future for children and families across Liverpool.
- Alder Hey continues as a key member of the North West Congenital Heart Disease Partnership, working together 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.
- The Trust has established the Liverpool Neonatal Partnership with Liverpool Women's NHS Foundation Trust to deliver our two-site single service model for neonates requiring surgery and level 3 critical care services.
- Joint working with Manchester Children's Hospital is supporting our jointly hosted clinical networks to work together to improve standards, leading the way for

the development of more joined up care in the region. For example in Cardiology, Burns and Neurosciences, as well as more digitally-enabled multidisciplinary working.

- Alder Hey is delivering new models of care for paediatric mental health and learning disabilities (LD), for example through implementation of an Intensive Support Team for children and young people with LD/ASD (Autistic Spectrum Disorder) and/or mental health. In addition, during 2019/20 we have increased the number of beds within the CAMHS Tier 4 specialist inpatient unit to nine, with a view to increasing to 12 beds on completion of our new purpose built facility onsite within Alder Hey in the Park.

Game-Changing Research and Innovation

- In the past 12 months over 8,400 babies, children and young people were enrolled into clinical research studies at Alder Hey, maintaining our position as the highest recruiting centre to studies in children since the inception of the National Institute for Health Research (NIHR) Clinical Research Network (CRN).
- The Clinical Research Division is now fully recognised as the Trust's fourth clinical division. Key highlights for 2019/20 include:
 - The Division's leadership has been further strengthened with the appointment of a General Manager and an increased commitment for the Deputy Director of Research.
 - There have been a number of key research appointments, including five honorary professors and three associate divisional research directors.
 - Over 400 staff were engaged through a programme of research clinics; a series of monthly events which bring together members of staff to present their research, share their experience and discuss the challenges involved.
 - Alder Hey Children's Charity provided an investment of £540k to fund capacity development, in the form of allocating protected time for clinicians to participate in research activity.

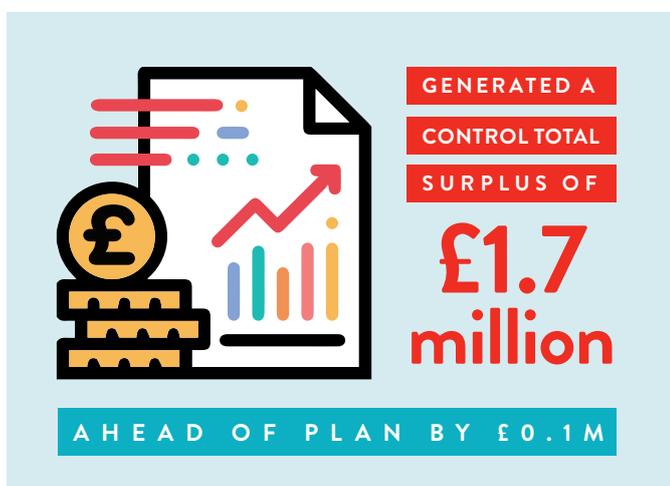
- The Hugh Greenwood Legacy Fund supported ten joint awards with the University of Liverpool to the value of £400k.
- The DETECT study evaluation reported a significant reduction in the number of critical care bed days – forecasting savings of £4m per year – in addition to its impact on patient safety.
- The Division’s Director Matthew Peak collaborated with the Royal College of Physicians on the national Research for All Strategy.



- We continued this year to grow our artificial intelligence (AI) capabilities and ran an AI competition for challenges from across the Trust. In March 2020 one of our first projects “Asthma Mapping” won a North West Coast Research and Innovation Award.
- In September 2019 we launched our dedicated Alder Hey Innovation website and social media campaigns building our brand regionally, nationally and internationally.
- We also became a founding member of the Immerse UK for Healthcare and joined the International Society for Pediatric Innovation, attending their first European event in Italy.
- Our rapid Prototyping Centre, providing a physical space for staff to co-create and develop their ideas, was launched in-year.

Strong Foundations

- In 2019/20 the Trust delivered its financial plan generating a control total surplus of £1.7m, which was £0.1m ahead of its plan.



- 2019/20 was a significant year for Digital at Alder Hey. Our Digital Strategy ‘Digital Futures’ was launched in summer 2019. Digital Futures sets out an ambition to create an ethos of ‘outstanding digital excellence’ with a vision of creating a great experience and good outcomes for children, young people and families and staff. Throughout the year, progress was excellent and saw the completion of the Global Digital Exemplar Programme. In addition, Alder Hey achieved a prestigious international accreditation - HIMSS Level 6, confirming Alder Hey as one of the most digitally mature trusts in the country. Alder Hey continues to play a lead role in Digital across Cheshire and Merseyside as the host for the Health and Care Partnership Digital Programme and North West Coast Local Health and Care Records Exemplar Programme.
- The Trust delivered its obligations to patients under the NHS Constitution and was a top 10 performer for patient access, including the 4 hour A&E target.
- Alder Hey also demonstrated full compliance against its Provider Licence issued by NHS Improvement and with its CQC registration.





Performance Analysis

Achievement of National Standards of Care

The onset of the Covid-19 pandemic towards the end of 2019/20 had a significant impact upon our ability to comply with our obligations to patients under the NHS Constitution. Following the nationally mandated cancellation of all non-urgent elective activity, Trust performance deteriorated.

Prior to the directive to cancel all elective activity, the Trust was compliant with all access standards and had delivered sustained and robust performance with the exception of the 4 hour emergency department standard - although Alder Hey continued to be one of the highest performers in the country, in the context of the unprecedented demand felt across the NHS during the winter.

As the emergency progressed, the Trust recognised that significant change was required to support the

management of Covid-19 positive patients. In response to these challenges clinical and management teams redesigned our footprint to: significantly increase capacity for critically ill children and young people; support the North West region by accepting burns patients and critically ill paediatric patients to support district general hospitals; and successfully admitted a number of critically ill adult patients with the virus.

The Trust maintained access to urgent and emergency care through outpatient consultations using digital technology and face to face contacts where required as well as access to diagnostics and theatres. The focus on patient and staff safety at all times never wavered throughout this period and was actively monitored through our command structure using bespoke reporting which the Trust has, and continues to manage successfully.

The Trust's performance against national access and other mandated targets for 2018/19 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	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	n/a	0	0	5.6*	0
18 Week RTT Target Open Pathways (Patients Still Waiting for Treatment)	92%	87.00% ²	92%	92%	92%	90%
All Cancers: Two Week GP Referrals	93%	92.75% (Feb 2020)	100%	98%	99%	100%
All Cancers: 62 Day Wait For First Treatment From: Urgent GP Referral for Suspected Cancer	85%	73.78% (Feb 2020)	100%	96%	100%	100%
All Cancers: 31 Day Wait Until Subsequent Treatments	94%	96.27% (Feb 2020)	100%	100%	100%	97%
A&E - Total Time in A&E (95th Percentile) <4 Hours	95%	76% (2019-2020 - All AE Types)	91.41%	91.67%	83.96%	87.87%
Readmission Rate Within 28 Days of Discharge ²	National data collection methodology currently under review	0-15 Years: 16 Years and over:	9% 4%	8% 5%	8% 5%	9% 5%
Rate of Patient Safety Incidents Per 1,000 Bed Days	n/a	n/a	84	86	77	88
Patient Safety Incidents and the Percentage That Result in Severe Harm or Death	n/a	0.5%	1374 (0.07%)	1333 (0.15%)	1300 (0.08%)	1344 (0.07%)

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 Data source: Trust Patient Administration System – not published nationally.

External Awards and Achievements in 2019/20

Care Quality Commission Inspection 2020

Alder Hey was rated 'Outstanding' in the caring domain and 'Good' overall following a CQC inspection of five of its core services and a review of leadership through a 'Well Led' inspection.

In response to the findings of the report, Alder Hey's Chief Executive, Louise Shepherd said: "The CQC has recognised the outstanding work that happens here every day at Alder Hey, which was strongly endorsed by the children, young people and families they spoke to. We are delighted that Alder Hey's official overall rating remains 'good' with 'outstanding' for caring. This is a clear testament to the unstinting commitment of our fantastic staff, who are driven by a shared vision to do the very best for the children and young people we serve."

The CQC highlighted many examples of outstanding care and innovation drawn from across every service inspected. There were some key areas for improvement within the report, which were addressed at the time of the inspection. The report contains a range of additional recommendations which the Trust has actioned already or is working towards.

RIBA North West Award 2019

Alder Hey's Institute in the Park won a RIBA National Award for its quirky unique design, one of 46 projects to be given the accolade and one of only three healthcare projects.

As well as recognition of the Institute's function of making changes in the way children are treated and cared for, the exterior of the building gained a lot of attention thanks to its wood panelling and combination of traditional and modern decor.

The building, which is just one of a range of new, innovative facilities that will form the Alder Hey in the Park Campus, has now also been named as one of the North West's best new buildings by the Royal Institute of British Architects.

British Heart Foundation Healthcare Hero Award 2019

This year the 'Healthcare Hero' Award was given to our very own 'superhero' surgeon Mr. Ram Dhannapuneni, who has dedicated his life to saving babies and children.

The annual British Heart Foundation Heart Hero Award's are an opportunity to recognise individuals and organisations who have helped advance the fight against heart and circulatory disease.



The Award highlights both Ram's work as an expert Consultant Cardiac Surgeon and his extensive charitable fundraising activities. Ram has raised over £60,000 for charities both in the UK and abroad, dedicating his time and expertise as a lead surgeon for Healing Little Hearts Charity performing hundreds of free heart surgeries, teaching and training in several developing countries.

Ram Dhannapuneni said “it is a great honour and privilege to get this national Award from the British Heart Foundation, which recognises and endorses the compassionate care we provide is the best. All credit goes to the wonderful Alder Hey and the incredible multi-disciplinary staff who help me in delivering extra-ordinary care to the children day and night every day. Thanks to the children and parents who have enormous respect and trust in our services and our hospital. A proud moment for me, my family and the Alder Hey Team.”

Louise Shepherd,
Chief Executive, said;
“This prestigious national Award is thoroughly deserved. It rightfully identifies something we have all known for some time – that as well as being a skilled and diligent surgeon, Ram is also a remarkably compassionate human being and I am so happy that this has been celebrated in this way. Coming as it does on the heels of a recent national report that showed Alder Hey maintaining, for the fourth year running, outstanding outcomes in cardiac surgery, it is true to say Ram is emblematic of an exceptional team. I want to pass on my sincerest congratulations to Ram in particular, and to the cardiac surgery team as a whole, for showing us all what a deep seated commitment to our children and young people can achieve.”

The Hugh Greenwood Legacy for Children’s Health Research

In January 2020 the Trust was gifted a legacy from the new ‘Hugh Greenwood Legacy for Children’s Health Research’ to further advance child health research over the next five years and build on partnership working between the Trust and the University of Liverpool, focusing on key priorities in children’s health research. This partnership will be crucial to the success of the Trust’s Research Strategy and will enable Alder Hey to make a

significant contribution to the future health of children and young people across the world, driving research in children’s medicines, infection, childhood cancer, inflammation and international child health.

Another First at Alder Hey

Alder Hey held its first Festival of Innovation in the summer of 2019, with over 400 attendees taking part including staff, children and young people and our partners. Some of the world’s leading technology companies came to showcase their work and give people a glimpse of how their tech is transforming the future of healthcare. There was also plenty for children and young people to do, from 3D printing and mad experiments, to creating a robot! Innovation is at the heart of everything we do here at Alder Hey.

The day began with a series of talks from healthcare professionals and industry experts, including David Cole, Head of Business Development and Innovation for IBM and co-founder of Thinking of Oscar.

There was a range of different workshops, including what Innovation means, hints, tips, and ways to be innovative and general advice around how to problem solve. There were also different maker style activities such as 3D printing, computer aided design, coding, and hands on crafting sessions so attendees could learn some new skills and have a go at trying out new things.

The Innovation Centre’s Rapid Prototype Centre was also opened, enabling faster and easier development of innovative technologies for child health.



Innovation at Alder Hey

2019/20 has been a very busy 12 months for innovation, a year which has seen it become a recognised sustainable business within the Trust, securing funding and meeting its financial goals with pledges from charity, grants and co-creation partners.

The agile, user centered innovation management methods are becoming embedded across the Trust, supporting across the divisions with rapid problem solving. This was particularly highlighted during the recent Covid-19 pandemic, where Innovation's technical scouting and engagement with external partners helped the Trust rapidly solve on the ground problems. Solutions included the rapid prototyping and sourcing of alternative PPE (visors, gowns and masks), The Distancer (contactless door opener), building a staff virtual assistant SALI, partnering with the AHSN and Cheshire and Merseyside Health and Care Partnership on our Innovative Solutions Portal as well as supporting with many digital solutions working closely with Business Intelligence.

The infographic features a blue background with white and yellow text. On the left, it says 'COVID-19 An unprecedented global crisis' with a globe icon. Below that, 'Survives on hard surfaces for up to 72HRS' with a clock icon and 'INCLUDING PLASTIC & STAINLESS STEEL DOORS'. In the center, '2.5 PEOPLE infected by every carrier' with a biohazard icon and three red human figures. On the right, 'Introducing THE DISTANCER' with a blue device icon. Text boxes describe it as a 'simple LOW COST 3D printed hand-held device' that helps 'REDUCE THE RISK of contamination when moving through buildings' and provides 'PEACE OF MIND when going about daily activities'. A yellow circle says 'For EVERY UNIT PURCHASED 30 Liverpool's will DONATE A DISTANCER to the NHS'. Logos for 'NHS' and 'Alder Hey Children's NHS Foundation Trust' are at the bottom.

In March 2020 the Innovation Department ran an Artificial Intelligence competition with one of its first projects “Asthma Mapping” winning the North West Coast Research and Innovation Award. This project involved working with multiple agencies, and analysing a variety of data, to develop a monthly ‘heatmap’ that depicts locations with high paediatric Asthma morbidity, and related contributing factors. This includes wider determinants of health that are driven by socio-economic deprivation. Our unique, analytical technique provides us with the opportunity to



identify and implement the most appropriate interventions, to tackle childhood respiratory inequalities.

Ongoing engagement across the Trust during the year has brought over 135 new needs into the Innovation pipeline, 25 of which remain active or in the process of being validated. This meant the Team needed to grow and so we have recruited additional Innovation consultants, put dedicated time for innovation into a new Surgical Consultant role and made a permanent appointment for Associate Chief Innovation Officer.

Our marketing campaign and network reach with the continued development of our Innovation portal will continue into 2020/21, reaching out with NHS challenges to the wider academic and industrial networks to co-create with us. We have continued to develop our international industry partnerships and visits were made to Philips R&D in Eindhoven to look at co-creation opportunities in NICU.

We continue to focus on building our partnerships too and took part in scoping a proposal for creating Liverpool Health Ventures. We are exploring how Alder Hey utilises its experience and supports the region in transforming healthcare innovation.

Key Risks to Delivery in 2019/20

Risk is inherent in all aspects of healthcare activities and at Alder Hey we operate a risk management framework that ensures we proactively and continuously manage risks to people, systems and processes to ensure the efficient and effective delivery of our service aims and objectives, and to protect patients, carers, visitors and staff from harm.

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 three most significant risks were: financial sustainability in a challenging environment and delivery of the control total; sustaining high quality, safe services due to increasing demand, unmatched by existing capacity and resources; and our ability to secure appropriate levels of skilled, specialist professionals to deliver highest quality, safe paediatric services due to lack of robust workforce supply pipelines. During the year, the Trust was fortunate enough to pursue an international recruitment drive to ensure optimum nurse staffing levels and safeguard frontline services at times of high volume and pressure on capacity.

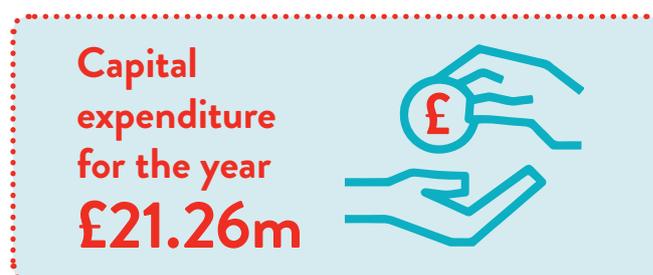
Financial Performance

The Trust ended the year with a reported surplus of £0.177m. NHS Improvement measures the Trust against a Control Total which excludes exceptional items; the impact of these exceptional items results in the Trust reporting a £1.7m Control Total surplus. This represents a £0.1m over performance against the control total plan of £1.6m.

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

	2019/20 £000	2018/19 £000
Reported Surplus for the Year	177	40,172
Exceptional Items		
Impairment	2,227	5,987
Donated Income	(2,568)	1,649
Donated Depreciation	2,160	2,082
STF Funding Relating to 2018/19	(286)	
NHS Improvement Surplus on Control Total Basis	1,710	49,890

Capital expenditure for the year is £21.26m. This expenditure related to medical equipment, IT and the continued development of the hospital site.



The Trust had a cash balance of £90.03m at the end of March 2020. This cash has been generated over several years and is to be used to fund the Trust's five year capital plan including the completion of the Alder Hey in the Park Campus.

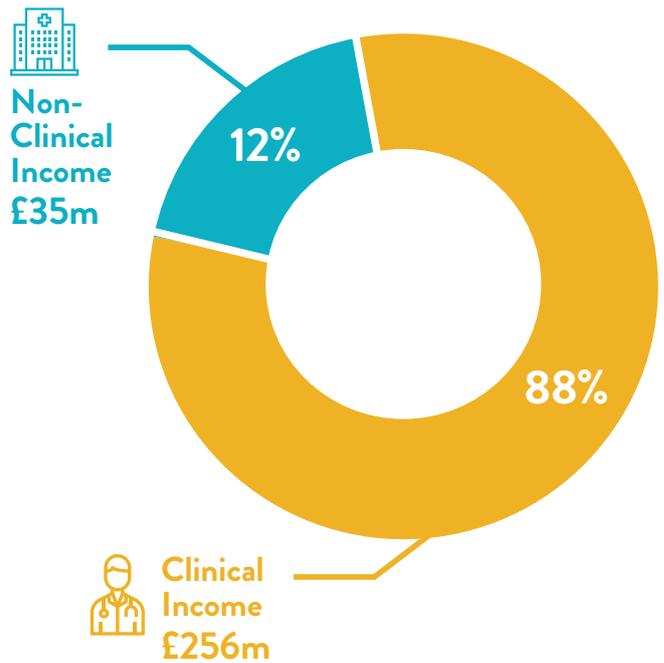


Income

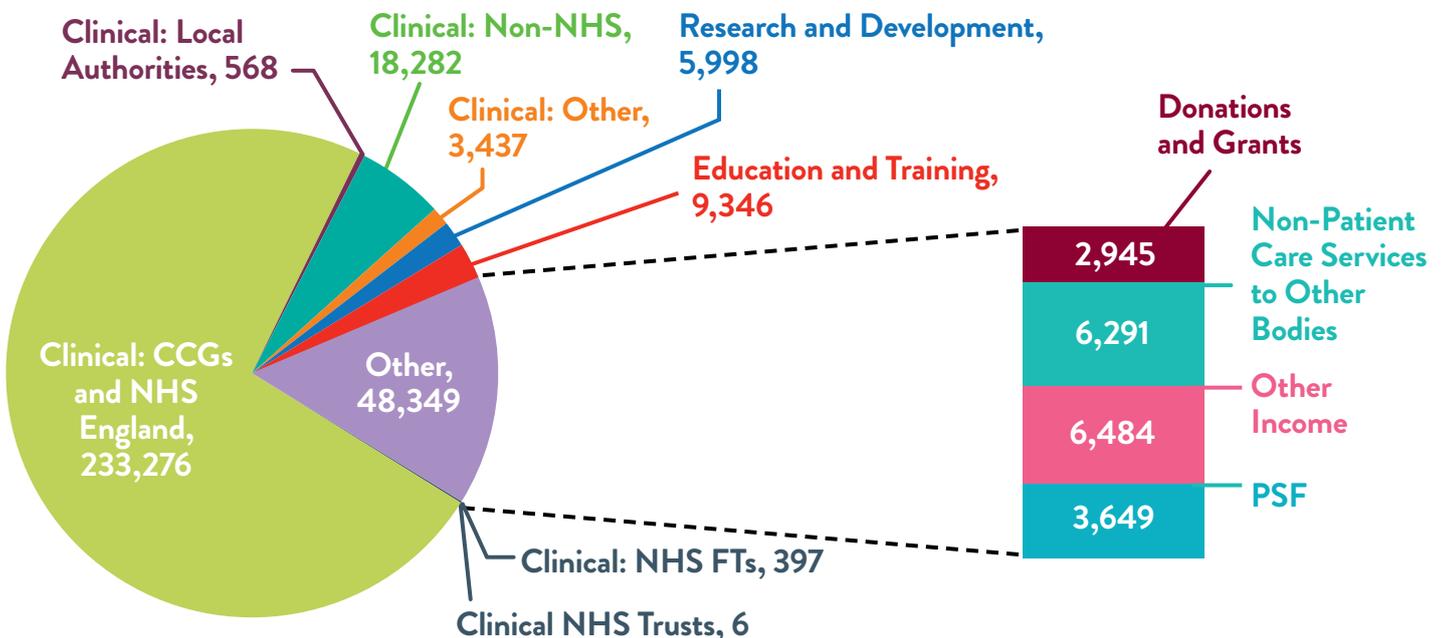
Total income received by the Trust in the year ended 31st March 2020 was £291m, with £256m (88%) coming from the delivery of clinical services. The Trust's clinical income comes from three main contracts. Our principal contract is with NHS England to provide tertiary services with a value of £146m. The Trust also has a contract hosted by Liverpool CCG to provide secondary services with a value of £72m.

In addition the Trust has a contract with Welsh commissioners to provide secondary and tertiary services with a value of £17m. The £35m non-clinical income includes PSF, 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 2019/20



Income Breakdown (£000s)

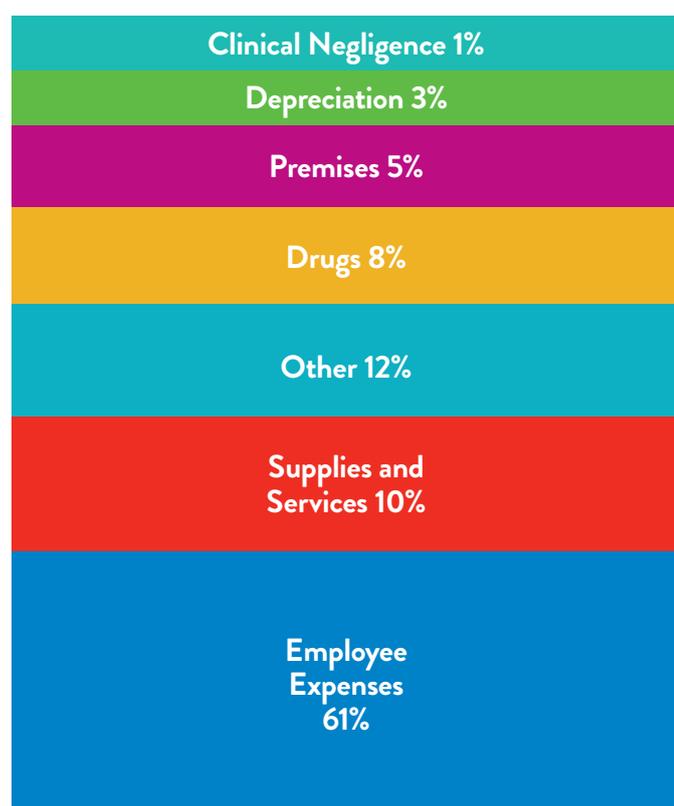


Clinical Income by Point of Delivery

	2019/20 £'000	2018/19 £'000
Elective Income	52,972	50,197
Non-Elective Income	43,443	41,236
Outpatient Income	33,053	29,707
A&E Income	7,267	6,594
Private Patient Income	203	236
Community and Mental Health	27,972	26,500
Critical Care	29,807	28,757
Drugs and Devices	27,285	25,388
Other	33,964	23,437
Total	255,966	232,052

Expenditure

Operating expenses totalled £280.7m for the year and, as in previous years, staff costs account for the largest use of resources, 61%. An analysis of operating expenses by type is shown in the diagram below:



Financial and Operating Risk

A&E activity, electives and non-electives were below the plan for the year whereas outpatients exceeded plan.

Total clinical income for the year was £256m, which exceeded the plan figure of £244.3m. Total normalised expenditure (excluding technical issues) for the year was £269.7m which was £14.7m higher than the plan of £255m. Expenditure on pay exceeded the plan by £1.1m which included agency staff totalling £1.1m. Drugs expenditure was £2.4m higher than planned although some of this was recovered via income for specialist drugs not funded through PBR.

£6m of Cost Improvements Projects (CIP) and efficiency savings were achieved during the year.

Capital Investment Programme

During the year, the Trust completed £21.26m 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 on the next page.



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.



	2019/20		2018/19	
	NHS	Non-NHS	NHS	Non-NHS
Invoices Paid Within 30 Days	1,843	39,166	1,362	44,890
Invoices that Were or Should Have Been Paid Within That 30-Day Period (Split Between NHS and Non-NHS Payables)	3,182	55,179	2,067	52,227
Proportion of Invoices Paid Within 30 Days Compared to Invoices That Were or Should Have Been Paid Within That 30-Day Period (Split Between NHS and Non-NHS Payables)	58%	71%	66%	86%

The total amount of interest the Trust paid during the year as a result of failing to pay invoices within the 30 days it was obligated to do so was nil.



Accounting Policies

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

We have 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 NHS Improvement. 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 actions taken by the NHS to respond to the COVID-19 pandemic included the suspension of the operational planning process for 2020/21 and therefore financial plans were not concluded and an interim financial framework has been put in place that continues to provide funding on a block basis. The Trust Board has reviewed the cash balances and resources available and conclude there are adequate resources within the Trust. The Board has also considered the financial governance framework that operates within the Trust and its flexibility and preparedness to respond to financial challenge. For

these reasons, the Board clearly see itself as a going concern basis in preparing the accounts.

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

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 22nd June 2020.

Signed on behalf of the Board.

Louise Shepherd
LOUISE SHEPHERD CBE
Chief Executive
22nd June 2020

GAME CHANGING RESEARCH

ALDER
HEY
STARS



Life-saving

Improving
lives

THE MULTI-DISCIPLINARY ASTHMA SERVICE TEAM

The MDAS Team is dedicated to producing world leading research that improves the care for children and young people with Asthma.

Consisting of a vibrant roster of experts – including consultants, pharmacist, nurses, physiologists, physiotherapists, nurses and psychologists – their laser focus is always on improving outcomes for both their patients and their families.

Completely unlike any other team in the UK, they use their MDT style to look at the complete picture of uncontrolled Asthma, and they have been recognised at an international level for the quality of their research.

ALDER HEY CHILDREN'S CHARITY AWARD



BECKY EVANS

Associate Nurse Specialist, Becky, always goes above and beyond for the Charity, knowing that through her support she can make an incredible difference to everyone at Alder Hey.

By volunteering at a long list of events over the past years, Becky has thrown herself heart and soul into furthering the Charity in their vital work.....most recently she attended the Wong's ball with just a single day's notice!

Becky is such an enthusiastic ambassador for Alder Hey and is a loyal friend to the Charity.



ACCOUNTABILITY REPORT

Directors' Report

Composition of the Board of Directors

Chair and Chief Executive

Dame Jo Williams – Chair

Dame Jo joined the board in November 2016 as a Non-Executive Director and was appointed as Chair, succeeding Sir David Henshaw, in February 2019.

She has enjoyed a successful 30 year career in social services in the North West, including ten years at Director level, before becoming Chief Executive of the Royal Mencap Society for five years. Dame Jo joined the Care Quality Commission as a Non-Executive Director in 2008 and held the position of Chair between 2010 and 2013. In addition, Dame Jo has had considerable experience as a Trustee in the voluntary sector, including with the NSPCC.

Over the last decade she has been involved in shaping public policy on a number of issues, including in her role as Chair of the National

Advisory Council on Children's Psychological Wellbeing and Mental Health and as part of the team that developed the National Service Framework for Children. She was also co-chair of the national working group that led to standards in hospital care for children following the enquiry at Bristol Royal Infirmary. In September 2018 Dame Jo was appointed as Pro Chancellor and Chair of Council for Keele.

Dame Jo has received a number of honours in recognition of her achievements, including a CBE for services to Social Services in Cheshire and as President of the Association of Directors of Social Services and a DBE for her work with people with a learning disability.

Louise Shepherd CBE – Chief Executive

Louise joined Alder Hey as Chief Executive in March 2008 and successfully led the Trust through a major transformation into Europe's only children's health park, designed by and for children and young people and opened by Her Majesty the Queen in 2016.

The Alder Hey in the Park campus aims to provide a unique wellbeing and healing environment for all children and young people and comprises a state of the art specialist children's hospital, dedicated research and education facilities, an innovation centre, clinical research facility and family support and bereavement centre.

Previously CEO of Liverpool Women's Hospital, Louise first joined the NHS as Director of Business Development at Birmingham Heartlands Hospital in 1993 from KPMG, where she spent four years as a Financial and Management Consultant to the public sector. A qualified Accountant, Louise was Director of Finance at the Countess of Chester NHS Foundation Trust before she took over as CEO at Liverpool Women's Hospital. From March 2016 Louise was the lead for the Cheshire and Merseyside Sustainability and Transformation Programme, working with partners across the system to take forward the NHS Five Year Forward View in the local area. She stepped down from this role in May 2017.

A graduate of the University of Cambridge, Louise has a strong interest in the Arts and served on the Board of The Liverpool Philharmonic for six years and plays violin for the Liverpool Mozart Orchestra. Louise was awarded a CBE for services to Healthcare in 2017.

Executive Directors

John Grinnell - Director of Finance and Deputy Chief Executive

John joined Alder Hey in April 2017 as Director of Finance and Deputy Chief Executive. His NHS career began via the National Finance Graduate Trainee scheme, and he has worked in a variety of roles, including the Deputy Director of Performance at the University Hospital of North Staffordshire, and Deputy Director of Finance at South Manchester University Hospital.

He joined The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation (RJAH) Trust in Oswestry as Director of Finance in 2008 and

played a key role in supporting the organisation's successful Foundation Trust application. He also worked with the Strategic Orthopaedic Alliance (SOA) to ensure that the voice of specialist orthopaedic providers is heard within the national financial agenda.

John became Acting Chief Executive at RJAH in October 2015 until taking up the position of Deputy Chief Executive on 1 April 2016. This was the role in which he remained until joining Alder Hey a year later.

In 2019 John won two Finance Director of Year Awards; The Finance Director of a Non Profit Large Organisation (over £100m) Award and he was the overall winner of the Finance Director of the Year Award.

Adam Bateman - Chief Operating Officer

Adam was appointed Chief Operating Officer in April 2018. Prior to this Adam held a number of senior operational management roles in the NHS with responsibility for emergency, medical, surgical and community services.

In 2019 Adam secured the Executive Healthcare Leadership Award following completion of the national Nye Bevan leadership programme. He also holds an MSc degree in Healthcare Leadership from the University of Manchester. Through the NHS Leadership Academy Adam successfully undertook a healthcare information fellowship at GlaxoSmithKline.

Adam has a particular interest in quality improvement and has worked on a number of successful projects, including the design and build of new cancer treatment units. He has also played a key role in the development of partnerships in Liverpool to provide high quality congenital cardiac and neonatal services to patients.

Hilda Gwilliams – Chief Nurse

Hilda joined the Alder Hey Team in February 2013 as Deputy Director of Nursing and was appointed as Chief Nurse in 2017. She started her career in the NHS as an Enrolled Nurse in 1982 before progressing to a dual qualified Registered Nurse. In addition to her professional registrations Hilda has attained an MSc in Health and Social Care from Edge Hill University. Hilda has worked in a variety of

settings spanning maternity, children and adult acute services throughout the North West region.

In March 2020, Hilda was invited by NHS Improvement and England to join the Clinical Leadership Team, establishing the NHS Nightingale Hospital in Manchester in response to the Covid-19 pandemic. Hilda took up this secondment and has subsequently retired from her role at Alder Hey.

Dr. Nicki Murdock – Medical Director

Nicki joined Alder Hey in January 2019, returning to the UK after a successful career across the Australian healthcare system. Nicki has served as the Executive Director of Medical Services at Cairns and Hinterland Hospital and Health Service Australia and is an ex-president of the Paediatrics and Child Health Division of the Royal Australasian College of Physicians. After training in the UK she became a Fellow of the UK Royal College of Paediatrics and Child Health, and then FRACGP, FRACP and FRACMA.

A senior medical leader with qualifications in paediatrics, general practice and medical administration Nicki qualified in 1983 at Southampton University. She has held the post Executive Medical Director at a number of hospitals in Australia and has led State-wide medical reviews and chaired a number of specialist steering groups.

Since arriving at Alder Hey Nicki has joined the RCPCH 2040 “Working Lives” working party looking at the future workforce in paediatrics. She has also represented the Children’s Hospital Alliance in the CoLab partnership, which aims to assist professionals and health services with the difficult decisions that need to be taken around the care and welfare of children with complex disabilities.

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 holds an MBA as well as a BA (Hons) degree from the University of Liverpool.

Melissa Swindell – Director of Human Resources and Organisational Development

Melissa is the Executive Director of HR and OD and has worked at Alder Hey since 2009. 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 across HR and OD in a number of NHS organisations both in London and the North West. A Chartered Fellow of the CIPD, Melissa also has postgraduate qualifications in training and a range of personal and team development tools and coaching. Melissa leads the people development agenda at Alder Hey and has a passion for improving leadership, staff engagement and wellbeing.

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.

Dani Jones – Director of Strategy and Partnerships (non-voting)

Dani joined Alder Hey in October 2017 and is Executive lead for our five year strategic plan (‘Our Plan’), our range of health and care system partnerships and our regional operational delivery networks.

Dani began her NHS life in technology and innovation following her BA Hons Economics, and subsequent MSc in Health Care Ethics at the University of Liverpool. Dani achieved her Executive Leadership in Healthcare Award through the ‘Nye Bevan’ programme in 2017.

Dani has 16 years’ experience in health and social care in Merseyside and has held lead roles in

commissioning, provision and an integrated role across health and Liverpool City Council. Prior to joining Alder Hey, Dani was Deputy Chief Operating Officer with responsibility for around 2,500 staff in community services, as well as leadership of IM&T and the largest roll-out of telehealth in Europe. As Deputy COO, Dani led delivery of the Trust's Clinical Strategy, working closely with community staff, GPs and The Kings Fund.

Dani specialises in development of complex partnerships to improve patient care; examples include her leadership across primary and community care, mental health, acute trusts, local authorities and voluntary sector groups to implement multi-agency integrated community care teams and outcomes-based integrated frailty and diabetes services across Liverpool and Sefton.

Mark Flanagan, Director of Communications and Marketing (Non-Voting)

Mark joined Alder Hey in July 2017 from the UK Charity Beating Bowel Cancer, where he was Chief Executive. He has a degree in Medieval History from the University of St Andrews and has worked for most of his career in the Third Sector in communications, campaigns and policy. Mark has extensive health experience, having worked at senior level in the Royal College of GPs, Royal College of Nursing, Diabetes UK and elsewhere. Mark is responsible for internal and external communications, including media relations, brand, staff engagement campaigns and the website.

Kate Warriner, Chief Digital and Information Officer (Non-Voting)

Kate joined the team in Alder Hey in 2019 as Chief Digital and Information Officer. Kate began her NHS career in 2000 and has had a range of digital leadership roles in primary care, commissioning, shared services and acute care across Liverpool and the wider region.

Kate is the Senior Responsible Officer for the North West Coast Local Health and Care Record Exemplar programme - Share2Care.

Kate is passionate about the NHS and the impact digital technology and innovation can make on improved clinical outcomes and the delivery of high quality, safe patient care.

Kate is a music graduate from the University of Liverpool, and holds a MSC in Health Informatics. She is the Chair of the Maghull Wind Orchestra where she is also principal flautist and saxophonist with the Swingshift Big Band.

Non-Executive Directors

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 was then re-appointed for a further 12 months in September 2017 and in order to ensure continuity on the Board, the Council of Governors approved Ian's reappointment for a third twelve month period to September 2020. Ian 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 was 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 Deputy Chairman responsible for business development. Ian is now the Group Chief Executive of The Clearway Group Limited, a void property services group operating in the UK and France.

Kerry Byrne - Non-Executive Director and Chair of the Audit Committee (from September 2018)

Kerry is a Fellow Member of the Chartered Certified Accountants and a finance leader with over 17 years' experience in "Big 4" professional services covering governance, risk management and internal control. She was a Senior Manager at Deloitte, Liverpool for 11 years where she provided internal audit services to numerous organisations and industries both in the private and public sectors. She then spent three years as Head of Internal Audit at Universities Superannuation Scheme Ltd: followed by three years as the Director of Retail Banking, Internal Audit at Ernst & Young.

Kerry spent nine years as a Non-Executive Director at Liverpool John Moores University where she was Chairman of the Finance Committee, and a member of the Nominations and Remuneration Committees and Chairman's Group and also served on the Audit Committee.

She is currently a Non-Executive Director for South Lakes Housing in Cumbria where she is a member of the Audit Committee.

Since leaving EY she has been managing her own portfolio of 11 rental properties in the North West.

Claire Dove CBE DL – 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 of three years in September 2016. In 2019 she was reappointed by the governors for a further twelve month period to September 2020.

Claire has been a key player in the Voluntary, Charity and Social Enterprise movement since the 1980's and is the national Crown Representative for the VCSE Sector with the remit of supporting the sector to access government contracts.

Claire nationally and internationally is known for her work in the sector and for ten years chaired Social Enterprise UK. She worked with government and leaders from the sector to create the first strategy for the Social Enterprise movement. She has ensured that we had a voice within Westminster and Whitehall, this included working with the teams to introduce the Social Value Act which is now embedded into many local government frameworks and in the national Crown Commercial Procurement Service. After stepping down as chair of SEUK Claire was asked and accepted to become a Patron to the organisation.

Claire continues to lead the highly successful Blackburne House Group which apart from its outstanding educational offer to women and its award winning School for Social Entrepreneurship, run a number of successful social enterprises.

Claire has received many awards for her role within the sector which includes an MBE, OBE and also the Queens Lifetime Achievement Award for Enterprise

Promotion. Claire was once again honoured in 2020 New Year's honours list and is now a CBE.

Anita Marsland MBE – Non-Executive Director/ Senior Independent Director and Chair of the Clinical Quality Assurance Committee

Anita was appointed to the Board in July 2014 and was re-appointed for a second three year term in June 2017.

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 as Managing Director 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. This included oversight of the transition phase of the transfer of responsibility for the local public health system from the NHS to Local Government. In 2017 Anita was awarded an Honorary Membership of the Faculty of Public Health.

Anita is a Director of Unique Health Solutions (UHS). She is Chair of Sefton Transformation Board and Chair of the Board of Trustees at The Reader organisation.

Dr. Fiona Marston - Non-Executive Director (from November 2019)

Fiona Marston joined the Alder Hey Board in 2019. Fiona is a biotechnology entrepreneur who became Director of CEIDR (Centre of Excellence in Infectious Diseases Research) Innovations in 2018 where she leads a team focused on developing partnerships with industry that apply the technologies, expertise

and resources of CEIDR, a partnership between the University of Liverpool, Liverpool School of Tropical Medicine, associated NHS trusts and overseas partners. CEIDR Innovations and CEIDR share the goal of minimising the impact of resistance on health in Liverpool, the UK and globally through diagnosis, prevention or treatment of infections.

Fiona previously led anti-infective companies Absynth Biologics and Novacta Biosystems. Earlier she founded Healthcare Ventures, for the Rothschild Bioscience Unit and J&J Development Corporation investing in European entrepreneurs. Her broader interests are in supporting young entrepreneurs with BBSRC, the Royal Society of Edinburgh and Biotechnology YES. She is currently a Biologics Innovation advisor to Allergan, an advisor to the UK Innovation & Science Seed Fund and a Non-Executive Director for OBN. Fiona has a PhD in Biochemistry (Kent) and an MBA from London Business School.

Jeannie France-Hayhurst – Non-Executive Director (to June 2019)

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.

Shalni Arora – Non-Executive Director and Chair of the Innovation Committee (from August 2019)

Shalni was appointed to the Board in August 2019. Shalni is CEO of Savannah Wisdom, a private family Charitable Foundation. She is a qualified Accountant trained at Arthur Andersen and an entrepreneur. She is one of the founders of DxS Limited, a personalised medicine business which she spun out from AstraZeneca and then successfully exited. She works for a number of charities and not for profit organisations through her own Foundation, and is on the Board of the British Asia Trust, Transparency International UK, Alder Hey Children's Charity,

Belong-The Cohesion and Integration Network and is a member of the Network for Social Change.

She recently won a Beacon Award for Philanthropy and has a Masters in Genetics from Cambridge and a Masters in International Development.

Professor Fiona Beveridge – Non-Executive Director (from October 2019)

Fiona is Executive Pro-Vice-Chancellor for the Faculty of Humanities and Social Sciences at the University of Liverpool.

Fiona is a Professor of Law, specialising in international and EU law, in particular foreign investment law and gender equality law and policy. She has a particular expertise in gender mainstreaming (that is, the idea that gender concerns should be addressed systematically in all areas and by all actors), and how this is implemented in international institutions, the EU, and in individual states. In the UK this approach is best exemplified by the public sector equality duty, now contained in the Equality Act 2010. She has completed two studies for the European Parliament FEMM Committee, 'A New Strategy for Gender Equality Post 2015' and 'The EU Budget for Gender Equality'.

Fiona is Chair of the Boards of the University of Liverpool Press and University of Liverpool in Singapore.

Fiona was also a Trustee of Liverpool Football Club Foundation, the official charity of Liverpool Football Club, from 2012-19.



Declaration of Interests

In response to new requirements for greater transparency on declarations of interest within the NHS, the Trust has engaged a comprehensive website solution in order that staff can log in and fully comply with NHS England's Guidance 'Managing Conflicts of Interest in the NHS, Guidance for Staff and Organisations'.

Members of the public can view the Trust's up-to-date register of interests, including gifts and hospitality, for decision making staff by visiting <https://alderhey.mydeclarations.co.uk/home>

Political Donations

Alder Hey did not make any political donations during 2019/20.

NHS Improvement's Well-Led Framework

NHS Improvement introduced updated guidance for organisations on the use of the well-led framework in June 2017. The Well Led Framework was developed from the Quality Governance Framework, originally published by Monitor in 2010 and adopted by NHS Improvement.

In November 2019 the Alder Hey Board commissioned MIAA (Mersey Internal Audit Agency) in partnership with AQuA (Advancing Quality Alliance) to undertake a Well-Led Follow-Up Review to reflect Alder Hey's 'Journey since the Last CQC Inspection', assess the improvements that have been made in response the original 2018 review and provide ongoing developmental support against the Well Led Framework. The comprehensive review was carried out in accordance with the June 2017 guidance and therefore had a strong focus on integrated quality, operational and financial governance and was based upon the eight key lines of enquiry developed by CQC to test our leadership, culture, system working and quality improvement from ward to Board. The review took into account a number of significant developments at the Trust since the 2018 assessment including: appointment of the new Chair; recruitment of new non-executive directors; Director changes including divisional Clinical Director representation on the Board and wider strategic developments including implementation of the new Trust Strategy 2019-2024 and key underpinning strategies including Inspiring

Quality; Digital Strategy; People Strategy and Research Strategy.

The report from the review was received by the Board in January 2020; it states that 'The Trust's approach to the delivery of high-quality and person-centred care, supported by learning and innovation, is quite distinctive, and evidenced through multiple outstanding innovations. It is an organisation that has lived values, a talented Board, a determined strategic intent and a momentum to embedding a clinical leadership model. The overall conclusion from our review is that the Trust is well-led.' Whilst the Board welcomes such a positive conclusion, it is equally concerned to ensure that the developmental plan derived from such a rich and informative process is created and owned by the whole Trust leadership.

In addition, the Trust underwent a well-led inspection by the CQC as part of the 2020 inspection of six core services. The Trust received a 'good' rating in this domain; the inspectors said that *"The Trust had a vision for what it wanted to achieve and workable plans to turn it into action" and "The Board and Leadership Team had developed a set of vision and values that were embedded throughout the organisation. Staff throughout the Trust were aware of the vision and values". The recommendations for improvement arising from the inspection will form the basis of an action plan to be progressed during 2020/21.*

Following implementation of the Inspiring Quality Strategy for 2016-2021, the Board continued to receive regular updates through assurance reports to its Clinical Quality Assurance Committee (CQAC). The Committee continued to monitor the performance of the Trust against its agreed quality aims and all national/regulatory targets and quality standards using the Corporate Report.

The Integrated Governance Committee 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 divisional and departmental risk registers. The Committee provides a structured process to ensure that strategic and operational risks are being addressed as part of a coherent system from ward to Board; this was revised and further strengthened during the year as part of the ongoing risk management improvement plan, which has included a comprehensive risk register revalidation process.

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 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.



Patient Care

Infection Prevention and Control

The Director of Infection Prevention and Control, Infection Control Doctor and Head of Service/ Associate Director of Infection Prevention and Control, continue to oversee the strategic leadership of the Infection Prevention and Control (IPC) agenda both internally within the Trust and externally in the region and nationally. The Head of Service/Associate Director of Infection Prevention and Control has overall responsibility for the day to day management of the IPC, Intravenous, Tissue Viability and Decontamination teams.

The annual IPC Work Plan, introduced in 2017/18 fulfils the requirements of the 'Code of Practice' for all providers of healthcare and adult social care on the prevention of infections under the Health and Social Care Act 2008 (revised in 2015) and is mapped against the Trust's Values. In conjunction with the IPC Work Plan the IPC team continues the work identified in the Trust-wide action plans for 2019/20 targeting key areas including environmental cleanliness, isolation and respiratory syncytial virus (RSV). The work plan, associated action plans and targeted reports on Methicillin Sensitive Staphylococcus Aureus (MSSA) bacteraemia, Surgical Site Infection Surveillance (SSIS) and Pressure ulcers are monitored through the Infection Prevention and Control Committee (IPCC) on a bi-monthly basis and through the Trust Board and Clinical Quality Assurance Committees on a quarterly basis.

2019/20 saw the launch through a comprehensive educational and communications programme of the new revised Isolation Policy across the Trust. This piece of work included collaboration with the Trust's art and communications teams to produce new, eye catching, child friendly and informative posters for each of the different IPC precautions used for our children.

As a paediatric Trust, our patients are particularly susceptible to respiratory viruses such as influenza and RSV. The importance that staff place on protecting our children from acquiring respiratory viruses was demonstrated in the Trust again in 2019/20 achieving the 80% CQUIN (Commissioning for Quality and Innovation) target for staff influenza vaccination. 2019/20 has seen a significant reduction

in the number of hospital acquired RSVs which has assisted by a new IPC educational programme for the patient flow team in the placement of patients and the introduction of droplet precautions for all RSV cases.

2019/20 saw the consolidation of the IPC dashboards within the Trust. These dashboards are communicated to the divisions on a monthly basis, along with the hand hygiene audits, and form the basis of the IPC audit programme incorporated in the IPC Work Plan and monitored through the divisional governance structure and the IPCC.

The Post Infection Review (PIR) process for all MRSA, MSSA, E.Coli, Klebsiella and Pseudomonas bacteraemias has now been embedded into the quality monitoring structure of the Trust. The process identifies if there are lessons that can be learned from these incidents and report outcomes and actions through the divisional governance structures, with a yearly trend analysis review by the IPC and Intravenous teams. A measure of this process is that the Trust has not seen a hospital acquired MRSA bacteraemia for the past two years.

Multi-antibiotic resistant organisms such as Carbapenemase producing enterbacteriaceae (CPE) provide significant challenges to the NHS today due to the reduced treatment options available and the ease in which they may be transmitted. 2019/20 has seen a steady increase in the compliance with screening for CPE carriage at the Trust and early identification of carriers. Through close management and early identification of CPE carriers there have been no outbreaks at the Trust in 2019/20.

In the final quarter of the year, the focus of the Team was on its key role in supporting the Trust's response to the emerging coronavirus pandemic. This work commenced initially in December 2019 when an incident team was established to consider the implications of the new virus being seen in Wuhan in China. As the situation escalated, the Trust's IPC activities were formed into a specific key workstream under the direction of the COVID-19 Strategic Command, providing advice and the coordination of patient and staff testing, correct usage of Personal Protective Equipment (PPE) and patient cohorting.

Safe Together and Always Right (STAR) Review - Ward Accreditation Scheme

In 2016, the Trust designed a programme of ward visits in partnership with children and young people using the 13 Care Quality Commission Key Lines of Enquiry to give assurance around standards of practice delivered by wards and department teams. This scheme continued to embed throughout the year exploring aspects of patient care and service delivery using a risk based approach. Since the re-introduction of the Ward Accreditation Scheme, a total of 64 assessments have taken place in wards and departments throughout the Trust.

The Inspection Team comprises both clinical and non-clinical staff and welcomes patient/parent representation. Accreditation results are considered and discussed through Divisional governance/performance review meetings and reported up to the Clinical Quality Steering Group via divisional quality reports. In addition, all reports and action plans are published on the Trust's intranet to enable sharing of best practice and any learning across the organisation.

The overall Trust position indicates that four wards/departments have achieved a GOLD award, 14 wards/departments have achieved a SILVER award and one ward/department has achieved a BRONZE award, with 14 out of 19 departments achieving an improved score or award in the last year.

In 2019, the Trust developed a quality and safety audit in collaboration with an external company called Perfect Ward to enable regular audits to be undertaken in wards and clinical areas.

Perfect Ward is an app-based real time inspection and reporting tool for healthcare inspections. It eliminates administration by capturing inspection results directly onto electronic devices and provides automated reporting.

This tool is fundamental in enabling senior nurses within the organisation to undertake quick and timely audits in their areas of responsibility to assure themselves of the standards and quality of care being delivered, and to identify where improvements are required. The results and actions also assist in providing Ward to Board assurance.

Quality Assurance Ward/Department Rounds

During 2019/20 the quality assurance ward/department rounds continued to evolve acting as a mechanism to undertake a 'deep dive' process at ward/department/specialty level into quality and performance. The process gives individual teams an opportunity to showcase their service, as well as highlight any key risks and actions that are required to mitigate them.

Outcomes provide both quantitative and qualitative information to demonstrate that services are safe, effective, responsive, caring and well-led in line with the CQC's Key Lines of Enquiry. Each Quality Assurance Ward/Department Round is attended by two board members (one Executive, one Non-Executive Director). The programme of visits supports the golden thread of ward to board reporting through transparency, by testing out and gaining assurance that what is reported to the Board is consistent with what is happening at a local level. Presentations and notes of each Quality Assurance Ward/Department Round are published on the Trust intranet to promote organisation-wide information flows and learning.

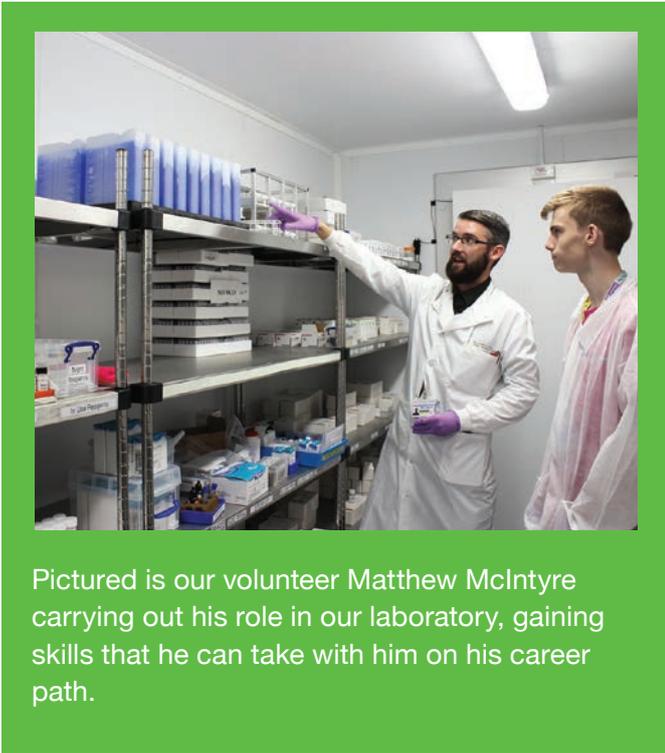
During the COVID-19 pandemic the process has been suspended due to the need to maintain social distancing. However, the Trust is currently looking to reinstate the programme using the technological capability that has developed at pace during the crisis, recognising that maintaining this vital assurance tool will be more important than ever to keep the Board connected to clinical services.

Devolved Risk and Governance Model

Now in its fourth year, the devolved model of governance has continued to support the Trust's commitment to be a clinically led organisation through its divisional structure. Devolved governance means that clinical directors are empowered to adapt arrangements within their own divisions in a way that ensures the best outcomes for the patients in our care, with the best experience possible for both children and families throughout their journey. Divisional clinical directors for medicine, surgery and community services attend board meetings as members of the Executive Team, improving engagement and cross-divisional working providing enriched debate and decision-making.

Volunteering Programme

Volunteering is a key enabler in transforming the way the NHS works with local people and communities. During 2019/20 Alder Hey continued to review and develop its volunteering programme to ensure continued delivery of good practice to our volunteers and staff. Our strategic ambition was to grow and develop our volunteering force offering excellent opportunities that would make a huge impact on enhancing our children and young people's and their families' experience, as well as the benefits for the individual volunteer. We have ensured through our robust and established recruitment and training process that the programme is accessible and inclusive; we have opportunities for a diverse range of people and volunteers who reflect the communities in which we work; this has included involving people who experience the most health inequalities.



Pictured is our volunteer Matthew McIntyre carrying out his role in our laboratory, gaining skills that he can take with him on his career path.

Benefits to the Trust

During 2019, volunteers dedicated over 25,000 hours to the Trust allowing nursing staff to concentrate on care giving whilst providing play activities or company to families, enabling an improved patient experience putting smiles on the faces of our children and young people. Evidence of a number of impressive benefits for organisations within health and social care, and for wider society are evident

in research. Particularly in a time of austerity, the notion that volunteers represent value for money, fill gaps in services, effectively navigate patients around the system, and could even reduce the need for statutory provision are significant assertions.

NHS Long Term Plan

Significantly, volunteering has been recognised within the NHS Long Term Plan “Staff, patients and volunteers benefit from well-designed volunteering initiatives. Volunteers contribute across a range of NHS roles, from first responders and care companions to transport volunteers. They enable staff to deliver high-quality care that goes above and beyond core services. Alder Hey will support the Helpforce programme with at least £2.3 million of NHS England funding to scale successful volunteering programmes across the country, part of our work to double the number of NHS volunteers over the next three years.”

Achievements in 2019/20

Winter Pressures Volunteer Programme

As one of a small cohort of trusts, Alder Hey was successful in securing funding from NHS England to support a Winter Pressure Volunteer Programme. This has been successfully implemented within our Emergency Department with the following results:

- Volunteer Coordinator in post.
- Volunteer hours extended for peak times evenings and weekends.
- Feedback from Friends and Family Test data recognised improvements to patient experience from volunteers providing refreshments, play and meeting and greeting, and offering companionship.
- Volunteers escorting families to around the hospital where applicable rather than waiting for porters/staff allowed for priority of clinical care.
- Supporting staff by freeing up their time to prioritise clinical care and by acting as an extra pair of hands or eyes.

This role has also allowed for a general support to staff at busy times by offering tea rounds, collecting lunches and running errands. Work now continues to embed this programme and support future winter pressures.

Bedside Play Scheme

In collaboration with the Liverpool Paediatric Society and Liverpool University we have implemented the bedside play scheme with our medical students who donate time, both evenings and weekends, to play with children within the ward environment. Evening Storytime has been particularly well received by children, families and ward staff alike. The scheme enables children to have one to one play sessions after provision by the play specialist has ended, providing entertainment and also supports medical students to develop key skills on how to interact with children.



Volunteer Roles for 2020

- Bleep volunteers – Volunteers to be on call to collect medication to speed up discharge, help families to Ronald Macdonald House or car park, assist at busiest times within the Trust to aid winter pressures.
- Smoking advisors – training is provided to our volunteers by Smokefree Liverpool to offer assistance to those who wish to give up smoking.
- Concierge Service – Service to be an advocate for families offering support from our volunteers along with Concierge Team.
- Social prescribing volunteers – working with the CAMHS Department to deliver social activities to those current or discharged service users.

- Volunteer mentors – volunteers will be identified and trained to assist volunteers who require additional support due to physical or learning disabilities. Therefore allowing us to develop and grow opportunities for volunteers from a diverse range of people who reflect the communities in which we work, involving people who experience the most health inequalities.

Finally and crucially, the role that volunteers have played in assisting the organisation to provide an effective response to the COVID-19 crisis should not be overlooked. Volunteers have continued to provide a vital front of house function, ensuring that visitors are reminded of the safety precautions they need to take whilst moving about the hospital; they have also continued to give their time to support clinical colleagues in a myriad of ways and always going the extra mile.

Complaints

During 2019/20 the Trust received a total of 114 formal complaints, a decrease from the same period the previous year (126) five complaints were withdrawn.

Formal Complaints

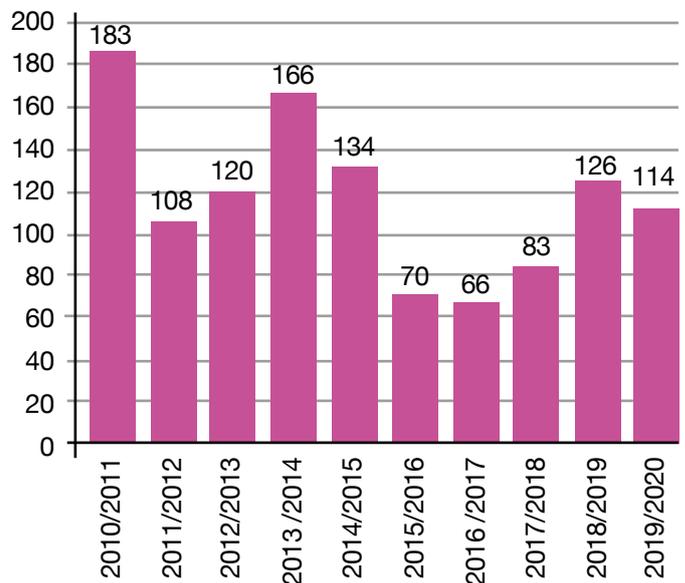
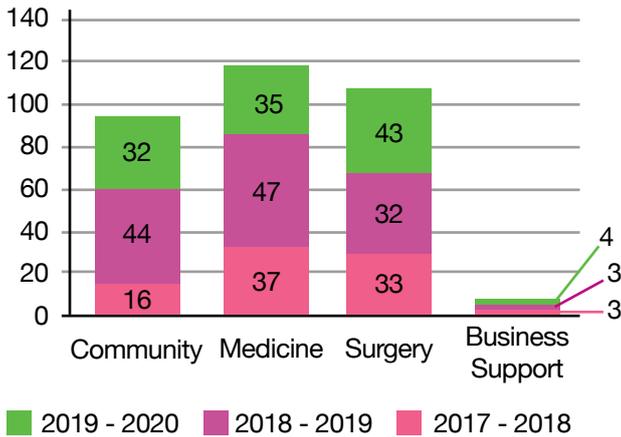


Table 1 – Formal Complaints Received Each Year

The Trust has continued to support families directly in the clinical areas, providing early intervention when concerns are raised. This will continue to be a key focus area in the coming year to ensure that real-time intervention and actions for parents and carers with concerns are addressed as soon as possible.

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 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.

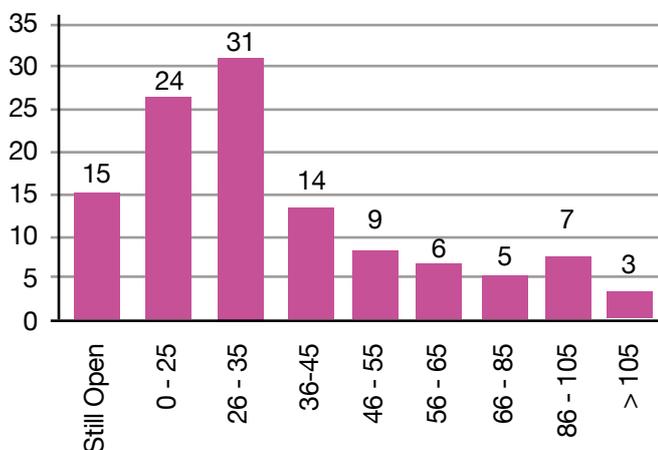
Complaints by Division



Timeframe for Responding to Complaints

The Trust aims to respond to complaints within 25 working days, however an extended timescale for response can be negotiated with the complainant if the complaint is complex, involves multi-site response and in some circumstances such as staff absence or any set of circumstances that prolongs the complaint investigation.

Number of Days to Resolve



In order to understand the reason for a delayed response, this is reported in each quarterly

complaint and PALS update report to Clinical Quality Steering Group and summarised for the Clinical Quality Assurance Committee.

Outcome of Complaints

Withdrawn	5
Upheld	51
Not Upheld	26
Ongoing	15
Partially Upheld	14

Learning from Complaints

Alder Hey is a learning organisation and uses complaints as a mechanism for taking forward improvements and changes in practice. Actions taken as a result of complaints during 2019/20 were as follows:

- Training competencies for nursing staff reviewed to support in the care and management of children with chest drains. Some areas identified where further training and education is required.
- Complainant attended Divisional Integrated Governance meeting to share their experience with the Team.
- Additional training provided to ward staff from the Cleft Palate Team.
- Development of Family Held Record by the Palliative Care Team (expected to launch Summer 2020).
- Review the referral process to identify patients with learning disabilities and autistic spectrum disorders prior to their first Alder Hey visit.
- The palliative care nurses will explain their role as either Palliative Care Nurse or Key Worker on introduction to patients and families and will provide a business card containing this information. The provision of this information will be recorded within the patient health record.
- Review of process for transferring unwell neonates to X-ray department and purchase of a 'shuttle' to facilitate this process.
- Additional training for nursing staff regarding management of chest drains.
- Review and amendment to ward welcome leaflet to ensure that parents and patients are well informed on admission to the ward.

- Review of advice given to parents or patients prior to attending the allergy clinic so that they can prepare relevant information to share with the Team.
- Increased hours of staffing at Critical Care Reception. Mobile telephones to be provided to shift coordinators to improve accessibility to the Critical Care Unit for parents whilst maintaining optimal levels of security.
- Facility for both parents' contact details are recorded in electronic patient records so that each can receive copies of relevant correspondence.
- Introduction of a Pathway Co-ordinator for sleep studies to improve communication with families accessing the service.
- Review and updating of business continuity plans for the Renal Haemodialysis Unit.
- The review of the procedural information available to clinical staff within Meditech when requesting sweat tests, to ensure that the process for these is clear to clinicians.
- Community paediatric appointments system has been amended to ensure that appointments are allocated after the cut off for annual leave and study leave requests by staff, hence reducing the risk of appointments being cancelled.
- As a result of complaints requesting further support and guidance in relation to Autistic Spectrum Disorder (ASD) and Attention Deficit Hyperactivity Disorder (ADHD) a range of new patient information leaflets has been developed and the Liverpool ASD internet page has been completely rewritten with links to the information leaflets provided <https://alderhey.nhs.uk/services/autism-spectrum-disorder-asd/liverpool-autism-spectrum-disorder-pathway>
- The ASD pathway is undergoing changes to streamline the assessment and diagnosis process. Additional support has been obtained to carry out ASD assessments on behalf of the Trust using strict criteria, which will support reducing the waiting time for families.
- Community and Mental Health Division PALS and Complaints Officer resource increased to 4 days a week, increasing the responsiveness to PALS and complaints.
- Process for checking demographic details at appointments has been changed to include details of school/college.

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 and divisions so that children, young people and their families have the best experience, with any issues raised locally being dealt with immediately and appropriately.

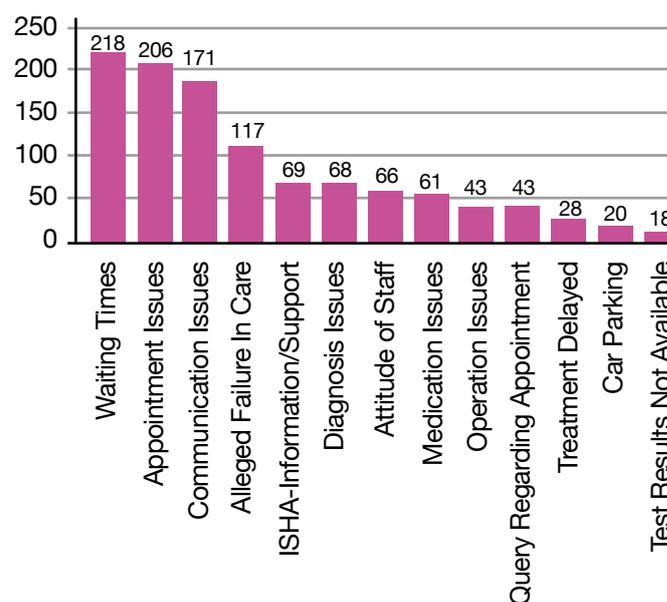
Patient Advice and Liaison Service (PALS)

The PALS service has continued to provide essential informal advice to families using Alder Hey. The Team is highly visible and accessible via their base in the Atrium.

PALS	
2015/16	1,246
2016/17	1,294
2017/18	1,349
2018/19	1,371
2019/20	1,279
Comments	A decrease of 6.7% in PALS queries is noted this year

The main themes identified during this period are shown in the graph below

Main PALS Themes



Improvements

- Review and improved availability of car parking facilities for families.
- Discussions with staff regarding attitude and Trust values.
- Improved communication with families regarding clinical care.
- Discussion with Catering Team regarding provision of food to patients and families.

Stakeholder Relations

Involvement in the Local Health Economy

Alder Hey provides more than 45 clinical specialties for children up to the age of 16 to 18 and in some cases beyond. As part of delivering individual patient care pathways prior to, during and after each child's admission to hospital, clinicians and clinical teams work in partnership with referring general practitioners (GPs), clinicians/hospitals from across the UK and overseas. Alder Hey also works in partnership with clinical commissioning groups (CCGs) and specialised commissioners at NHS England to inform and deliver service contracts that meet the needs of children served within available resources. Alder Hey provides community and mental health paediatric services in Liverpool and Sefton.

Alder Hey is committed to co-creating system-wide collaboration and shared models of care with our strategic partners. In order to achieve this, the Trust has continued to work proactively with local, regional and national stakeholders. During 2019/20, Alder Hey worked in partnership with commissioners and health and care providers to develop the 'One Liverpool' plan, which incorporates a clear focus on "Starting Well" to develop healthier futures for children and families. This plan prioritises the development of community family hubs to enable closer working around children and families at a local network level to provide better support closer to home. We have worked with partners in Sefton and Knowsley to ensure similar prioritisation of improvements in services for children and young people.

Alder Hey works closely with a wide range of trade unions, partner organisations, volunteers as well as our Council of Governors to continue to improve the quality of our services and patient and family experience. Increasingly, Alder Hey is seeking to build and strengthen partnership working with clinicians and wider staff groups through Listening into Action, hackathons held by the Innovation Team, clinical leadership and development and improved communications.

During 2019/20, Alder Hey developed our strategic plan to 2024. "Our Plan" prioritises strengthening existing partnerships and developing new ones to achieve the following aims:

1. Enhanced 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.

Alder Hey takes a leading role in the region on 'Starting Well', both in terms of research leadership, and delivery of joined up and improved services for children and young people. Alder Hey's Chief Executive is the designated senior responsible officer for development of healthier children and families through Liverpool's Provider Alliance. Alder Hey has continued to be a key member of the North West Congenital Heart Disease Partnership, working together 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. The Partnership is now working together to deliver the new model of care, and a new regional Operational Delivery Network. In addition, partnership working with Liverpool Women's NHS Foundation Trust has resulted in the Liverpool Neonatal Partnership, the two site single service model for neonates requiring surgery and level 3 critical care. This joint model of care is streamlining patient transfers between hospitals and improving quality of care, outcomes and patient experience. These new models are being funded through historical funding patterns and/or new business cases for new models of care agreed by commissioners. Alder Hey maintains a key role within the Cheshire and Merseyside Paediatric Network, working closely with district general hospital colleagues to ensure high standards and seamless access to all levels of paediatric care.

2. Enhanced partnership working with paediatric services across the region to improve standards and consistency of care and reduce unnecessary variation. Alder Hey has established the North West Paediatric Partnership Board jointly with Royal Manchester Children’s Hospital and in close liaison with NHS England. Alder Hey executive directors meet with Manchester Children’s executives on a quarterly basis and jointly hold an annual clinical network event to share best practice and promote good governance. The nationally mandated operational delivery networks (ODN) for paediatric services include: Neonatal, Trauma, CHD and Critical Care. Alder Hey hosts the Neonatal and CHD networks, as well as the local Neurosciences Network, and works in partnership with RMCH to ensure shared oversight of all our regional paediatric ODNs.

3. As a member of the Cheshire and Merseyside’s Health and Care Partnership, Alder Hey is an active member of a number of partnership groups concerned with building a sustainable model of care and improving clinical care, access and affordability. These include:

- Acute Sustainability Board
- Women’s and Children’s Partnership Programme Board (Co-chaired by Alder Hey’s Chief Executive)
- Liverpool Provider Alliance (Alder Hey are also members of the Sefton Provider Alliance)
- Liverpool Children’s Transformation Board, which reports directly to Liverpool’s Health and Wellbeing Board (developing into the ‘Starting Well’ board for Liverpool)

International Child Health Developments

The Department of International Child Health (ICH) has continued to support the Trust to deliver its strategic aim to be an internationally recognised children’s hospital of excellence.

The Department’s focus is on six key themes: international health



partnerships, humanitarian ‘mission’ work, commercial/business development, education, training and research and innovation with an aim for International Child Health to be a core aspect of what we do at Alder Hey.

The following summarises some of the key activities ICH has undertaken.

- Our longstanding partnership with Kanti Children’s Hospital, Kathmandu, Nepal continues. The official Memorandum of Agreement has been updated and the programme of activity includes oncology, triage, resuscitation, and safeguarding training.
- Our staff have undertaken humanitarian missions to India, Pakistan and Palestine. Activities ranged from delivering training in safeguarding through to undertaking cardiac surgery in collaboration with the Charity Healing Little Hearts.
- We have supported activities linked to the World Child Cancer’s UK Aid Match Project. This is to support the work of Professor Barry Pizer to improve paediatric oncology outcomes in Nepal. Through matched funding supported by a grant from the Department for International Development the total amount raised was over £200,000.
- We have hosted clinical observers in collaboration with the Royal College of Paediatrics and Child Health.
- We have worked collaboratively with Healthcare UK and other Trust departments to inform a proposed strategy for international commercial development.
- We have developed processes to support staff who wish to undertake international work including a risk assessment.
- We have collaborated with external agencies and hosted international visitors from Bahrain, Spain and Hong Kong.
- Our long-standing relationship with Blantyre in Malawi is in the final stages of agreeing a formal Memorandum of Understanding to work in partnership.

Latterly, the global coronavirus pandemic has impacted on our activities and we are exploring ways of maintaining connections with our international partners using virtual platforms so that we can continue to contribute to improving the health of the world’s children.

The Alder Hey Academy

The Alder Hey Academy continues to grow in reputation and experience. This year has been a very busy and successful year for the Academy; we have continued to deliver several successful specialist masterclasses and conferences with renowned International speakers and delegates. Many of these conferences are now in their second and third years of activity and our delegates very much look forward to the next year's programme. The Team is extremely busy exploring the digital and innovative ways we can continue to deliver and facilitate these high profile conferences going forward taking into account the COVID-19 pandemic. It is imperative that Alder Hey maintains the highly regarded profile and position in the national and international pediatric training environment and continue to provide our staff with the ability to develop new and existing skills.



Last year we reported on our development of the Alder Hey and Liverpool China Partnership. We are pleased to report once again that Alder Hey Academy (along with other members of the Liverpool China Partnership) was the proud joint winner of the highly sought after Business Recognition Award in the North West Greater China Awards.

Partnership engagement continues to grow both internationally and within the UK. The Academy is currently negotiating further projects, both educationally and clinically which we can deliver to support the business elements of the Alder Hey Academy. We are working closely with other NHS trusts across the North West to see how we can support, advise and encourage other organisations to deliver successful and income generating business opportunities.

In 2020 we are proposing to develop further affiliations with both local and national universities to extend the partnership working model that we believe will enhance the co-operation and excellence across the academic healthcare environment. We continue on our mission to sustain the worldwide profile of the Alder Hey Academy and to achieve our goal to become a leading innovator in paediatric healthcare training.

Alder Hey in the Park – Our Vision for the Alder Hey ‘Campus’

Alder Hey's vision of a specialist campus for children's health continued to make good progress during the year. July 2020 will see the completion of the uniquely designed and state of the art bereavement care unit, the Alder Centre and also the commencement of the 'Cluster' which will comprise of a purpose built Tier 4 children's Mental Health Unit together with a clinical building for a selection of outpatient Services.

The original Alder Hey estate dating back to 1914 is currently in phase 2 of a four phase demolition programme with the majority of the original building due to be demolished by June 2020. Remaining blocks of much later construction will be demolished in phase 3 planned for late 2020 and the final phase in 2022/23.

The Trust has recently acquired a 1000m² building plus ground space on East Prescott Road (formally the Knotty Ash Nursing Home); this is situated on the other side of Springfield Park and beside the Loop Line. The Trust aims to refurbish the whole building in 2020 with a view of expanding the current estate to meet the Trusts current office accommodation requirements; this also provides options for expansion of other services for future and longer term development.

The specific elements of the campus development are described below:

Expansion of Neonatal Service

The Trust is also progressing with its plans for development of a 24 cot purpose built Neonatal Unit which expands the current neonatal capacity by 15 cots. The new Unit which is currently within the design phase will focus on providing family integrated care and is part of a partnership between Liverpool Women's NHS Foundation Trust and

Alder Hey. The development is planned to deliver in 2022/23. This year will see the initial concept design worked up to a fully designed building working with a range of stakeholders including staff, and service users from both organisations.

The Alder Centre

The Alder Centre will be the first purpose built facility to house a counselling service for all those affected by the loss of a child, including the ‘National Child Death Helpline’. The services also offer staff counselling services. This very special service will transfer into the new building during the summer of 2020. The new building which has been uniquely designed to support the expansion of therapies for families, with more open plan welcome space, secure and private garden areas, training and activity space, together with counselling rooms that all look out to landscaped spaces. It is modern, light and will be complete with both fitted and loose quality furnishings and fittings. The new layout will also support more drop-in services and more peer support.



The Institute in the Park

The second phase of the Institute has proved to be a successful addition to the campus, with continued development of conferencing facilities, university services and continued growth across healthcare research.

The building was also presented with two national design awards, firstly the prestigious Royal Institute of British Architects Award (RIBA) and secondly the Civic Trust Architectural Award was given for sustainability, quality and appearance of the built environment.

The building supports the Trust Research Department and education teams from our four university partners; the University of Liverpool, Edge Hill University, Liverpool John Moores University and the University of Central Lancashire (UCLAN) have also moved into the building, thus realising the vision to bring many different researchers and education faculties into one facility to share and learn for the future benefit of children’s health. The Institute now also runs frequent healthcare conferences and training events and hosts international visits to the Trust.

In October 2019 the Trust also hosted the Annual NHS Forest Conference within the Institute, due to its development and engagement work across Springfield Park, with the original first tree planted by NHS Forest/ Innovation Agency being relocated next to the Institute.

The Community Cluster

Designed via a RIBA competition that attracted some of the biggest architectural names in the country, the Cluster is a very exciting, innovative and challenging solution that brings several different services into a shared space. A Tier 4 Children’s Mental Health Unit which will provide additional capacity with an increase from 7 to 12 beds and a further building to provide modern purpose built outpatient accommodation for CAMHS, Neuro Assessment, Psychology and local Police administration offices. The building which will be completed in the spring of 2022 will feature undercroft parking, views of the future parkland, private garden areas and clear landscaped routes between Eaton Road and Springfield Park. Construction is expected to commence in Summer 2020.



The ongoing development of the Trust campus and demolition of old buildings brings with it the requirement to remove old infrastructure and opportunity to develop new environmentally friendly infrastructure.

As the remainder of the old estate is demolished in phases the existing power, water, data and access routes all need to be realigned and reinvented for the a modern health campus with green credentials. In amongst the essential and often complex and costly re-provision and re-alignment of these services, the Trust has been planning over the last year the early foundations for future environmental improvements and savings in energy.

With the relocation of the building mass from the west to the east of the site all major service connections and road access routes are to be relocated with new connections from the Eaton Road end of the site. A master plan design which addresses connections and routes for electricity, water, fire mains, data routes, drainage systems, vehicle access and pedestrian routes is presently under way to fit with future building locations and service demand.

The plan includes the supply of heating and hot water in all the campus building utilising local air source heat pumps; this is a cost effective and sustainable solution. Drilling 80 metres and installing pumps and systems for an individual building was never cost effective but connecting a single system into several buildings is a much more achievable option. Combining new construction development together into a combined network then creates a localised network that offer a sustainable energy solution backed by substantial government grants towards running costs for 20 years.

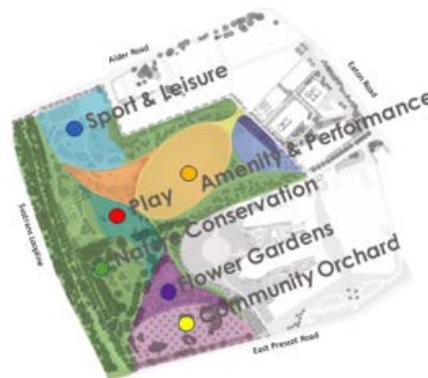
Springfield Park

The Trust secured planning permission from Liverpool City Council for both phases of the park works and the design and works for final reinstatement of Springfield Park. This design of the park was based on engagement events feedback over the last five years.

The development of Springfield Park continues to make progress with Phase one park pre-commencement works undertaken from late 2019 and early 2020 with completion of works expected

in the autumn of 2020. This will provide additional landscaping and interest points and an extension of footpaths linking to the existing parkland.

Final Reinstatement Plan for Springfield Park



Character & Themes



The next phase of the park which will commence mid 2021 will see the delivery of approximately 85% of the full reinstatement of Springfield Park, with the final phase delivering in 2023 once all existing estate has been vacated.

The park has been the venue for a number of events over the last year:

- February 2019 - Forest Fun Day
- April 2019 - Easter Egg Hunt
- April to July 2019 - Nature Tots Summer
- September to December 2019 - Nature Tots Winter
- September 2019 - shared reading
- October 2019 - regular litter picking events
- October 2019 - NHS Forest annual conference
- October 2019 - FOSP planting event
- November 2019 - Big climate fight back tree planting event

Nature Tots
2-5 years old
A WILDLIFE ADVENTURE FOR YOUR LITTLE EXPLORERS

Nature art, storytime, bug hunts, games, crafts and more.

Come and join us at our pre-school sessions that let your little ones get in touch with nature, as we explore Springfield Park in Knotty Ash and get stuck into some fun outdoor activities. Suitable for ages 25 months to 5 years.

Fridays 10am - 11.15am during school term time.

Autumn/Winter 2019 Sessions
Sept 13th, 20th & 27th
Oct 4th, 11th & 18th
Nov 1st, 15th, 22nd & 29th
Dec 6th & 13th

£4 per child
Refreshments included.
Adults and children under 12 months free of charge.

No pre-booking required, pay on arrival. Meet at the shelter in the park.
Contact Holly Todd on 0151 956 0001 ext 203 or 0151 956 0000 for more details or visit www.liverpoolnhs.org.uk/nature

Family Forest Fun Day

Like getting outdoors?
Come along with your children and enjoy this FREE fun event in Springfield Park!

Wood craft, games, forest skills, den making and story quest are just some of the things to enjoy!
Suitable for Children 4-14 years & their parents/careers
The event will run from 10am to 1pm
Book www.liverpoolnhs.org.uk/fffd

Going for Green – Creating a Healthier Future

In February 2020, the Alder Hey Board approved a new strategy in response to the Greener NHS Campaign to tackle the ‘health emergency’ created by climate change. A Climate Summit to be addressed by keynote speaker, veteran environmental campaigner Jonathan Porritt, had been planned for the end of March 2020, however the event was postponed due to the coronavirus pandemic.

The strategy will be revisited when circumstances permit as this agenda remains at the heart of Alder Hey’s Vision.

Alder Hey Children’s Charity

The generous support of our Charity is changing lives every day here at Alder Hey Children’s Hospital. Without donations, many of the outstanding facilities and innovations to help patients and families simply could not have been provided.

Since April 2013, Alder Hey Children’s Charity has raised over £50.9m. This money has helped us to fund life-saving equipment, vital research and healthcare innovation. It has also ensured that every child and young person experiences Alder Hey ‘magic’ – the little added extras that make the hospital experience the best it can be for our patients and their families.

In the past year the Charity has continued to drive forward Alder Hey’s Vision for the future, raising over £5million and spending £4.4million on charitable activity in 2019/20. The Charity provides help under four areas of activity – Campus, Medical Equipment, Research and Innovation and Magic. Below are some examples of the projects funded in 2019/20.

Campus

Alder Hey Children’s Charity is proud to stand hand in hand with colleagues across Alder Hey Children’s NHS Foundation Trust in making our vision for a unique children’s healthcare campus a reality.

Alder Hey in the Park is a purpose-built £350m campus devoted to improving children and young people’s health. As the campus grows it will encompass specialist mental health community and bereavement services, all within a parkland setting dedicated to inspiring and supporting children’s health and well-being.

In 2019/20 the Charity completed its £2m appeal for a brand new home for our specialist bereavement centre, providing support whenever it’s needed for families who have experienced the loss of a child. The building, fully funded by Alder Hey Children’s Charity, is due to be finished this year; charity donors and Alder Centre families have been at the heart of this project from the very beginning.

As we look to the future and as a major focus for the Charity, this year saw the start of the £3m Children’s Mental Health Appeal to support a unique cluster of buildings devoted to community and mental health services. 7 in 10 children and young people who experience a mental health problem have not had appropriate interventions at a sufficiently early age. No child should go without help therefore Alder Hey Children’s Charity has pledged to support Alder Hey Children’s Hospital to reach more children than we have ever been able to before.

Medical Equipment

As improvements in medical technology rapidly increase, one of the key focuses of our work is ensuring that our patients have access to the latest innovative medical equipment. This allows our world-leading clinicians to do their very best for our brave, young patients and can even reduce the need for second surgeries or intrusive procedures.

In 2019/20 the medical equipment we funded included a MALDI-ToF machine for rapid bacterial and fungal identification to aid in the diagnosis of infections, including for patients with sepsis and those with antimicrobial resistant infections. Speed of diagnosis is critical to ensure the correct antibiotics are given to stop infections in children progressing to become severe and life-threatening. With the MALDI-ToF machine clinicians can get the identification completed in minutes, instead of days and weeks meaning faster treatment and reduction in the time children have to stay in hospital.

The Trivato Microscope is a specialist surgical microscope for the use in plastic surgery involving surgical procedures on nerves of less than 1mm. When working to extremes the slightest movement in the surgical area can be magnified by these microscopes due to the magnification the surgeon is working at. The Trivato Active Vibration Dampening helps the microscope to stay steady, especially with extra high magnification. It also has an all-digital platform which allows pictures to be taken and

records video which is valuable for teaching and for assessing the next stage of surgery.

The ECHO Machine is an ultrasound machine that allows clinicians to non-invasively obtain and store multiple images and videos of a patient's heart. The images gained allow the clinician to see blood flow, structure, and the internal workings/timings of the patient's heart. The enhanced 3D and 4D images obtained by an ECHO Machine are often used in diagnosis and to plan cardiac surgery.

Research and Innovation

Alongside our state-of-the-art children's hospital, the Alder Hey in the Park campus incorporates our research and education centre housed within our RIBA award-winning Speakman Building.

This year donations have allowed Alder Hey Children's Charity to invest over £340,000 in supporting world-class research at Alder Hey. This means that we can help our patients and families at Alder Hey today but through vital research, also help to make the future brighter for children around the world. The Charity is proud to fund numerous research studies across clinical areas including cancer, asthma and orthopaedic surgery. Alder Hey is a leading light in children's research, recruiting more children and young people into trials than any other children's healthcare provider in England and Wales. Our hospital aims to become a world-leader in children's research and the Charity is committed to supporting the Trust to delivering even more outstanding treatment, advanced medicines, cutting edge therapies and new technologies.

Our Innovation Hub is dedicated to finding new and creative solutions that will help our patients and their families as well as our world-leading clinicians in their work at Alder Hey. We pride ourselves on building strong corporate partnerships and working with innovators from across the globe, constantly pushing the boundaries. To support the growth of innovation at Alder Hey we have provided £200,000 to fund additional roles within the Innovation Hub to help Alder Hey look to the future with bright ideas and solutions for paediatric healthcare.

We are committed to investing in game-changing innovation and research into health conditions that affect young people. These areas of our work ensure Alder Hey continues to have global impact, helping

us to build effective partnerships to improve the lives of children all around the world.

Magic!



Our families, visitors and staff regularly tell us that there is a special feeling when you walk in to Alder Hey; that is the 'magic' and when we all pull together we can help make hospital life brighter for our brave, young patients. From ward musicians and comics and art workshops to the latest distraction technology, Alder Hey strives to provide the best patient experience possible. Alder Hey Children's Charity is committed to funding these projects, technologies and experiences that go above and beyond what is available through NHS funding.

Our nationally recognised Arts for Health Programme aims to bring a meaningful arts experience to as many of our patients as we can. Alder Hey Children's Charity proudly funds musicians across wards, clinics and waiting areas, from one-to-one sessions to concerts in our bespoke Performance Space. The Charity have also funded the technology to enable these performances to be broadcast to the televisions in each patient's room meaning that they can enjoy the show even if they can't leave their bed.

Music making has proven to be extremely effective in improving our patients' mental and physical wellbeing. It allows children and young people to be creative and communicate whilst giving them the opportunity to develop transferable skills. The Charity also fund comic and story creation sessions, empowering patients to use their own narrative to create their own publications as well as animation workshops for our CAMHS patients facing mental health issues.

A hospital visit is a daunting experience for any child, which is why Alder Hey staff ensure that they work hard to reduce as much stress and anxiety as they can during treatment. From wall vinyls to 4D immersive wall and ceiling projections, Alder Hey Children's Charity has transformed blank white rooms into a colourful, engaging and fun space that our patients love to visit. We know that fitting our treatment rooms with distraction aids is proven to reduce the need for sedation by 40%, meaning children are not exposed to unnecessary medication and staff can treat more children each day.

Our Response to COVID-19

Early 2020 saw immense challenges for the NHS and wider society with COVID-19 putting pressure of intensive care facilities, limiting other activity and leading to new ways of working. Challenges were also felt by the Charity as the cancellation of fundraising events and activity impacted on income at the same time as increasing need to support Alder Hey to be able to quickly adapt to these new circumstances. The Charity is incredibly proud to have been able to quickly pledge £1.9m to aid

Alder Hey during this unprecedented time. Funding included:

- Research into COVID-19 in partnership with CEIDR (<http://www.ceidr.org.uk>), University of Liverpool and Liverpool School of Tropical Medicine.
- Fully funding additional psychological support to staff working during this extremely stressful and challenging situation.
- Remote care for children and young people through digital technology, particularly for vulnerable patients to continue their access to the NHS during these challenging times.
- Enabling specialist care remotely across different sites for complex clinical cases ensuring patients continue to get the treatment they need.
- Specialist medical equipment including mobile ultrasound scanners and a mobile X-ray machine.
- Play equipment, toys, arts and crafts that can be used individually by children in their own rooms.

Our Supporters

Thanks to the generosity of our 6,229 amazing supporters, in 2019/20 the Charity raised a total income of £5m.

This year Alder Hey Children's Charity became Guinness World Record holders at its first family 5K fun run, got cosy in our Together for Alder Hey Matalan pyjamas for the first ever PJ Day and tackled the epic Machu Picchu citadel in Peru.

Our fundraising community have raised incredible amounts for our brave young patients through a huge range of activities, from sponsored ocean



swims to delectable bake sales, we couldn't be more grateful to every single fundraiser. 2019/20 also saw an increase in online support with Facebook fundraisers raising an incredible £82,000 to support Alder Hey.

We are so grateful for the support of 30 trusts, foundations and 240 corporate supporters who have helped the Charity to bring to bring significant advancements to Alder Hey this year.

1,236 people gave a regular monthly donation to Alder Hey Children's Charity enabling us to support children now and also into the future with their committed support. We are very grateful to the 12 individuals who left a gift in their will to Alder Hey, creating a lasting impact for children and families.

Future Plans

Alder Hey Children's NHS Foundation Trust has big ambitions and Alder Hey Children's Charity is committed to supporting the Trust to achieve these and provide the best possible support to help care for children and families both now and in the future.

Therefore to reach the levels of income needed to achieve our ambitions for Alder Hey the focus for Alder Hey Children's Charity is to sustainably grow fundraised income through investing in growth areas and maximising current opportunities. The Charity also needs to be investing in long term income streams, especially legacy income which is predicted to increase rapidly over the next 10-20 years and where there is significant potential for growth.

With an increasingly high level of competition within the fundraising marketplace the Charity needs to ensure it is providing excellent donor stewardship and maximising all opportunities to build long term relationships with our supporters. The Charity also needs to ensure it has strong strategic links within the Trust to plan for spend horizons, maximise opportunities to promote Alder Hey's Campus and ensure funds raised are adding additional value above and beyond the financial contribution.





Remuneration Report

Annual Statement on Remuneration

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 or associate directors taking into account the results of the annual appraisal process. The Committee is chaired by the Trust Chair and comprises all non-executive directors; it operates in accordance with:

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

Remuneration Committee Membership 2019/20

Members of the Remuneration Committee during the year were as follows:

- **Committee Chair** - Dame Jo Williams
- **Vice Chair** - Ian Quinlan
- **Non-Executive Director** - Anita Marsland

- **Non-Executive Director** - Claire Dove
- **Non-Executive Director** - Shalni Arora (from August 2019)
- **Non-Executive Director** - Fiona Marston (from November 2019)
- **Non-Executive Director** - Jeannie France-Hayhurst (to July 2019)
- **Non-Executive Director** - Kerry Byrne
- **Non-Executive Director** - Fiona Beveridge (from October 2019)

The Chair undertakes the annual appraisal of the non-executive directors and the Chief Executive, who in turn is responsible for assessing the performance of the executive directors and associate directors.

The Committee convened three times during the year in April and September 2019 and in February 2020 both meetings were quorate. The following items of business were approved and supported:

- Executive Director incremental progression and review of salaries as appropriate.

- Proposed changes to specific Executive portfolios.
- A briefing on the most recent benchmarking information for each Executive role.
- National pensions taxation issues and their implications, together with a supporting policy for approval.
- Approval of a time-limited MASS scheme.

Advice which assisted the Committee in their consideration of these matters was provided by Louise Shepherd, Chief Executive Officer and Melissa Swindell, Director of Human Resources and Organisational Development.

Senior Managers Remuneration Policy

The Trust has maintained its remuneration policy during the year for both executive and non-executive directors, taking into account other relevant aspects of the policy framework including equality, diversity and human rights. The Trust continues to ensure that its recruitment, selection and promotion practices provide equal access/opportunities for all persons and are free from unfair or unlawful forms of discrimination.

The activities of both the Remuneration Committee and the Nominations Committee of the Council of Governors have been informed by benchmark information from the sector for a range of specific board level roles. 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 nationally published remuneration surveys) and performance. In addition, this assessment has also taken into account NHS Improvement's guidance on 'Established Pay Rates.' They are also 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.

Following the publication of the consolidated VSM pay framework in 2019 by the DHSC, which is still in development, a full review of VSM salaries at Alder Hey will be undertaken.

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.



Senior Managers' Remuneration Package

	Basic Pay	Pension	Car Allowance	R&R Premium	Additional Duties	Bonus/ PRP	Pay in Lieu of Pension
Executive Directors	✓	✓	✗	On a case by case basis	✗	✗	On a case by case basis

A recruitment and retention premium has been deployed in one instance in order to attract and retain a high calibre international candidate. Pay in lieu of pension will be considered on a case by case basis, there is one senior manager currently in receipt of this component.

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.

There are three senior managers who during the year were paid more than £150,000 (this figure being the threshold used in the Civil Service for approval by the Chief Secretary to the Treasury as per Cabinet Office guidance and considered by NHS Improvement as an appropriate benchmark for NHS foundation trusts). These were the Chief Executive, the Medical Director and the Trust's Development Director. The Trust is satisfied that for these roles the level of remuneration is reasonable for the responsibilities carried and benchmarks with comparable organisations.

Non-Executive Directors

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 and the Trust Chair (or Acting Chair in the case of the appointment of a new substantive Chair). The Chief Executive will participate in the activities of the Committee in an advisory capacity. 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 short-listing and to make a formal appointment.

The Trust Chair is responsible for assessing the performance of the non-executive directors. The Chair's appraisal is undertaken by the Senior Independent Director 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. The Council of Governors received and accepted the new Framework for conducting annual appraisals of NHS Provider chairs, issued as guidance by NHS Improvement and England in September 2019; this will be used going forward, including the incorporation of feedback from external stakeholders in addition to the existing internal 360 degree feedback process already in place at Alder Hey.



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, with fee levels benchmarked annually against the NHS Providers remuneration survey and other sources, which this year included reference to the NHS Improvement and England implementation document, Structure to align remuneration for chairs and non-executive directors of NHS trusts and NHS foundation trusts published in November 2019. This paper confirms that Alder Hey's remuneration rates for non-executives fall within the proposed range whilst that for the role of chair is slightly below for the size of the organisation.

During 2019/20 there were a total of 14 voting board directors in post across the period. Of these, nine individuals claimed £14,215 in expenses; for 2018/19 the figures were eight directors claiming £6,031 in expenses. In the year there were 25 governors in office, six of whom received £6,160 in expenses; whereas in 2018/19 nine governors claimed £8,156.

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 2.33 and paragraphs 2.49 to 2.53), 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 2019/20 and the prior year comparative is provided below:

	2019/20	2018/19
Band of Highest Paid Director (Bands of £5,000)	£245-250	£170-175
Median Total Remuneration	£35,271	£33,681
Ratio	7.02	5.12

The range of staff remuneration was £993 to £248,026 (2018/19: £872 to £296,651). The

increase to the ratio this year is caused by an £80k increase to the total remuneration for the highest paid employee. The £80k is partly due to a salary increase, partly to an increase to forecast pension-related benefits.

The Trust's remuneration policy applies to executive directors and associate directors, i.e. non-voting executives 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 and Social Care. 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 below.

Signed:

Louise Shepherd

LOUISE SHEPHERD CBE
Chief Executive
22nd June 2020

Salary and Pension Entitlements of Senior Managers

Total Remuneration

Name	Title	2019/20						2018/19				
		Salary	Taxable Benefits	Performance Pay and Bonuses	Long term Performance Pay and Bonuses	Pension Related Benefits	Total	Salary	Taxable Benefits	Performance Pay and Bonuses	Pension Related Benefits	Total
		(Bands of £5,000)	(To the Nearest £100)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	(To the Nearest £100)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)
		£000s	£s	£000s	£000s	£000s	£000s	£000s	£s	£000s	£000s	£000s
Louise Shepherd	Chief Executive	175-180	0	0	0	62.5-65	240-245	170-175	0	0	5-7.5	175-180
John Grinnell	Director of Finance / Deputy Chief Executive	140-145	5,100	0	0	32.5-35	180-185	130-135	3,600	0	7.5-10	145-150
Hilda Gwilliams	Chief Nurse	95-100	0	0	0	0	95-100	110-115	0	0	10-12.5	120-125
Steve Ryan	Medical Director	-	-	-	-	-	-	60-65	0	0	0	60-65
Nicola Murdock	Medical Director	230-235	14,400	0	0	0	245-250	35-40	0	0	7.5-10	45-50
Melissa Swindell	Director of Human Resources	105-110	0	0	0	30-32.5	135-140	105-110	0	0	32.5-35	135-140
Adam Bateman	Chief Operating Officer	115-120	2,400	0	0	35-37.5	155-160	110-115	0	0	90-92.5	200-205
Sir David Henshaw	Chair (R)	-	-	-	-	-	-	30-35	0	0	0	30-35
Dame Jo Williams	Chair (R)	35-40	0	0	0	0	35-40	5-10	0	0	0	5-10
Dame Jo Williams	Non-Executive Director (R)	-	-	-	-	-	-	10-15	0	0	0	10-15
Claire Dove	Non-Executive Director (R)	10-15	0	0	0	0	10-15	10-15	0	0	0	10-15
Steve Igoe	Non-Executive Director (R)(A)	-	-	-	-	-	-	5-10	0	0	0	5-10
Ian Quinlan	Non-Executive Director (R)	10-15	0	0	0	0	10-15	10-15	0	0	0	10-15
Jean France-Hayhurst	Non-Executive Director (R)(A)	0-5	0	0	0	0	0-5	10-15	0	0	0	10-15
Kery Byrne	Non-Executive Director (R)(A)	15-20	0	0	0	0	15-20	5-10	0	0	0	5-10
Anita Marsland	Non-Executive Director (R)(A)	10-15	0	0	0	0	10-15	10-15	0	0	0	10-15
Fiona Marston	Non-Executive Director (R)(A)	5-10	0	0	0	0	5-10	-	-	-	-	-
Shalni Arora	Non-Executive Director (R)(A)	5-10	0	0	0	0	5-10	-	-	-	-	-
Fiona Beveridge	Non-Executive Director (R)(A)	5-10	0	0	0	0	5-10	-	-	-	-	-

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

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

- Nicola Murdock, Medical Director. None of the remuneration relates to a non-managerial role. Taxable benefits relates to a Relocation Expenses.
- John Grinnell, Director of Finance / Deputy Chief Exec. Taxable benefits relates to a lease car.
- Adam Bateman, Chief Operating Officer. Taxable benefits relates to a lease car.
- David Powell, Development Director. Taxable benefits relates to a lease car.
- Kate Warriner, Chief Digital & Information Officer. Taxable benefits relates to a lease car.
- Fiona Marston commenced in post November 2019.
- Shalni Arora commenced in post August 2019.
- Fiona Beveridge commenced in post October 2019.
- Jeannie France-Hayhurst left employment July 2019.
- Steve Ryan, Medical Director left employment September 2018.
- Sir David Henshaw, Chairman left employment February 2019.
- Steve Igoe, Non-Executive Director left employment September 2018.

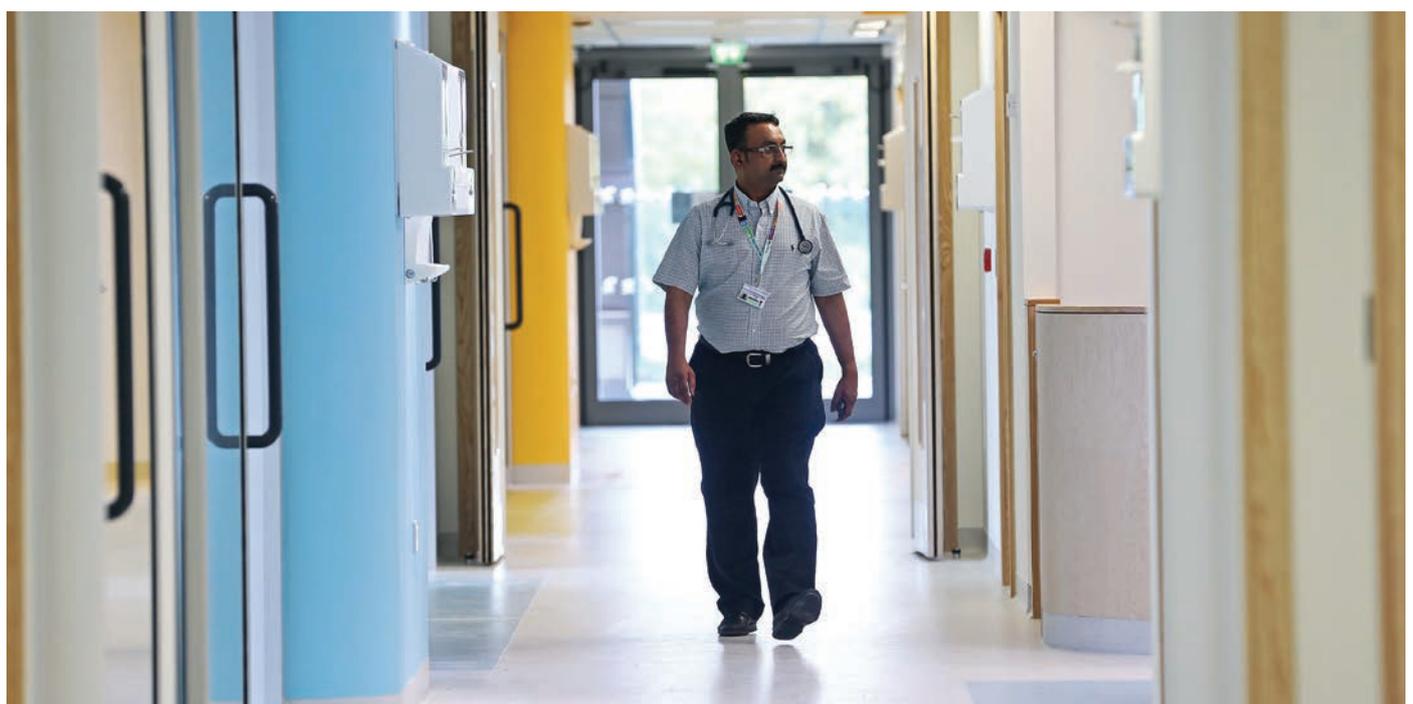
The table on the previous page follows the guidance for 'Disclosure of Senior Managers' Remuneration (Greenbury) 2017 (NHS BSA). The Pension related benefits (bands of £2,500) are a notional figure to denote forecast Annual Pension payments (subject to a x20 multiplier) and lump sum. This is the aggregate 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.

From 2017/18 the Trust considered it appropriate for the non-voting Board members detailed below to be disclosed as senior managers.

- Mags Barnaby, Interim Director of Strategy left employment on 30th November 2018.
- Christian Duncan, Clinical Director, Surgery until 31st December 2019. Total pension information is shown. 6/11ths of the remuneration relates to a clinical, non-managerial role.
- Alf Bass, Clinical Director, Surgery. Commenced in role 1st January 2020. Total pension information is shown. 6/11ths of the remuneration relates to a clinical, non-managerial role.
- Adrian Hughes, Clinical Director, Medicine. Total pension information is shown. 2.25/11ths of the remuneration relates to a clinical, non-managerial role.
- Kate Warriner, Chief Digital & Information Officer - commenced employment 1st April 2019.



2019/20								2018/19				
Name	Title	Salary	Taxable Benefits	Performance Pay and Bonuses	Long term Performance Pay and Bonuses	Pension Related Benefits	Total	Salary	Taxable Benefits	Performance Pay and Bonuses	Pension Related Benefits	Total
		(Bands of £5,000)	(To the Nearest £100)	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)	(To the Nearest £100)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)
		£000s	£s	£000s	£000s	£000s	£000s	£000s	£s	£000s	£000s	£000s
Erica Saunders	Director of Corporate Affairs	105-110	0	0	0	7.5-10	115-120	100-105	0	0	50-52.5	155-160
Mags Barnaby	Interim Director of Strategy	-	-	-	-	-	-	30-35	0	0	37.5-70	100-105
Dani Jones	Director of Strategy and Partnerships	85-90	0	0	0	42.5-45	125-130	55-60	0	0	57.5-60	110-115
Mark Flannagan	Director of Marketing & Communications	105-110	0	0	0	25-27.5	130-135	95-100	0	0	22.5-25	120-125
David Powell	Development Director	160-165	6,600	0	0	97.5-100	265-270	150-155	5,400	0	0	155-160
Kate Warriner	Chief Digital & Information Officer	100-105	1,900	0	0	75-77.5	180-185	-	-	-	-	-
Lisa Cooper	Director of Children & Young People Community & Mental Health Division	100-105	0	0	0	112.5-115	215-220	55-60	0	0	105-107.5	165-170
Adrian Hughes	Divisional Director, Medicine	165-170	0	0	0	20-22.5	185-190	175-180	0	0	0	175-180
Christian Duncan	Divisional Director, Surgery	105-110	0	0	0	52.5-55	155-160	140-145	0	0	57.5-60	200-205
Alfie Bass	Divisional Director, Surgery)	65-70	0	0	0	0	65-70	-	-	-	-	-



Salary and Pension Entitlements of Senior Managers (cont'd)

Total Pension Entitlements

Name and Title	Real Increase in Pension at Age 60 (Bands of £2,500) £000s	Real Increase in Lump Sum at Aged 60 (Bands of £2,500) £000s	Total Accrued Pension at Age 60 at 31 March 2020 (Bands of £5,000) £000s	Lump Sum at Age 60 Related to Pension at 31 March 2020 (Bands of £5,000) £000s	Cash Equivalent Transfer Value at 1 April 2019 £000s	Real Increase in Cash Equivalent Transfer Value £000s	Cash Equivalent Transfer Value at 31 March 2020 £000s	Employer's Contribution to Stakeholder Pension £000s
Louise Shepherd Chief Executive	2.5-5	2.5-5	75-80	200-205	1,507	74	1,646	0
John Grinnell Director of Finance / Deputy Chief Executive	2.5-5	0-2.5	35-40	75-80	561	24	618	0
Melissa Swindell Director of Human Resources	0-2.5	0-2.5	25-30	50-55	385	21	430	0
Hilda Gwilliams Chief Nurse	0	0	0	0	0	0	0	0
Nicola Murdock Medical Director	0	0	0	0	0	0	0	0
David Powell Development Director	5-7.5	15-17.5	70-75	220-225	1,630	152	1,844	0
Erica Saunders Director of Corporate Affairs	0-2.5	0-2.5	40-45	90-95	740	14	786	0
Mark Flannagan Director of Communications and Marketing	0-2.5	0-2.5	5-10	0-5	45	15	76	0
Kate Warriner Chief Digital & Information Officer	2.5-5	5-7.5	20-25	40-45	226	44	289	0
Adam Bateman Chief Operating Officer	2.5-5	0-2.5	20-25	40-45	245	13	279	0
Dani Jones Director of Strategy and Partnerships	2.5-5	2.5-5	20-25	40-45	254	24	295	0

Name and Title	Real Increase in Pension at Age 60 (Bands of £2,500) £000s	Real Increase in Lump Sum at Aged 60 (Bands of £2,500) £000s	Total Accrued Pension at Age 60 at 31 March 2020 (Bands of £5,000) £000s	Lump Sum at Age 60 Related to Pension at 31 March 2020 (Bands of £5,000) £000s	Cash Equivalent Transfer Value at 1 April 2019 £000s	Real Increase in Cash Equivalent Transfer Value £000s	Cash Equivalent Transfer Value at 31 March 2020 £000s	Employer's Contribution to Stakeholder Pension £000s
Christian Duncan Divisional Director, Surgery	2.5-5	0-2.5	40-45	90-95	709	32	795	0
Adrian Hughes Divisional Director, Medicine	0-2.5	5-7.5	60-65	185-190	1,399	60	1,515	0
Lisa Cooper Director of Children & Young People Community and Mental Health Division	5-7.5	5-7.5	35-40	75-80	544	98	669	0

As non-executive directors do not receive pensionable remuneration, there will be no entries in respect of pensions for non-executive directors.

- Nicola Murdock, Medical Director - is not a current member of the NHS Pension scheme. None of her remuneration relates to a non-managerial role.
- Hilda Gwilliams, Chief Nurse, is not a current member of the NHS Pensions scheme and is in receipt of her NHS Pension.
- Christian Duncan, Clinical Director - Surgery, until 31st December 2019. Total pension information is shown. 6/11ths of the remuneration above relates to a clinical, non-managerial role.
- Alfie Bass, Clinical Director - Surgery, from 1st January 2020. Total pension information is shown. 6/11ths of the remuneration above relates to a clinical, non-managerial role.
- Adrian Hughes, Clinical Director - Medicine. Total pension information is shown. 2.25/11ths of the remuneration above relates to a clinical, non-managerial role.

The Pensions Benefit figures in the Total Remuneration table are calculated per the guidance using inflation of 2.4% applied to prior year comparative figures supplied by the NHS Pensions Agency for accrued pension and lump sum payments (in 2018/19 inflation was applied per guidance at 3%).

The inflation applied to the accrued pension, lump sum (if applicable) and CETV is the percentage (if any) by which the Consumer Prices Index (CPI) for the September before the start of the tax year is higher than it was for the previous September. For 2018/19 the difference in CPI between September 2017 and September 2018 was 2.4%. Therefore for benefit and CETV calculation purposes CPI is 2.4%. Additionally in the Pensions Benefit calculation a multiplier of x20 is applied to both the uplifted prior year and the current year projected Annual Pension amounts provided by NHS Pensions Agency.

NHS Pensions are still assessing the impact of the McCloud judgment in relation to changes to benefits in the NHS 2015 Scheme. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgment.

Staff Report

The Trust presented its 2019/20 Gender Pay Gap Report for 2018/19 to the Board of Directors in March 2020. This report includes the statutory requirements and also provides context to help understand our findings and to take steps to reduce any potential for gender inequality. As at 31st March 2019 the gender split of our workforce was 84% females and 16% males. The final report is published on the Cabinet Office website here <https://gender-pay-gap.service.gov.uk/>

Analysis of Trust staff by type and cost during the year is set out in the table below, together with a comparison with 2018/19:

	Total 2019/20 No.	Permanent 2019/20 No.	Other 2019/20 No.	Total 2018/19 No.	Permanent 2018/19 No.	Other 2018/19* No.
Medical and Dental	452	450	2	*419	*415	*4
Ambulance Staff	0			0.00		
Administration and Estates	730	709	21	*694	*668	*26
Healthcare Assistants and Other Support Staff	231	218	13	*230	*211	*19
Nursing, Midwifery and Health Visiting Staff	1,310	1,212	98	*1,271	*1,190	*81
Nursing, Midwifery and Health Visiting Learners	0			0.00		
Scientific, Therapeutic and Technical Staff	724	716	7	*666	*662	*4
Healthcare Science Staff	0			0.00		
Social Care Staff	0			0.00		
Agency and Contract Staff				0.00		
Bank Staff				0.00		
Other				0.00		
Total Average Numbers	3,448	3,307	141	*3,280	*3,146	*134
Of Which						
Number of Employees (WTE) Engaged on Capital Projects	54	46	7	*42	*39	*3

* Figures have been corrected from those published in the 2018/19 Annual Report.

Staff Costs

	Permanent £0	Other £0	2019/20 Total £0	2018/19 Total £0
Salaries and Wages	128,918	16,555	145,473	132,275
Social Security Costs	12,160	-	12,160	11,239
Apprenticeship Levy	613	-	613	569
Employer's Contributions to NHS Pensions	15,428	-	15,428	14,376
Employer's Contributions to NHS Pensions Paid by NHSE	6,509	231	6,740	-
Pension Cost – Other	-	361	361	-
Other Post-Employment Benefits	-	-	-	-
Other Employment Benefits	-	-	-	-
Termination Benefits	-	-	-	-
Temporary Staff	-	7,046	7,046	6,144
Recoveries in Respect of Seconded Staff	163,628	24,193	187,821	164,603
Total Staff Costs	-1,495	-	-1,495	-1,507
Of Which Costs Capitalised as Part of Assets	2,756	361	3,117	3,021

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

	Male	Female
Directors	4	8
Senior Managers	5	9
Employees	620	3088

Sickness Absence Data

In 2019/20 we continued to prioritise and champion the physical, mental, social and financial health and wellbeing of our staff. We are focused on developing psychological safety in our teams, so that our staff trust and respect each other and feel able to be open with each other and with the children and families in their care. This includes supporting staff and managers with sickness absence management, details of our sickness absence position in comparison to other NHS organisations can be found here.

Staff Policies and Actions

The Trust recognises that staff are our most important and valuable resource, and are committed to attracting and retaining a diverse and motivated workforce with the right skills, values and knowledge to deliver outstanding care for children and young

people. Creating and retaining a diverse and inclusive workforce will enable the organisation to deliver a more inclusive service and improvements in patient care.



The Trust remains a Disability Confident Employer which replaces the original two tick's scheme, which aims to successfully employ and retain disabled people and those with health conditions wherever they can. We provide a fully inclusive and accessible recruitment process and provide employees with ongoing access to Occupational Health support and advice, access to work support and health and safety advice, including bespoke risk assessments.

We have continued to improve our compliance with mandatory and statutory training programmes across all staff groups. The Learning and Development Team worked in partnership with subject matter experts to develop new and innovative ways of delivering training focusing on the use of technology to ensure training is accessible to all.

During 2019/20, the Marketing and Communications Team developed and implemented a comprehensive communications campaign that built on the previous communication tools already in place.

This included developing bespoke content to support the organisation during key points of the year. As part of the 2019/20 Marketing and Communications Plan the Trust launched the Alder Hey Future campaign, this included hosting a number of Town Hall events that focused on bringing staff closer to 'Our Plan' and also providing staff with access to important information about our response to COVID-19. The Team has continued to grow and develop its social media presence, showcasing the amazing work our staff do every day.

Trust management meets with trade union colleagues at both the Joint Consultation and Negotiation Committee (JCNC) and Local Negotiating Committee (LNC) on a monthly basis, where a range of business matters are discussed and shared with staff representatives, ensuring the views of employees can be taken into account in making decisions which are likely to affect their interests. Quarterly Strategic JCNC meetings continue in partnership with the Executive Team that enables dialogue and discussion on the strategic direction of the organisation including 'Our Plan'.

Trade Union Facility Time Disclosures

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1st April 2017. Under the Regulations, Alder Hey Children's NHS Foundation Trust is required to publish the following information relating to Trade Union officials and facility time.

Trade Union and Numbers of Representatives	Numbers
Staff who are union representatives	24
Staff who are union representatives with regular paid facility time	2

Unions (included in above)

BMA (British Medical Association)
 CSP (Chartered Society of Physiotherapists)
 GMB
 RCN (Royal College of Nurses)
 Unite
 Unison
 SoR (Society of Radiographers)
 BDA (British Dietetic Association)

Relevant Union Officials

What was the total number of your employees who were relevant union officials during the relevant period and the number of full time equivalent employees?

Number of employees who were relevant union officials employed during the relevant period	24
Number of employees (FTE) in the organisation	3,232

Percentage of Time Spent on Facility Time for Each Relevant Trade Union Official

How many of your employees who were relevant trade union officials employed during the relevant period spent a) 0-50% b) 51-99% and c) 100% of their time on facility time?

a) 0-50% - 24	24
b) 51-99%	0
c) 100%	0

Percentage of Pay Bill Spent on Facility Time

What is the percentage of pay bill spent on facility time?

What is the percentage of pay bill spent on facility time?	0.048%
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Paid Trade Union Activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant trade union officials?

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant trade union officials?	100%
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Communication

In the last year, we have focused on creating regular points of contact with staff at all levels across the Trust, using the CEO as our lead “voice”. Our aim has been to: encompass our shared values and plans throughout Alder Hey; and provide information and assurance about key activities and events that have an impact on day to day care, challenges and successes.



This has been achieved through a more formalised communications cascade, which uses transparent channels to keep staff informed of important (and some not so important) information. The pattern has been to ensure daily, weekly and monthly communications, ranging from targeted emails, through to monthly all staff “Town Hall” meetings.

Our Staff Awards, the ‘Alder Hey Stars’, continue to be an important means of celebrating individuals and teams. The annual Star Award categories each year reflect Our Plan - highlighting the remarkable individuals and teams in delivering outstanding care, best people doing their best work, sustainability through external partnerships, and game changing research and innovation - as well as living the Alder Hey values.



An inaugural Alder Hey Summer Festival was held on Friday 19th July as our first major event in our Reward and Recognition Programme. Internal and external stakeholders were invited to present to staff, patients and families in the Atrium, showcasing key staff investment opportunities including discounts, health and wellbeing, careers advice and apprenticeships. Musical entertainment was provided by pupils from King David High School and Millstead Primary School, helping to deliver an enjoyable and high energy event. Staff attendees were asked to fill in a short survey to enter a raffle draw. We received over 100 responses, which were worked into a full report for the Reward and Recognition Group.



The annual FAB Staff Week – our regular reward and recognition event for staff – was held from Monday 14th to Friday 18th October. Taking on the theme of health and wellbeing, each day was structured around one particular aspect, including physical, mental and financial wellness. A series of local and national partners were invited in to host information stands, including Team Prevent, Liverpool Talk, NHS Credit Union and the Alder Centre, while staff were thanked individually with complimentary cakes and fruit. The Wednesday ‘Mental Health Day’ featured the Trust-wide ‘Time To Change’ pledge signing. A short survey on the NHS Staff Survey was run to gather insight from staff, the results of which will be fed through the Staff Survey Group.



During the year we introduced a new publication – ‘Our Alder Hey’. This provides all staff with core messages about Alder Hey, our Vision, Values, Our Plan, supported by stories about each of our four key elements, our “trees”. It is designed to be a useful quick and easy guide which colleagues can use to tell our shared story. The practical use will be far and wide: from providing “boiler plate” descriptions of Alder Hey for use in presentations, papers, etc. to providing examples of the best of our stories, as a prompt for colleagues to identify and share their own.

Our long standing relationship with BBC Children’s continued this year with the delivery of another series of award winning ‘Operation Ouch’. The popular children’s series was filmed at Alder Hey and aired in September 2019.

In early 2020, Alder Hey was also featured in the fifth series of BBC Hospital, focusing on hospitals across Liverpool for the second series running. Programmes featuring our work included: a focus on our specialist Craniofacial Team; the difficulties faced by families of ‘stranded’ patients; the challenges of providing care for complex patients; and radical new treatments offering cancer patients hope of survival.



We continued to highlight the growth of Alder Hey’s services and campus development during 2019/20. Working closely with our Charity colleagues, we organised a celebration event for our new bereavement centre ‘The Alder Centre’, on Wednesday 11th September. The event celebrated the efforts of all those involved in creating what will be ‘a place like no other’. Donors, families, staff and other stakeholders were invited to a memorable and extremely poignant event which included heart-breaking but inspiring stories from families and staff, including the Weaver family and the Wong family who have used the service and supported the fundraising campaign for the new Centre. Also attending the event were Antoinette Sandbach MP, who has played a vital role in securing funding for the new Centre and added her thanks to families and donors, and Lady Derby (President of Alder Hey Children’s Charity).



We were heavily involved in helping our Charity colleagues get ready for the 2019 Matalan campaign which was launched on Thursday 19th September 2019, themed #TogetherforAlderHey. This included co-ordinating press activity for the campaign and identifying patients and staff at the heart of the campaign collateral, as well as a Guinness World Record attempt on Sunday 22nd September. The campaign was featured in a number of national outlets and trade publications as well as across regional media including Liverpool Echo, Manchester Evening News, BBC Radio Merseyside (Live interview), Radio City, The Guide and Lancashire Evening Post.





Our festive season kicked off with an extra special Christmas Lights switch on by Pride of Britain winner Dante Marvin. 11 Year old Dante, who was born with Brittle Bone Disease and Scoliosis, was joined at the event by his surgeon Mr Leroy James who has cared and treated Dante since he was a baby. The event was hosted by members of Alder Hey's Young Person's Forum and attended by patients, families and staff. It included a visit from Santa on his sleigh, performances from the Resonate Brass Band, St Paul and St Timothy's Catholic Infant School Choir and the Alder Hey Staff Makaton Choir.

We continued to celebrate Christmas throughout December with daily appearances from Father Christmas in our grotto, and some memorable visits including from both Everton and Liverpool football clubs.

Throughout the year, we also used our ever growing social media channels to share Alder Hey's achievements and celebrate awareness days including 'World Mental Health Day', 'International Nurses Day' and 'World Young Rheumatic Diseases Day'. Another highlight was 'World Cancer Month'; a post of one of our young patients ringing the end of treatment bell after finishing treatment on ward 3B received over half a million views across our social media channels.



As the year came to a close, our focus shifted to supporting the Trust's emergency plans and operational planning during the Covid-19 pandemic. Our priority was firmly on ensuring our staff received up to date, clear communications and we built on our existing channels by adding a daily live broadcast to maximise Board visibility and cascade key messages in a timely way. We also provided ongoing information and advice to our patients and families via our website and social media channels and developed a new Communications approach to enable us to continue to support the organisation as the pandemic continued into 2020/21.



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 work plan for 2019/20. The key to the success of these activities is the achievement of outcomes across the defined areas of anti-fraud work.

One of the fundamental 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 through awareness raising and local proactive work 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.

A self-assessment against compliance with the Standards for Providers issued by NHS Counter Fraud Authority for 2019/20 was undertaken. The Trust has rated itself overall as green. The Counter Fraud service provided regular updates to the Audit Committee on work undertaken to prevent and detect fraud including any investigations.

Health and Safety Performance and Occupational Health

The Trust continues to work successfully in partnership with its Occupational Health provider, Team Prevent, to offer a range of supportive interventions for staff. The Trust is seeing ongoing benefits from the introduction of the early intervention service which provides rapid treatment for staff encountering stress and musculo-skeletal conditions. In 2019/20 we launched an Employee Assistance Programme in partnership with Team Prevent which is a free of charge, independent, service. The programme employs professionally qualified Counsellors and Information Specialists, who are experienced in helping people to deal with all kinds of practical and emotional issues such as wellbeing, family matters, relationships, debt

management, workplace issues, and much more.

The Health and Safety Team continues to work in partnership with teams across the Trust to ensure the organisation is a safe environment for all of our patients and staff. In addition, the team continues to support the numerous new building development projects.

Expenditure on Consultancy

Expenditure on consultancy during 2019/20 was for specialist advice and operational delivery on an interim basis to ensure high quality services for children and families.

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 2020, for More Than £245 Per Day and That Last Longer Than Six Months

Number of Existing Engagements as at 31 March 2020	5
Of Which:	
Number That Have Existed for Less Than One Year at Time of Reporting	2
Number That Have Existed for Between One and Two Years at Time of Reporting	1
Number That Have Existed for Between Two and Three Years at Time of Reporting	2
Number That Have Existed for Between Three and Four Years at Time of Reporting	0
Number That Have Existed for Four or More Years at Time of Reporting	0

Table 2: For All New Off-Payroll Engagements, or Those That Reached Six Months in Duration, Between 1 April 2019 and 31 March 2020, for More Than £245 Per Day and That Last for Longer Than Six Months

Number of New Engagements, or Those That Reached Six Months in Duration Between 1 April 2019 and 31 March 2020	2
Of Which:	
Number Assessed as Within the Scope of IR35	0
Number Assessed as Not Within the Scope of IR35	2
Number Engaged Directly (via PSC Contracted to Trust) and Are on the Trust's Payroll	0
Number of Engagements Reassessed for Consistency/Assurance Purposes During the Year	2
Number of Engagements That Saw a Change to IR35 Status Following the Consistency Review	0

Table 3: For Any Off-Payroll Engagements of Board Members, and/or, Senior Officials, With Significant Financial Responsibility, Between 1 April 2019 and 31 March 2020.

Number of Off-Payroll Engagements of Board Members and/or Senior Officials With Significant Financial Responsibility During the Financial Year	0
Number of Individuals That Have Been Deemed 'Board Members and/or Senior Officials with Significant Financial Responsibility' During the Financial Year	29

Exit Packages 2019/20

Exit Package Cost Band (Including Any Special Payment Element)	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
	Number	Number	Number
<£10,000	1	11	12
£10,001 - £25,000	4	2	6
£25,001 - 50,000	3	-	3
£50,001 - £100,000	1	-	1
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total Number of Exit Packages by Type	9	13	22
Total Resource Cost (£)	£251,000	£57,000	£308,000

Exit Packages 2018/19

Exit Package Cost Band (Including Any Special Payment Element)	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
	Number	Number	Number
<£10,000	-	9	9
£10,001 - £25,000	-	3	3
£25,001 - 50,000	1	-	1
£50,001 - £100,000	1	2	3
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total Number of Exit Packages by Type	2	14	16
Total Resource Cost (£)	£87,000	£185,000	£272,000

Exit Packages: Other (Non-Compulsory) Departure Payments

	2019/20		2018/19	
	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	-	-	2	121
Early Retirements in the Efficiency of the Service Contractual Costs	-	-	-	-
Contractual Payments in Lieu of Notice	13	57	11	54
Exit Payments Following Employment Tribunals or Court Orders	-	-	1	10
Non-Contractual Payments Requiring HMT Approval	-	-	-	-
Total	13	57	14	185
Of which: Non-Contractual Payments Requiring HMT Approval Made to Individuals Where the Payment Value was More Than 12 Months' of Their Annual Salary	-	-	-	-

Staff Survey

Staff Engagement

Our 2019-2024 People Plan, based in large part on what our people are telling us about what it is like to work at Alder Hey, what they would like to see change and improve, and how they would like to be involved in these changes, begins from the premise that every single person who works at Alder Hey is critical to the care of every single child who needs our services, and every single person matters.

Our vision for the Staff Survey 2019 was not only to improve on our 2018 response rate, and hear as many voices as we could, but to improve on how we acted on the messages that we were hearing, showing how every voice really does matter at Alder Hey.

Feedback from 2018, for example, told us that we needed to take more positive action regarding health and wellbeing. We acted on this in a range of ways including establishing a Wellbeing Steering Group, developing a Staff Advice and Liaison Service and showing our commitment to supporting colleagues struggling with mental health difficulties and challenging stigma. In October 2019 the Trust officially signed its Time to Change Pledge with a commitment to champion and support mental and emotional health and wellbeing, to challenge stigma and to provide encouragement and opportunity to speak openly about our own mental health experiences. This will be achieved through, providing support and guidance and training to our colleagues to be mental health champions.

Summary of Performance - Results from the NHS Staff Survey

Alder Hey's 2019 Staff Survey demonstrates that we maintained improvements from the previous year's results. A summary of performance can be seen below against the key themes identified in the Survey compared to our 2018 results.

The final response rate was 62% which is a 2% increase from last year. This is higher than the average response rate for our benchmark comparators.

Areas of Improvement

Our key positive results (higher than group average) were:

- 70% would recommend the organisation as a place to work.

- 89% would recommend the organisation if a friend or relative needed care.

In most areas we have maintained the significant improvements made in 2018 and we have shown improvements in safety in terms of bullying and harassment and violence. We did see, however, a small but statistically significant decline in scores in three areas when compared against our own results last year:

- Immediate managers
- Morale
- Staff engagement

Areas for Improvement

The global pandemic affecting us all has changed the way we have been able to use our data this year but has also brought into sharper focus the need to continue to make improvements in the three broad areas outlined above. More specifically we need to keep our focus on the following:

- Staff feeling unwell due to work related stress.
- Staff not being offered appropriate adjustments that they require for their work.
- Senior management not acting on staff feedback, involving staff in important decisions and communicating effectively with staff.
- Focusing on the quality of appraisals; ensuring they are useful to improve staff outputs and objectives.

The crisis brought on by COVID-19 has already changed the way in which we are communicating with our staff and also changing the way we are working and connecting with each other. Data gathered from the Staff Survey and other more focused surveys during the pandemic have told us that we need to ensure that our staff are physically and psychologically safe and have the support they need to work well at home or on site; that there is regular and open dialogue across the organisation through regular briefings accessible to all; that leaders and managers are supported to stay meaningfully connected to their teams and each other and know how to actively monitor the wellbeing of themselves and their teams; and that there is access for all to support that builds resilience and meets the psycho-social needs of all staff at Alder Hey.

Future Priorities and Targets

We know that our recovery as individuals and as an organisation from the crisis brought on Covid-19 will rely on our ability to remain connected to each other and our willingness and capacity to keep talking and keep actively listening to each other. We will continue to strive to hear every voice at Alder Hey and increase our response rates to the national Staff Survey and other more bespoke surveys and temperature checks. We will gather our collective learning from this crisis and use it to shape the way we work and interact going forward.

Table 1 below shows the Trust's scores for each indicator together with that of the survey benchmarking group (%).

Theme	2019		2018		2017	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, Diversity and Inclusion	9.3	9.2	9.4	9.3	9.3	9.3
Health and Wellbeing	6.0	6.0	6.1	6.3	6.1	6.3
Immediate Managers	6.8	6.9	7.0	7	6.7	6.9
Morale	6.3	6.2	6.4	6.3	n/a	n/a
Quality of Appraisals	5.5	5.5	5.6	5.7	5.3	5.5
Quality of Care	7.4	7.5	7.4	7.8	7.3	7.7
Safe Environment – Bullying and Harassment	8.5	8.2	8.4	8.2	8.4	8.4
Safe Environment – Violence	9.7	9.5	9.7	9.7	9.7	9.7
Safety Culture	6.8	6.8	6.8	6.9	6.6	6.9
Staff Engagement	7.2	7.1	7.3	7.4	7.1	7.4
Team Working	6.7	6.7	6.7	6.6	6.5	6.6

In my capacity as Accounting Officer, I confirm that the foregoing Accountability Report is a fair and balanced representation of the Trust in 2019/20.

Louise Shepherd

LOUISE SHEPHERD CBE

Chief Executive

22nd June 2020



NHS Foundation Trust Code of Governance

22 June 2020

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

2019/20 again saw a number of changes on the Council of Governors following the annual elections. A comprehensive Induction programme continues to be delivered to enable incoming governors to understand their new role as rapidly as possible. This training is also offered to existing Governors annually as a means of refreshing their skills. A number of Alder Hey governors also took advantage of the ongoing GovernWell development programme offered by NHS Providers, which is an invaluable resource.

In September 2019 a bespoke training workshop was held for the Council of Governors (facilitated by NHS Providers). The session was aimed at: providing the Council with a refresh of its statutory duties; assess how well the Council is working and consider how to improve effectiveness. Outputs from the session along with feedback from surveys completed by governors formed a number of agreed

actions including implementation of a ‘buddying-up’ system for new governors along with improved mechanisms for sharing feedback from attending assurance committees thus enabling governors to effectively hold the Board to account through its non-executive directors.

The Council has continued to work alongside the Board to understand and contribute to the Trust’s plans for the future. A joint board / governor session was held in June 2019 to engage the Council and receive their views and the members’ of the public they represent on the refresh of the Trust’s strategy.

All Board reports are made available to the governors to equip them 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, providing an opportunity for governors to discuss key strategies with Board members.

The Council met formally four times during the year, an extra-ordinary meeting was also arranged to seek approval of the appointment of two non-executive directors. The Council re-appointed three of the existing non-executives during 2019/20; two of these were for initial twelve month extensions and one for a third period of twelve months; this was to ensure stability and continuity on the Board.

Executive and non-executive directors attend the Council of Governors’ meetings and report on the work of their committees and the Chair and Chief Executive report 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 2019 Annual Members’ Meeting was held in November at the Institute in the Park, with keynote speaker Dr. Nicki Murdock, Trust Medical Director. The title of her inspiring talk was “Palm Trees to Pavements” in which Nicki reflected on moving from Australia to the UK and her first impressions of working in the NHS and at Alder Hey. This was followed by a presentation of the Trust’s Annual Accounts 2018/19 and the report of the Council of

Governors delivered by Pippa Hunter-Jones, on behalf of the Lead Governor, Kate Jackson.

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 participating in the PLACE inspection of the hospital environment 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 generate items for discussion at formal Council meetings to provide governors with additional assurance on key topics such as future car parking proposals 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 aim of member communications is to continue to engage with and update members about Alder Hey, encourage active involvement and support further recruitment of members and governors. Together with meeting the requirements of a Foundation Trust, membership communications also has an integral role to play in the wider Trust Communications Strategy. Many of our key stakeholders are current or potential members and we need to regularly engage with them to maintain their support and raise awareness of the Alder Hey brand. Each and every member is a potential advocate of Alder Hey who can support the hospital, build awareness of our brand as a world leading children’s healthcare campus and even potentially fundraise.

To achieve this, we need to provide our members with up-to-date information about Alder Hey while also giving them opportunities to be involved and feel part of the Alder Hey family. We recognise that a refresh of membership communications is needed to:

- Encourage current members and governors to become more active and involved with the Trust.
- Provide members with the most up to date information about Alder Hey in a regular and timely way.
- Attract new members from across our constituencies.

- Enhance the profile of governors and support them in fulfilling their responsibilities.

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.
- Exploring social media platforms for membership purposes.
- Planning and organisation of the Annual Members' Meeting.

Governors are contactable through the Trust's Committee Administrator based at Alder Hey on **0151 252 5128** or by email at membership@alderhey.nhs.uk.

Composition of the Council of Governors

The Council of Governors is made up of 25 elected governors and 10 appointed governors from nominated organisations and comprises six staff governors (elected by staff), nine public governors,

four patient governors, six parent and carer governors (elected by members). 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 re-elected to this role in December 2017 for a further three years (unopposed). The roles and responsibilities of governors are set out in the Trust's Constitution and Council of Governors' Standing Orders.



Governor	Constituency	Class	Term	Term of Office	Council Meetings Eligible to Attend in 2019/20	Total Number of Attendances at Council Meetings
Barbara Murray**	Appointed	Liverpool City Council	-	n/a	5	2
Steve Reddy	Appointed	Liverpool City Council	-	Resigned Jul 19	1	0
Professor Iain Buchan	Appointed	Liverpool University	-	n/a	5	3
Julie Williams	Appointed	Edge Hill University	-	Resigned Jun 19	0	-
Janice Monaghan	Appointed	The Back Up Trust	-	n/a	5	0
Helen Henderson	Appointed	Edge Hill University	-	n/a	4	2
Bakare Aliu	Patient	Merseyside	1st Term	17.09.18 - 16.09.21	5	0
Sean Melia	Patient	Merseyside	1st Term	01.09.19 - 31.08.22	4	0
Thomas Feeney-Shaw	Patient	Merseyside	1st Term	01.09.19 - 31.08.22	4	1
Felix Blake	Patient	Rest of England & North Wales	1st Term	17.09.18 - 16.09.21	5	0
Dot Brannigan	Patient	Parent & Carer	2nd Term	26.09.16 - 31.08-19	1	1
Pippa Hunter-Jones	Patient	Parent & Carer	2nd Term	04.08.17 - 31.08.20	5	4
Georgina Tang	Patient	Parent & Carer	2nd Term	01.09.19 - 1.08.22	5	3
Kate Burnell	Patient	Parent & Carer	1st Term	04.04.18 - 03.04.21	5	1
Hilary Peel	Public	Merseyside	2nd Term	01.09.19 - 31.08.22	5	4
Kal Ross	Public	Merseyside	1st Term	17.09.18 - 16.09.21	5	2
Mark Peers	Public	Merseyside	3rd Term	01.09.19 - 31.08-22	5	1
Paul Denny	Public	Merseyside	2nd Term	31.08.17 - 31.08.20 Resigned Dec 2019	2	0
Naomi Grannell	Public	Cheshire	2nd Term	03.08.17 - 31.08.20	1 Mat. leave from Sept 19	0
Kate Jackson**	Public	Wider North West	3rd Term	04.08.17 - 31.08.20	5	4
Rabia Aftab	Public	Rest of England & North Wales	1st Term	26.09.16 - 31.08-19	1	0
Daniel Casson	Public	Rest of England	1st Term	01.09.19 - 31.08.22	4	3
Simon Hooker	Public	N. Wales	2nd Term	17.09.18 - 16.09.21	5	5
Sujata De	Staff	Doctors and Dentists	1st Term	17.09.18 -16.09.21	5	2
Ben Smith	Staff	Nursing Staff	1st Term	01.09.19 - 31.08.22	4	1
Mike Travis	Staff	Nursing Staff	1st Term	04.04.18 - 03.04.21	5	4
Adrian Williams	Staff	Nursing Staff	1st Term	26.09.16 - 31.08-19	1	0
Paul Walsh	Staff	Other Clinical	1st Term	04.08.17 - 31.08.20	5	4
Glenna Smith**	Staff	Other & Trust Volunteers	1st Term	04.08.17 - 31.08.20	5	5
Gill Kennedy	Staff	Other & Trust Volunteers	1st Term	01.09.19 - 1.08.22	4	2
Anna Parsons	Staff	Other & Trust Volunteers	1st Term	17.09.18 - 16.09.21 Resigned May 2019	0	-

** Members of the Nominations Committee.

The March meeting of the Council of Governors took place during the emerging COVID-19 emergency but ahead of national lockdown; some governors chose not to attend due to vulnerabilities and requirements for social distancing.

Attendance at Council of Governors by Board Members	Number of Meetings Held in 2019/20 (Plus an Extra-Ordinary Meeting)
	4
Dame Jo Williams	4 (+ Extra-Ord)
Anita Marsland	4
Ian Quinlan	0
Fiona Marston	2 / 2
Kerry Byrne	1
Claire Dove	1
Jeannie France-Hayhurst	0 / 1
Fiona Beveridge	1 / 2
Shalni Arora	3 / 3
Nicki Murdock	2
Louise Shepherd	4 (+ Extra-Ord)
John Grinnell	3
Melissa Swindell	1
Adam Bateman	4
Hilda Gwilliams	1 (+ 2 Meetings Deputised)
Erica Saunders	3 (+ Extra-Ord)
David Powell	1
Mark Flanagan	3
Dani Jones	1
Kate Warriner	3

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 board 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 2019/20 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.

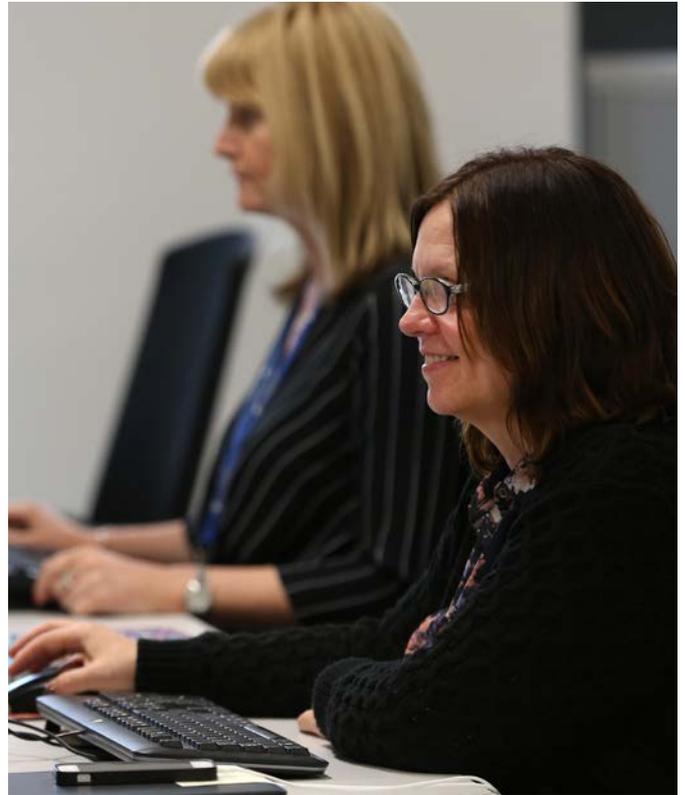
The Membership Strategy Committee is supported by the Trust’s Marketing and Communications Team and

works to an agreed set of objectives created to reflect the overall aims of the Membership Strategy.

The objectives for 2019/20 included:

- Redesigning the membership newsletter 'Alder Hey Matters'. This redesign aimed to attract a younger audience by using a fun, fresh striking design to soften the corporate tone and image of the newsletter. It was developed to embody and communicate the Alder Hey brand through improved content. The newsletter also returned to a regular bimonthly schedule, featuring an introduction from a different Governor each issue, a 'look back' calendar of other events and key updates from the Trust. The redesigned newsletter enabled the Trust to communicate more effectively with its members and in a more timely way, ensuring they remained up to date on the latest Alder Hey news.
- Continuing to explore the membership framework of 'followers', 'teammates' and 'leaders' and developing communications appropriately.
- Developing the wider Marketing and Communications Strategy to include membership as a key audience alongside patients, families, staff and other stakeholders.
- Updating the Membership section of the Trust website to ensure it remained effective and useful. The section features information about the Council of Governors and its role, alongside up to date copies of the membership newsletter, annual reports and the ability to sign up to become a Member.
- Holding an Annual Members Meeting in November 2019 to share information with members about Alder Hey's operational and financial performance. A particular highlight of the AMM was the inclusion of the Children's and Young Peoples Forum, who wrote and recited a rap about Alder Hey's financial performance.
- Communicating to membership throughout the Covid-19 pandemic. Alder Hey shared useful information for patients, parents, families and members through a purpose built and unique Covid-19 information hub website. The Hub features up to date information about Alder Hey services during the pandemic and helpful resources about isolation and managing the virus in children and young people.

Throughout our membership activities, the Trust endeavours to ensure that all the communities that it serves are provided every opportunity to become an informed and engaged member. It is our intention to continue to maintain our membership population at around 14,000 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 the line with the Trust's Quality Strategy and with all legislation pertaining to equality and diversity issues.

Going forward, a number of mechanisms will be considered to enhance membership engagement including:

- Providing support and training to governors to enable them to effectively promote Alder Hey to their constituents and external connections. This may be facilitated via training events, video or support pack.
- Liaising with community leads in the Trust and Alder Hey Children's Charity to explore how the Trust can maximise support and sign-ups from schools and local community groups.
- Engaging with members by collecting feedback through online surveys or questionnaires featured in membership newsletters.
- Creating incentives for membership such as a membership pack or card. This could be possibly supported by the Trust's Innovation Team.
- Increasing awareness and recruiting members via Trust careers and apprenticeship events. Promotional material such as flyers and information leaflets will ensure that messaging is targeted internally and externally.
- Reintroducing an Annual Members Fun Day in addition to the Annual Members Meeting. The

Event would continue to be led by governors with support of the Marketing and Communications Team.

- Creating and launching a social media campaign that targets a younger audience in order to drive membership recruitment within a younger age category.
- Creating a membership twitter account that will be managed by nominated governors from the Membership Strategy Committee, with training and support from the Marketing and Communications Team.
- Creating collateral and display boards for membership which can be used across various events and open days within the Trust as well as within the community.
- Continuing to maintain an effective membership section on the website.
- Re-launching membership and pathway options with a specific campaign involving new website section, internal communications, social media messaging and sign up stall in Atrium.
- Going digital where possible using the Trust website and social media. Bi-monthly newsletter to be communicated via email rather than mailed. This would decrease the cost of printing and means that budget could be redirected towards the Annual Member's Fun Day.
- Continuing to weave the overarching Trust brand narrative and core messages through all communications to members.
- Encouraging staff to engage with membership by increasing the visibility of staff governors. This can be achieved through internal staff communication channels including Alder Hey Life.

Membership Profile

Constituency	Number of Members 2019/20 (Actual as at 31st March 2020)
Public	3,648
Patients & Parent Carer	6,558
Staff	3,467
Total	13,673

Our Board of Directors

The Trust's Constitution provides for a Board of Directors which is comprised of no more than seven executive and no more than eight non-executive directors including the Chair. All Director roles have been occupied during 2019/20 in accordance with the strategy 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 appoint executive directors and to appoint and re-appoint non-executive directors.

The Board of Directors operates to clear Standing Orders 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, 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. During the year the Trust's Constitution was amended to reflect a reconfiguration of appointed governors to ensure the Council of Governors properly reflects the partnership arrangements that it has and support achievement of the trusts strategic pillar 'Sustainability through External Partnerships'.

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 Chair 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 set out in the overarching plan. Each meeting begins with a patient or sometimes

staff 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
- Innovation Committee
- Workforce and Organisational Development Committee
- Integrated Governance Committee
- Remuneration and Appointments Committee

Each assurance committee submits an Annual Report to the Board describing how it has fulfilled its terms of reference and workplan 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 Chair and non-executive directors can also be removed by the Council of Governors through a process which is described in section 24 of the Constitution.

Members can contact all governors and directors by the following methods:

- In writing, care of 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 and 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.

During 2019/20 the Board commissioned an external Well Led review, the outcome of which is reported elsewhere in this document. This process illustrates the Board's willingness to reflect upon its performance and be held to account for its actions. It also reflects the culture of openness and shared learning that the Board has set for the Trust as a whole.



Attendance at Board of Directors and Key Board Committee Meetings

	Board of Directors	Audit Committee	Clinical Quality Assurance Committee	Resources and Business Development Committee	Workforce and OD	Integrated Governance Committee	Innovation Committee
Number of Meetings Held 2019/20	11	5	11	10	6	7	4
Dame Jo Williams	11 Chair	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member	0
Louise Shepherd	10	1 / 1	Not a Member	Not a Member	Not a Member	Not a Member	4
Ian Quinlan	11	Not a Member	Not a Member	10 Chair	3	Not a Member	Not a Member
Fiona Beveridge	3 / 5		Not a Member	Not a Member	0/1	Not a Member	Not a Member
Claire Dove	6	Not a Member	Not a Member	5	6 Chair	Not a Member	Not a Member
Anita Marsland	11	4	11 Chair	Not a Member	Not a Member	Not a Member	Not a Member
Shalni Arora	6 / 7	Not a Member	5/7	Not a Member	Not a Member	Not a Member	4 Chair
Jeannie France-Hayhurst	3 / 3	1 / 2	2/4	Not a Member	1/2	Not a Member	Not a Member
Fiona Marston	4 / 5		2/3	Not a Member	Not a Member	Not a Member	1/3
Kerry Byrne	8	5 Chair	Not a Member	Not a Member	Not a Member	7 Chair	Not a Member
John Grinnell	11	4 Attendee	7	9	Not a Member	7	3
Adam Bateman	11	Not a Member	8	8	4	4	Not a Member
Erica Saunders	11 Attendee	5 Attendee	10	8 Attendee	Not a Member	5	2
Melissa Swindell	10	Not a Member	11	7	6	6	Not a Member
Nicky Murdock	9	Not a Member	7	Not a Member	3	4	0
Hilda Gwilliams	9	Not a Member	7	Not a Member	Represented by DoN 5	Represented by DoN 7	Not a Member
Dani Jones	11	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member
David Powell	9 Attendee	Not a Member	Not a Member	5 Attendee	Not a Member	0	Not a Member
Mark Flannagan	11 Attendee	Not a Member	Not a Member	8 Attendee	6	3	4 Attendee
Kate Warriner	9 Attendee	Not a Member	Not a Member	10	Not a Member	6 / 6 (5 Deputised)	2

Audit Committee Report

The Audit Committee is comprised of non-executive directors only, excluding the Trust Chair. The Committee was chaired by Kerry Byrne, 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 Operational 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 (2018), 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 Internal Audit Opinion and Annual Report for 2019/20 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, internal 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, internal control and governance arrangements.

The Audit Committee contributed to the risk assessment to inform and subsequently approve the content of the Internal Audit Plan for 2019/20. This plan was structured to provide the Director of Internal 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 2019/20 as provided in the Director of Internal Audit Opinion and Annual Report was that ‘Substantial Assurance’, can be given that there is a good system of internal control designed to meet the organisation’s objectives, and that controls are generally being applied consistently.

External Audit

The provision of External Audit services is delivered by Ernst & Young, who were appointed by the Council of Governors in September 2017 for three year period. At its meeting in March 2020, the Governors approved the extension of Ernst & Young’s appointment for a further two years.

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, although this has been deferred for 2019/20 due to NHS Improvement and England enabling a reduced regulatory burden during the coronavirus pandemic.

The external audit fees for 2019/20 were £58,300 (excluding VAT) which includes non-audit work on the quality account, which did not take place.

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 2019/20 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. report.

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.
- Internal Audit Reports in accordance with the approved 2019/20 work plan.
- Counter Fraud reports by the MIAA counter fraud specialist in accordance with the approved 2019/20 work plan.

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

- Annual Governance Statement
- Consideration of the 2018/19 Annual Accounts (for the year ending 31 March 2019).
- External Audit technical briefings
- External Assurance Report on the Quality Account
- External Audit report on the financial statements to 31st March 2019 and ISA 260
- Losses and special payments
- Internal Audit work plan for 2019/20
- Ernst & Young External Audit Year-End Report 2018/19
- External Audit Strategy and Accounting Issues relating to the Audit of the Trust's 2019/20 Accounts
- Accounting policies for the 2019/20 Financial Statements
- Audit Committee work plan 2019/20

- 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
- Gifts & Hospitality Register
- Financial Statement audit risks for 2019/20

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 external audit results which confirmed there were no matters to report.

Nominations Committees

The Trust has established a separate Nominations/Appointments Committee 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 Barbara Murray, Kate Jackson and Glenna Smith.

During 2019/20 the Committee considered:

- the re-appointment of non-executive directors, Anita Marsland and Claire Dove; and;
 - a further twelve month extension for Non-Executive Director, Ian Quinlan; this was based on the need for continuity and stability on the Board coupled with strong track record of performance.
- **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. There were no Executive level appointments made during 2019/20.

been found to be in breach or suspected breach of its Licence.

NHS 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

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 2020. 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 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 2019/20.

Area	Metric	2019/20 Scores				2018/19 Scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Sustainability	Capital Service Cover	3	4	4	4	1	2	3	4
	Liquidity	1	1	1	1	1	1	1	1
Financial Efficiency	I&E Margin	2	3	4	4	1	1	1	4
Financial Controls	Distance From Capital Plan	1	1	1	1	1	2	2	1
	Agency Spend	1	1	1	1	1	1	1	1
Overall Scoring		2	3	3	3	1	1	2	3

Voluntary Disclosures

Equality Report

The Trust is committed to supporting a diverse and inclusive workforce which truly represents our local population, and is a place where all staff feels their contribution as an individual is recognised and valued, and the care we provide reflects this. Equality, diversity and inclusion is an integral part of the Trust Quality Strategy.

During 2019/20 we continued our collaborative working with local trusts to improve EDS2 goals 1 & 2 (patients) in close partnership with Merseyside clinical commissioning groups. This work is ongoing and will continue to identify our priorities across the system for the future.

EDS2 goal 3 (workforce) continues to be supported by the Trust networks, which represent the views of staff and have become integral in the policy review process and health and well-being agenda. During the summer of 2019, the Trust LGBTIQ+ network represented the Trust and the wider NHS at the Liverpool Pride Festival. In addition the Trust joined the national Rainbow Badge initiative, pledging to support inclusivity and make a positive difference to the staff, children and families of the Trust.

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. The quality of information in the Electronic Staff Record (ESR) has continued to be improved by identifying not stated responses and encouraging staff to complete their personal data. The Trust continues to strive to improve the diversity of the workforce, particularly from Black, Asian and Minority Ethnic (BAME) groups. This commitment is included in the Trust's Recruitment Strategy and is reinforced via the underpinning Equality, Diversity and Human Rights Policy which 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.

Equality, diversity and inclusion will continue to be an integral part of the Trust Quality Strategy with a shared approach of improving the experiences of public and staff through engagement. There will be continued attention to supporting the organisational processes and strategic leadership for equality, diversity and inclusion and communicating any gaps wherever these may be identified.



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, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, 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;

- confirm that 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 the trusts performance, business model and strategy; and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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 them 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.

As far as I am aware, there is no relevant audit information of which the Foundation Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

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

Signed.

Louise Shepherd

LOUISE SHEPHERD CBE
Chief Executive
22nd June 2020



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 2020 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.

As Chief Executive and Accounting Officer, I have overall responsibility and accountability for risk management; I am informed of significant risk issues via the established reporting mechanisms and assurance committees, ensuring that my role in relation to 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; she 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 Associate Director of Nursing and Governance is the operational lead for risk management, accountable to the Chief Nurse and has line management responsibility for the Trust's corporate level Risk Management Team. They are responsible for ensuring that the Trust's risk management systems and processes are effective and operate in accordance with best practice. The Chief Nurse is also the Executive lead for Facilities and is responsible for the effective management of risk in those areas. The Director for Human Resources and Organisational Development 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, whilst the Chief Nurse is the Trust's Caldicott Guardian.

Divisional associate chief operating officers and their senior teams, including associate chief nurses and heads of risk and governance, are responsible for ensuring that risk management systems within the divisions are effective and also meet the objectives outlined within the Risk Management Strategy. Divisional boards have a key role in assuring the effectiveness of risk management, including regular scrutiny of divisional risk registers. Associate chief nurses and heads of Risk and Governance 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 Trust's electronic incident reporting system and that incidents are reported and actions taken as required. They provide feedback to staff, ensuring that Trust

policies, procedures and guidelines are followed to minimise risk and share learning from incidents and near misses. 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.

During the year the Trust sustained its high rate of incident reporting via the NRLS system, which for the past three years has placed it among the best performers for patient safety incident reporting nationally: the most recent published data – April to September 2019 – positioned Alder Hey third overall in terms of the highest rate of incident reporting per 1000 bed days and the highest reporter among specialist paediatric trusts. The Trust also has the shortest time between the incident occurring and being reported to NRLS in the country. This consistently high level of performance 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 effective delivery of the Risk Management Strategy, work to improve the functionality of the Ulysses incident reporting system continued during the year. Risk registers continue to be used interactively throughout the organisation and are fully embedded in the Trust's governance structures including the Board, its sub-committees and divisional integrated governance groups, to better drive the management and mitigation of risks. During the year regular meetings continued to be held to validate all risk registers at departmental level, ensuring that each identified risk has been reviewed and mitigating actions updated as appropriate. In addition, work continues to improve the risk register format and associated reports and supporting local areas in completing and reviewing risks. Training sessions continue to be available to all staff, including one to one and/or team sessions on request. Ulysses system one to one training is provided to new starters, with refresher training available on request.

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 and where appropriate requesting further scrutiny of a particular risk or issue by another committee. A number of improvements were made to the functionality and presentation of the BAF during the year, including explicit links to risks on the Corporate

Risk Register through the Ulysses system and a clearer, more focused cover report to provide Board members with an at a glance summary each month. 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, is visibly used by the Board and clearly reflects the risks discussed by the Board.'

MIAA's report also shares a range of best practice developments which the Board will consider as it reviews its strategic risks during 2020/21.

The Trust received a rating of 'substantial assurance' confirmed by the Director of Audit Opinion for 2019/20.

The Risk and Control Framework

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 in 2019/20. The Strategy was reviewed and updated during the year; it 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:

- identification of principal risks to the achievement of strategic 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; and
- 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 judgments 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 cornerstone of the Strategy is to facilitate greater embedding of risk management across the divisions and corporate functions in the Trust. In order to achieve that, each Division 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 divisional 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.

During 2019/20 the Trust has continued to operate its model of devolved governance within the clinical Divisions, which was implemented in 2016 with the aim of giving clearer responsibility and ownership of risk and governance at local level. The Associate Director of Nursing and Governance provides corporate level expert advice and support to the divisions and has continued to lead on implementation of the ongoing actions to underpin the delivery of the Trust's Risk Management Strategy, including:

- Monitoring assurance via the Integrated Governance Committee and the risk register revalidation meetings.
- Regular review of Trust risk registers (via Ulysses) to ensure all risks are recorded, assigned to either a corporate function or divisional risk register as appropriate and actions identified in mitigation.
- Key staff to attend risk management training sessions as required.

The Trust remains registered with CQC without conditions and is fully compliant with the registration requirements. In January and February 2020 the Trust underwent an inspection of six core services by CQC – Emergency Department, Child and Adolescent Mental Health Services (CAMHS), Outpatients, Surgery, Neonatal Services and End of Life Care – as well as a Trust-wide Well Led review. The overall Trust ratings of 'Good,' with 'Outstanding' in the Caring domain were maintained. The Trust is also rated 'Good' in the Well-led domain, reflecting the continued focus on improving the Trust's risk and governance arrangements since the previous responsive inspection in 2018.

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 (CQSG). This incorporates a set of quality indicators reflecting the Trust's Quality Strategy – *Inspiring Quality* - and associated aims and metrics. The key issue reports include compliance against CQC standards and other

constitutional and 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. As a further mechanism for shared accountability, the format of the divisional performance meetings was revised during the year to incorporate CQC KLOE's and risks to quality as well as operational delivery, providing a more rounded view of areas requiring additional focus and support from the senior team.

The Board at Alder Hey continues to review its quality governance arrangements and underpinning systems and processes on a regular basis. The Clinical Quality Assurance Committee, whose membership includes all divisional 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 NHS Improvement's Well Led 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.

Alder Hey launched its Digital Futures Strategy in July 2019. The strategy builds upon many years of priority and investment in digital and technology. The strategy sets out an ambition to create an ethos of 'outstanding digital excellence' with a vision of creating a great experience and good outcomes for children, young people, families and staff. December 2019 saw the achievement of HIMSS Level 6, confirming Alder Hey as one of the most digitally mature trusts in the country against an international benchmark and accreditation. A key strand of the Strategy lies in ensuring that the Trust's infrastructure continues to be secure and robust and specifically that its response to cyber security risk is effective; this includes the achievement of the Cyber Essentials and Cyber Essentials Plus standards. In order to provide an appropriate level of assurance to the Board in this area, nationally accredited cyber security training was delivered to directors in June 2019 and a cyber dashboard has been put in place which is reported on a quarterly basis.



In 2019/20 the Trust's programme of quality assurance ward/department rounds continued. The quality assurance rounds commenced in September 2017 and the programme has continued to develop and mature since that time. The key purpose of the assurance rounds is to demonstrate to the Board the linked golden thread of assurance from ward to board. The rounds facilitate a deep dive at ward/department/specialty level into quality and performance noting areas of good practice and any actions being taken at a local level to address areas of concern. The assurance rounds provide both quantitative and qualitative information to demonstrate that the services are safe, effective, responsive, caring and well-led in line with the CQC's Key Lines of Enquiry (KLOE).

During the year, 36 assurance rounds were undertaken across the full range of Trust services. Some of the key themes to emerge from the process are as follows:

- Strong evidence from all staff groups of understanding and commitment to the Trust vision and values.
- Compassionate, caring multidisciplinary staff evident from all quality assurance rounds, with patients clearly the central focus.
- There has been strong evidence of increased activity across many services in the Trust; staff have risen to the challenge, through excellent multidisciplinary working.
- Strong belief and ongoing work across services to 'growing own talent pool' of staff in house.
- Good understanding around risk management demonstrated across the Trust, although this is an area for further development which is recognised by front line staff.
- Staff value visibility of senior management including executives and non-executives.
- Staff feel supported by senior management team.
- Strong commitment to patient safety including

incident reporting and management, infection prevention and control.

- Daily huddles carried out across the Trust.
- Weekly nurse led incident management meeting.
- Strong evidence of lessons learned from incidents.

Staff across the Trust are extremely proud of the joint working relationships with multi-professional teams, internally and in collaboration with external teams both nationally and internationally. There are numerous examples of staff working in a multidisciplinary manner to the benefit of patient care and treatment, some of which are:

- Innovative solutions implemented throughout various clinics for children with autism to receive care at quieter times and acclimatisation sessions for patients with learning disabilities.
- Safety notice boards rolled-out trust-wide.
- Significant amount of work around developing the Meditech system to meet needs of patients and staff.
- The development of a dedicated Clinical Research Team within Alder Hey with unique skills and expertise.
- Extensive participation and collaboration in research both nationally and internally and extensive involvement and input to published research papers.
- Alder Centre staff provide training sessions both internally to staff and external e.g. Aftermath support, Zoe's Place, Pan-Cheshire CDOP.
- Northern regional centre for 'Vein of Galen' surgery patients.
- Expansion of Electrophysiology and Ablation Service in Cardiology.
- Multidisciplinary teams present best practice and research at national and international conferences.
- Theatre Quality Summit undertaken bi-annually.
- Royal College of Anaesthetists Accredited – 1st paediatric Trust to be accredited in the UK.
- Fresh CAMHS Liverpool held a National Conference for parents, the first of its kind.
- Lone worker tracking app. implemented in the Community Division.
- "Risky Business" newsletter focusing on learning from incidents.
- European Cystic Fibrosis Society Conference held in Liverpool 5-8th June 2019, hosted by Alder Hey specialist clinicians.
- 'First in child health' studies, achieving first UK and first global recruits.

- The only Clinical Research Facility in the country that can train paediatric clinical pharmacists.
- Development and implementation of 'after action reviews' i.e. a structured method for multidisciplinary teams involved in incidents to review and learn lessons to prevent same or similar incidents recurring.
- Ophthalmology multidisciplinary team have developed standards of behaviour and professionalism that all staff have signed up to.
- Multidisciplinary away days to develop local strategy and outcomes.

The Board has continued to focus on improving the information received to describe the performance of the organisation with regard to quality and other key performance metrics. The Trust's revised format Corporate Report that was implemented from April 2018 has been kept under review and adjustments made in response to the Board's needs, supported by the Business Intelligence Team, which has continued to develop its analytics functionality. A live clinical intelligence portal has been created to assist with the triangulation of a range of datasets in support of quality improvement initiatives.

During the year the Board continued to work through a range of recommendations arising from the Well Led Governance Framework review undertaken by Mersey Internal Audit Agency in partnership with AQuA (Advancing Quality Alliance) in 2018. The report's overall conclusion was that Alder Hey was well-led, stating: *'It is an organisation that has lived values, a talented Board, a determined strategic intent and a momentum to developing a clinical leadership model.'* A follow up review was commissioned from AQuA by the new Trust Chair in order to gauge how effective the follow up actions had been and assess improvements over the period. The resulting report concluded that *'It is evident that the Trust has both maintained, and significantly developed, the well-led governance infrastructure since the last CQC review with many aspects of outstanding practice demonstrated across all KLOE domains....As part of the commitment to Alder Hey's vision of 'a healthier future for children and young people', there has been a clear drive to improve ward to board governance to further embed excellence.'* A structured Board development plan has also commenced to ensure that these improvements are sustained and built upon during the next phase of the Trust's strategic plan – 'Our Plan 2019-24'.

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. In addition, a gap analysis of the Trust's Corporate Governance Statement under the Provider Licence, was undertaken in accordance with the formal declarations required by 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. Alder Hey continues to be placed in segment '2' under NHS Improvement's Oversight Framework – providers offered targeted support - reflecting the Trust's financial position against control total.

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.

The Trust has continued to incorporate equality impact assessments 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, utilising the Business Intelligence Team's analytics expertise and best practice. The non-executive directors provide regular feedback on the report and on the presentation of individual indicators.

The Trust's key risks in 2019/20 were consistent with those identified within the previous year, however following the refresh of the Trust's Strategic Plan the Board undertook a workshop session in December 2019 to review the Board Assurance Framework and re-assess the balance of risk to ensure the revised plan was accurately reflected. This process resulted in the risk descriptors being updated as summarised below:

- **Sustainability of high quality safe services** – inability to consistently deliver highest quality and safe services to our patients due to increasing demand unmatched by existing capacity and resources.
- **Financial sustainability** – inability to deliver our vision and ambitious plans due to a challenging financial environment, changing system landscape, and downward pressure on the paediatric tariff.
- **Workforce sustainability** – inability to secure appropriate levels of skilled specialist professionals to deliver highest quality, safe paediatric services fit for the future, due to lack of robust workforce supply pipelines.

Alder Hey's workforce planning process, developed within the context of the Trust's clinical, activity and financial strategies, remains an integral element of the local operational business planning process, and ensures that the Trust has sufficient staffing capacity and capability throughout the year to support the provision of safe, high quality services. The clinical divisions have taken an inclusive, 'bottom up' approach working with each specialty, ensuring their workforce and activity plans are in full alignment. In addition, the Trust's planning process has taken full cognisance of the Cheshire and Merseyside Health and Care Partnership plan; Alder Hey has a leading role in the Women's and Children's, Acute Sustainability, Digital Revolution and Collaboration at Scale programmes. The Trust's plans have also taken into account the workforce objectives in the Long Term Plan, and the system approach to urgent care, congenital heart services, neonates, and children's community and mental health services. The Trust has reviewed the Developing Workforce Safeguards recommendations issued by NHS Improvement in October 2018 and is confident that the principles are embedded in the existing workforce planning framework. The Chief Nurse

reports bi-annually to the Trust Board with regard to standards and processes to provide assurance that staffing is safe, effective and sustainable in accordance with the CQC's well led assessment.

In response to new requirements for greater transparency on declarations of interest within the NHS, the Trust has engaged a comprehensive website solution in order that staff can log in and fully comply with NHS England's Guidance '*Managing Conflicts of Interest in the NHS, Guidance for Staff and Organisations*'.

Members of the public can view the Trust's up-to-date register of interests, including gifts and hospitality, for decision making staff by visiting <https://alderhey.mydeclarations.co.uk/home>

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 2020/21. The Equality Objectives will be aligned with NHS EDS 2, the WRES and the WDES and will respond to the associated commissioning requirements.

The Foundation Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

In terms of the Trust's Emergency Preparedness, Resilience and Response (EPRR) Core Standards return, the Trust submitted a position of 'substantial compliance' and received confirmation that it met the expected timescale and all documentation submitted was signed off at Board level.

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.

A key pillar of the Trust's strategic plan is to secure sustainability through external partnerships. The overarching benefits of this approach are to:

- Reduce fragmentation to improve children and young people's care and outcomes – no organisation can do this alone.
- Effectively respond to rising demand, financial and workforce constraints.
- Deliver the ambitions set out in the NHS Long Term Plan for Integrated Care Systems by 2021.

Throughout 2019/20 the Trust continued to engage as an active partner in the Cheshire and Merseyside Health and Care Partnership whose vision is to improve the health and wellbeing of the region's 2.6 million population through creating a strong, safe and sustainable health and care system that is fit for the future. Alder Hey is actively engaged in the partnership's various work streams; specifically, I have continued in the role of Senior Responsible Officer for the Share2Care intra-operability programme to create a digital roadmap for all providers. The Trust is also an active participant in the collaboration at scale work to explore options for greater efficiency within support services such as pharmacy, procurement and other corporate functions. Alder Hey also contributed to and signed up to 'One Liverpool' plan, with a clear focus on developing 'anchor institution' principles across all providers; system plans are under development to focus on aspects such as local recruitment and procurement.

Each year the Trust produces an operational plan that sets out organisational objectives which are cascaded via the divisions to local teams. Divisional activity is reviewed throughout the year to monitor progress and agree corrective action where necessary via monthly performance review meetings with divisional 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 actions taken by the NHS to respond to the COVID-19 pandemic included the suspension in March of operational planning for 2020/21. Contract negotiations and financial plans for the 2020/21 financial year were not concluded and an interim financial framework, with simplified contracting and funding arrangements, was introduced for the period April 2020 - July 2020. The financial framework that will apply beyond July 2020 is not yet clear. The directors have considered a range of scenarios, including a downside scenario, to understand the impact of different funding arrangements and funding levels may have. These scenarios have considered cash flows for a period of 12 months from the date of approval of the annual accounts i.e. until June 2021. In each of these scenarios the Trust is in a positive cash position at the end of the review period.

The directors have also considered the financial governance framework that operates within the Trust and its flexibility and preparedness to respond to financial challenge.

Taking into account these planning scenarios and the robust financial framework and governance structures in place within the Trust, the directors have a reasonable expectation that the NHS Foundation Trust will have adequate resources to continue in operational existence for the foreseeable future.

Operationally, the Executive Team uses a range of mechanisms through which it monitors performance,

identifies emerging risks to delivery and takes mitigating action to address issues as they arise. These processes have continued during the year and include twice daily patient flow huddles, a weekly activity meeting and a weekly Executive 'Communication Cell' huddle which is a key vehicle for sharing information about actual performance over the previous seven days and highlighting issues for the coming week. This process was particularly effective during the winter months to operationalise the Trust's robust Winter Plan, which had been devised this year to flex capacity during weeks in which seasonal illnesses had been predicted to reach their peak, thereby minimising the number of cancelled elective procedures. These operational processes contribute to the Trust's control environment and provide assurance to the Board that performance risks are understood and fully mitigated where they are within the Trust's locus of control.

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 internal auditors retain a database of remedial actions agreed as a result of audits and these are followed up by the Audit Committee until completed. During the last 12 months the Committee Chair has retained a strong focus on 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.

A range of specific initiatives to improve the use of resources were in place during 2019/20, including:

Collaboration and Benchmarking

- At the request of the national GIRFT team we have developed and implemented an "Alder Hey Way" to use Patient Level Costing and other business intelligence, working with clinical staff and patients to improve the quality and efficiency of patient care.
- We play a leading role nationally and regionally in the development of Patient Level Costing and its use as a tool to improve resource use in trusts and the Sustainability and Transformation Partnership (STP). We chair the national Healthcare Financial Management Association (HFMA) Costing Group

and the Regional Costing Group.

- The Trust has made further advancement in our inventory management solutions and have a digital robust predictive model including daily stock counts to promote just in time and eliminate waste.
- Collaboration with specialist trusts with a vision to move to a single procurement service across the organisations.
- Lead on the Cheshire and Merseyside 'Theatres Procurement Alliance' to deliver shared savings and standardisation.
- Member of Cheshire and Merseyside Collaboration at Scale programme which is a focus on efficiency and value for money supporting delivery of over £2m in drug costs for the local system.

Financial Governance and Intelligence

- Achieved Level 3 Finance Department Towards Excellence Accreditation - one of only 12 trusts in England.
- The Trust has deployed a range of digital capabilities to support intelligence led decision making including a clinical intelligence portal.
- Continue to embed the workforce sustainability plan across the Trust with successful achievement of the NHSI agency cap threshold in year.
- The Trust have moved to Microsoft Power BI and implemented a live status dashboard which is available to the whole hospital providing real time information to inform clinical decisions.
- Created a new algorithm for our was not brought patients through the NHSX programme using Artificial Intelligence improving clinical outcomes for our children and young people.
- Implemented an upgraded financial ledger which has provided automation and enhanced governance capabilities.

Digital Futures

- Implementation of Office 365 to support technology roadmap, collaboration and agile working.
- The Trust is a GDE site and has delivered 52 digital specialty packages and a series of digital transformation which has improved outcomes and better use of resources.
- The Trust achieved HIMSS Level 6 accreditation, confirming Alder Hey as one of the most digitally mature trusts in the country against an international benchmark and accreditation.

Information Governance

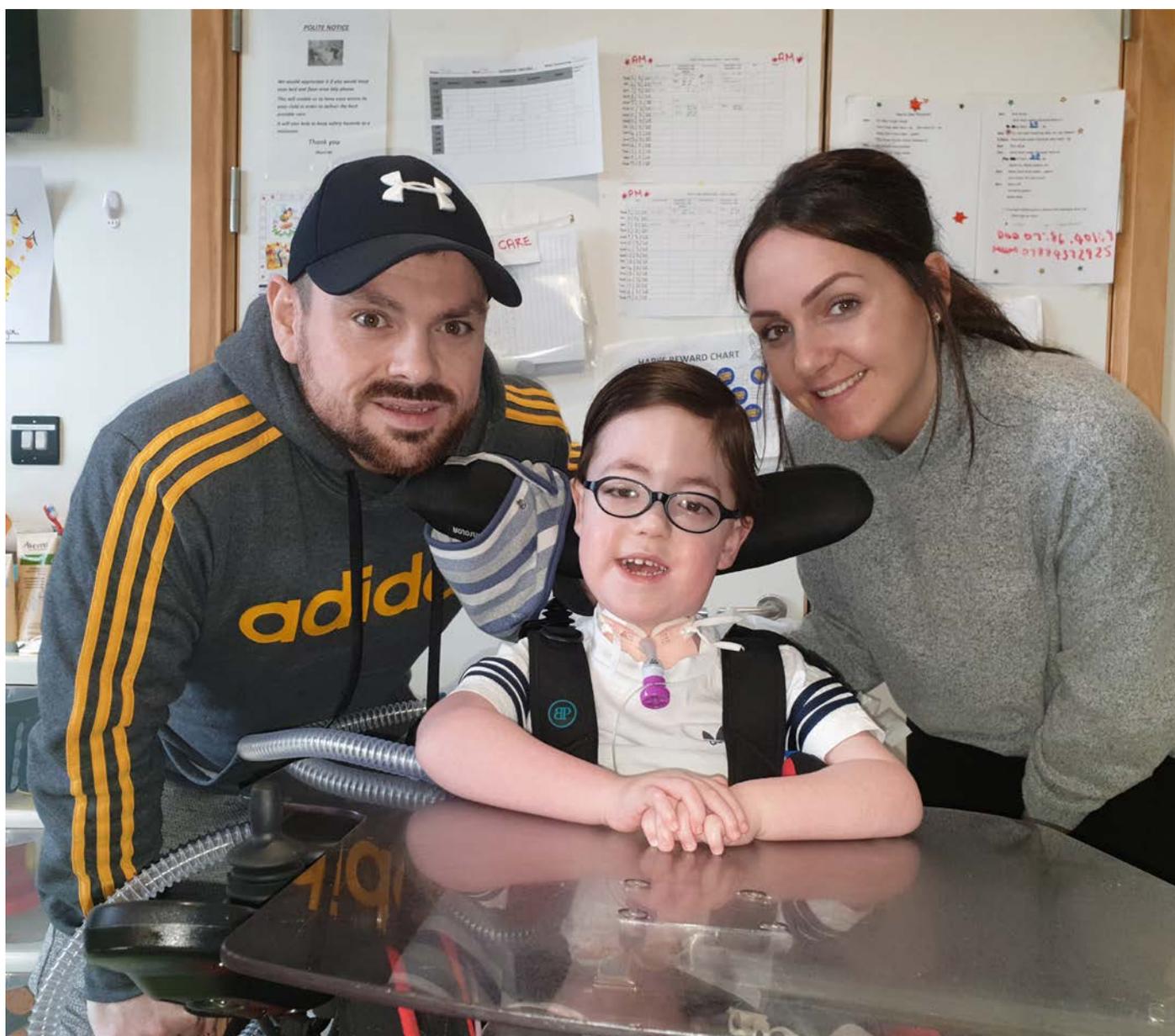
As of 2018 the Information Governance Toolkit was refreshed and replaced with the new Data Security and Protection Toolkit (DSPT). Whilst the standards have been updated it remains a tool which allows organisations to measure their compliance against law and central guidance and helps identify areas of partial or non-compliance. During the year MIAA undertook an audit of the Trust's compliance against the DSPT to provide an opinion upon:

- The governance process, policies, and systems in place to complete, approve and submit the DPST Toolkit submission;
- The validity of the assertions of the DPST submission based on the evidence available at time of audit for the reviewed sample;

- The progress and completion of recommendations highlighted by the 2018/19 audit and reporting mechanisms for any actions highlighted on the Trust improvement plan; and
- Any wider risk exposures and/or mitigations brought to light by review of that evidence.

The audit concluded that 'there is a good system of internal control designed to meet the system objectives and that controls are generally being applied consistently'; consequently the audit ascribed the DPST with 'substantial assurance.'

There were no data breaches to report to the Information Commissioner's Office during 2019/20.





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.

Following the advent of the global coronavirus pandemic in March 2020, NHS Improvement issued guidance to all NHS providers in a letter which set out its proposals for 'Reducing burden and releasing capacity at NHS providers and commissioners to manage the COVID-19 pandemic.' This guidance afforded providers assistance and flexibility to make locally sensitive decisions about their reporting for the end of the year 2019/20, including the choice to defer the publication of the annual Quality Account.

Due to the immediate operational focus required to ensure a safe and robust response to COVID-19, the Trust re-directed the majority of its resources to successfully deliver this. Alder Hey will not therefore be publishing its Quality Report within its Annual Report for 2019/20 but will do so at a later time.

Quality Governance and Data Quality

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. In addition, the Trust's joint Directors of Transformation and Clinical Effectiveness have continued to lead significant elements of the 'Inspiring Quality' Strategy.

The three key aims of the Inspiring Quality delivery plan were agreed at the Trust's Quality Summit held in May 2018, taking into account the views of over 100 participants including parents:

- Put children first.
- Be the safest children's trust in the NHS.
- Achieve outstanding outcomes for children.

During 2019/20 these aims have generated work streams to refine changes to the way we will work

to deliver them and identify key areas of focus, including: children and families, safety and learning, digital technology and equipping our people with the skills to achieve these ambitions by building a culture of continuous improvement. In the latter part of the year, the Trust entered into a partnership with KPMG who have a significant track record of success in this field via their Operational Excellence programme, working with best in class organisations such as Theda Care and Toronto Sick Kids internationally, as well as outstanding NHS trusts.

The Trust's approach to quality improvement is underpinned by fundamental quality governance principles, 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 principles and associated quality aims and metrics 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, patients and families, backed by a demonstrable long term commitment.

In support of this, during the year the Trust's internal quality metrics, which form a central part of the Corporate Report, were reviewed to ensure consistency of information tracking against the quality aims, a comprehensive 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 metrics are reviewed in detail by the Clinical Quality Assurance Committee and by the Board of Directors on a monthly basis; during 2019/20 the divisional directors developed and delivered their own specific KPI reports, signalling the increasing maturity of the Trust's devolved management model. The Corporate Report as a whole is kept under review to ensure that content remains responsive to key national drivers, such as the change to the metrics set out in the NHS Oversight Framework and that actions taken to achieve the aims incorporate learning from elsewhere in the NHS.

Data Quality

Significant work has been undertaken during the year to assure the accuracy of the quality data contained within the report. Our Data Quality Team undertakes regular audits across a series of metrics, indicators and measures and this work is reported to the Data Quality Steering Group which meets monthly to review data quality in the Trust.

The Trust Audit Programme for 2019/20 included work to assess the data quality to recording patient demographics, of A&E waiting times, referral to treatment (RTT) referral and pathway information, and processing of outpatient appointments. MIAA also carried out an audit focusing on recording and reporting of cancelled operations and a follow up review for Was Not Brought (WNB) pathways. Performance information is validated by the service and reviewed at the weekly Access to Care meeting chaired by the COO prior to sign off for reporting. Information procedures are maintained to ensure they reflect changes in reporting processes. There have been improvements made to recording of patient demographics, waiting list management and recording of patient outcomes in clinic this year with more oversight and monitoring of these processes supported by standard processes and procedures.

At Alder Hey we have undertaken a range of measures to ensure we have accurate and robust waiting times data. We have a Data Quality Steering Group that meets monthly to review recording and reporting of patient information including waiting times information. Our Patient Access Policy was reviewed and updated to reflect current processes and reporting requirements and a weekly Access to Care Group is in place to monitor all aspects of A&E, Cancer, RTT and waiting list management and performance and identify and resolve issues with the clinical divisions. We have also focused improvement work on booking and scheduling appointments, with a migration to a more clinically prioritised and focused booking system (Hybrid/Clinical Prioritisation Booking). The improvement programme at the Trust for 2019/20 was fully implemented in May 2019 and we continue to focus on further improving our booking and scheduling process with a 'Brilliant Booking and Scheduling' workstream. Clinical Prioritisation booking has fundamentally changed the way we book our patients ensuring we have the right capacity in place to book our patients into, with focus and controls in place. It is also an aspiration of the group to review the use of technology to improve access to book an appointment and improve user satisfaction.

The Trust regularly validates patients on pathways which in turn feeds into our Data Quality Steering Group which meets on a monthly basis. An extensive Pathway Management training programme was launched in 2018 alongside improved user guides and we continue to provide an ongoing refresher training programme to all administrative staff involved in pathway management to ensure that all have been trained in accurate pathway management. The training is provided jointly between divisional and IT training staff and includes local and national content and guidance, to ensure

maximum impact. User guides are also regularly reviewed and updated with oversight and sign off provided by the weekly Access to Care Group.

The Trust has continued to engage with the 'Civil Eyes' Programme during the year, which benchmarks 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 also attended the Healthcare Evaluation Data Annual Benchmarking Conference in September 2019 which provided an opportunity to network with other trusts and review planned enhancements to the HED benchmarking solution.

The Trust is also participating in a locally agreed Specialist Children's Hospital Benchmarking Group looking at benchmarking national specialised services indicators. There has also been some work undertaken locally with our peers and in January 2020 the Trust hosted an outpatient review visit with our colleagues from Sheffield Children's NHS Foundation Trust, to share good practice and review initiatives around transforming outpatient services.

We also continue to work with our system suppliers to ensure that national guidance around recording and reporting of information is robust and in January 2020 we took over the Chair for the Meditech Statutory Changes Group which is a forum for trusts to review national changes to guidance and influence development of the Meditech system.

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 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 divisions and corporate departments to account for the effective management of their key risks;
- other explicit review and assurance mechanisms include divisional 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 UKAS 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 have been a range of other independent assessments against key areas of control which provide assurance, for example:

- Quality Network for Inpatient CAMHS (QNIC) accredited to July 2022;
- Laboratory Medicine/Pathology were inspected by the United Kingdom Accreditation Service

(UKAS) to ISO 15189:2012 standard in June 2018. All improvement actions were cleared and the laboratories gained UKAS accreditation in July 2019;

- A Quality Network for Community CAMHS (QNCC) accreditation visit to the Trust's inpatient CAMHS facility, the Dewi Jones Unit and full accreditation awarded in July 2019;
- The Community and Mental Health Division participated in a number of system wide inspections in the year including a CQC inspection of compliance with the Mental Health Act and a Joint Targeted Area Inspection (JTAI) on Children's Mental Health in Sefton;
- A review of the Trust's safeguarding arrangements undertaken by MIAA which received substantial assurance;

- 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 2019/20 no significant internal control issues have been identified.

Louise Shepherd

LOUISE SHEPHERD CBE

Chief Executive
22nd June 2020



SUSTAINABILITY THROUGH EXTERNAL PARTNERSHIPS

ALDER
HEY
STARS

Improving
lives



Amazing
People

JESS ROBINSON AND THE CHILDREN AND YOUNG PEOPLE'S FORUM

A remarkable group of former and current patients who, led by Jess, make sure the voices of children and young people are heard throughout Alder Hey.

At Alder Hey we pride ourselves on 'putting children and young people first' and, through the hard work and commitment shown by Jess, the Forum has made the voice of our most important people loud and clear.

The Forum currently consists of over 30 young people aged between 6 and 19 from across the city and fully represents the diversity of our community.

Jess has developed a vision and an identity for the Forum, ensuring continuous development and inclusivity. She has done this by guiding and advising the group and ensuring they are involved in key projects, not just at Alder Hey but also making a recognisable difference to the way we treat and care for children and young people on a regional and even national scale

LIVING OUR VALUES

Inspiring

ALDER
HEY
STARS



Amazing
People

DONNA DOYLE

Donna is quite simply an Alder Hey legend.

For over 40 years she has been an ever reliable face at Alder Hey, bringing her unique sense of warmth and good humour to everything she does.

Never one to hog the spotlight, Donna would never say she was doing anything special...but we know that she is that and more.

Genuinely beloved by, well, everyone, she does so much even when she doesn't know it.

Like the way she supports her colleagues in the Catering Team, providing a sympathetic ear and sound advice based on the type of experience you can only get when you truly live the Alder Hey Values.



ANNUAL ACCOUNTS

FOREWORD TO THE ACCOUNTS

Alder Hey Children's NHS Foundation Trust

These accounts, for the year ended 31 March 2020, 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.

Louise Shepherd

LOUISE SHEPHERD CBE
Chief Executive
22 June 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating Income from Patient Care Activities	3	255,966	232,052
Other Operating Income	4	34,713	61,962
Operating Expenses	6, 8	(280,742)	(247,790)
Operating Surplus/(Deficit) from Continuing Operations		9,937	46,224
Finance Income	11	450	143
Finance Expenses	12	(9,674)	(9,652)
PDC Dividends Payable		(588)	(1,009)
Net Finance Costs		(9,812)	(10,518)
Other Gains (Losses)	13	53	4,466
Surplus/(Deficit) for the Year from Continuing Operations		178	40,172
Surplus/(Deficit) on Discontinued Operations and the Gain/(Loss) on Disposal of Discontinued Operations			
Surplus/(Deficit) for the Year		178	40,172
Other Comprehensive Income:			
Will Not be Reclassified to Income and Expenditure:			
Impairments	7	(40)	(30)
Total Comprehensive Income for the Period		138	40,142

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-Current Assets:			
Intangible Assets	15	15,831	13,737
Property, Plant and Equipment	16	201,244	193,171
Investment Property	19	-	-
Investments in Associates and Joint Ventures	19	-	450
Receivables	22	1,409	89
Total Non-Current Assets		218,484	207,447
Current Assets:			
Inventories	21	3,467	3,288
Receivables	22	25,168	62,381
Cash and Cash Equivalents	24	90,030	33,699
Total Current Assets		118,665	99,368
Current Liabilities:			
Trade and Other Payables	25	(42,526)	(30,467)
Borrowings	27	(13,307)	(12,711)
Provisions	30	(331)	(332)
Other Liabilities	26	(1,495)	(749)
Total Current Liabilities		(57,659)	(44,259)
Total Assets Less Current Liabilities		279,490	262,556
Non-Current Liabilities			
Borrowings	27	(144,677)	(140,604)
Provisions	30	(1,111)	(731)
Other Liabilities	26	(3,358)	(3,495)
Total Non-Current Liabilities		(149,146)	(144,830)
Total Assets Employed		130,344	117,726
Financed by			
Public Dividend Capital		68,255	55,775
Revaluation Reserve		1,973	2,037
Income and Expenditure Reserve		60,116	59,914
Total Taxpayers' Equity		130,344	117,726

The notes on pages 108 to 149 form part of these accounts.

Signed: *Louise Shepherd*

LOUISE SHEPHERD CBE
Chief Executive
22 June 2020

Statement of Changes in Equity for the year ended 31 March 2020

	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
Taxpayers' and Others' Equity at 1 April 2019 - Brought Forward	55,775	2,037	59,914	117,726
Surplus/(Deficit) for the Year	-	-	178	178
Other Transfers Between Reserves	-	(24)	24	-
Impairments	-	(40)	-	(40)
Public Dividend Capital Received	12,480	-	-	12,480
Taxpayers' and Others' Equity at 31 March 2020	68,255	1,973	60,116	130,344

Statement of Changes in Equity for the year ended 31 March 2019

	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
Taxpayers' and Others' Equity at 1 April 2018 - Brought Forward	51,083	2,091	19,718	72,892
Prior Period Adjustment	-	-	-	-
Taxpayers' and Others' Equity at 1 April 2018 - Restated	51,083	2,091	19,718	72,892
Surplus/(Deficit) for the Year	-	-	40,172	40,172
Other Transfers Between Reserves	-	(24)	24	-
Impairments	-	(30)	-	(30)
Public Dividend Capital Received	4,692	-	-	4,692
Taxpayers' and Others' Equity at 31 March 2019	55,775	2,037	59,914	117,726

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 organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the 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.

Financial Assets Reserve

This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

Merger Reserve

This reserve reflects balances formed on merger of NHS bodies.

Income and Expenditure Reserve

The balance of this reserve is the accumulated surpluses and deficits of the Trust.



Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash Flows from Operating Activities			
Operating Surplus		9,937	46,224
Non-Cash Income and Expense:			
Depreciation and Amortisation	6	8,821	8,035
Net Impairments	7	2,677	5,987
Income Recognised in Respect of Capital Donations	4	(2,569)	1,649
Amortisation Of PFI Deferred Credit		(137)	(137)
(Increase)/Decrease in Receivables and Other Assets		36,366	(25,420)
(Increase)/Decrease in Inventories		(179)	(595)
Increase/(Decrease) in Payables and Other Liabilities		9,944	5,764
Increase/(Decrease) in Provisions		377	(139)
Net Cash Flows From / (Used in) Operating Activities		65,237	41,368
Cash Flows from Investing Activities			
Interest Received		450	143
Purchase of Intangible Assets		(3,189)	(2,905)
Purchase of PPE and Investment Property		(15,205)	(13,904)
Sales of PPE and Investment Property		53	4,467
Receipt of Cash Donations to Purchase Assets		2,569	771
Net Cash Flows From / (Used in) Investing Activities		(15,322)	(11,428)
Cash Flows from Financing Activities			
Public Dividend Capital Received		12,480	4,692
Movement on Loans from the Department of Health and Social Care		6,999	(359)
Capital Element of Finance Lease Rental Payments		(127)	(168)
Capital Element of PFI, LIFT and Other Service Concession Payments		(2,223)	(2,220)
Interest on Loans		(1,134)	(1,040)
Interest Paid on Finance Lease Liabilities		(23)	(12)
Interest Paid on PFI, LIFT and Other Service Concession Obligations		(8,495)	(8,593)
PDC Dividend Paid/Refunded		(1,061)	(785)
Net Cash Flows From/(Used in) Financing Activities		6,416	(8,485)
Increase/(Decrease) in Cash and Cash Equivalents		56,331	21,455
Cash and Cash Equivalents at 1 April - Brought Forward		33,699	12,244
Cash and Cash Equivalents at 1 April - Restated		33,699	12,244
Cash and Cash Equivalents at 31 March	24	90,030	33,699

Notes to the Accounts

1.1 Basis of Preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

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. Non-trading entities in the public sector are assumed to be going concern where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial position for that service in public documents. The Trust is planning to be financially sustainable over the next five year NHS planning horizon.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £8.023m are classified as current liabilities within these financial statements. As the repayment of

these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust. See also note 38 - Events after the Reporting Date.

As an NHS Foundation Trust, the directors are required to make an assessment as at the balance sheet date as to whether the Trust remains a going concern. In carrying out its assessment, the directors have taken into account the statement published by NHS England and NHS Improvement on 27th May 2020 (https://improvement.nhs.uk/documents/6615/Statement_to_support_forecasting.pdf). This states that “the financial statements of all NHS providers and CCGs will be prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services transferring to another entity in the public sector.” It also states that “Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.” The directors have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the Cheshire and Merseyside Health Care Partnership (C&M HCP). Comprised of all the statutory healthcare organisations, clinical commissioning groups and local authorities in Cheshire and Merseyside, the C&M HCP provides health and social care services to circa 2.5 million people in Cheshire and Merseyside. In November 2019, the C&M HCP published its Strategic Delivery Plan and NHS Long Term Plan response for the five year period 2020/21 - 2024/25. This plan includes the continued provision of services by the Trust.

The actions taken by the NHS to respond to the COVID-19 pandemic included the suspension in March of operational planning for 2020/21. Contract negotiations and financial plans for the 2020/21 financial year were not concluded and an interim financial framework, with simplified contracting and funding arrangements, was introduced for the period April 2020 - July 2020. The financial framework that will apply beyond July 2020 is not yet clear. The directors have considered a range of scenarios, including a downside scenario, to understand the impact of different funding arrangements and funding levels may have. These scenarios have considered cash flows for a period of 12 months from the date of approval of the annual accounts i.e. until June 2021. In each of these scenarios the Trust is in a positive cash position at the end of the review period.

The directors have also considered the financial governance framework that operates within the Trust and its flexibility and preparedness to respond to financial challenge.

Taking into account these planning scenarios and the robust financial framework and governance structures in place within the Trust, the directors have a reasonable expectation that the NHS Foundation Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

1.3 Interests in Other Entities

Joint Arrangements

Arrangements over which the Trust has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are recognised as an investment and accounted for using the equity method.

In prior years, the Trust entered into a joint venture with Alder Hey Children's Charity for development of patient experience. On 17th March 2020 Alder Hey Children's Charity donated its shares in the joint venture to the Trust, the joint venture became a wholly owned subsidiary on this date.

Subsidiaries

Entities over which the Trust has the power to exercise control are classified as subsidiaries and are consolidated. The Trust has registered a wholly owned subsidiary company, Alder Hey Ventures Ltd. However, during 2019/20 there has been no financial activity through the company and therefore consolidation is not required. As set out above, on 17th March 2020 Alder Hey Living Ventures became a wholly owned subsidiary of the Trust. The transactions of Alder Hey Living Ventures Limited have not been consolidated into the accounts of the Trust as they are not considered to be material.

Equity Investments

The Trust has an interest in a number of unconsolidated subsidiaries, details of which are disclosed in note 20.

1.4 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. These are regularly reviewed.

The following are the critical judgements that management have made in the process of applying the Trust'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 value 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 have been carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards. The full valuations for land and buildings were carried out during 2017/18 and were applied to the 31 March 2018 land and building values. Asset values have been adjusted to reflect latest BCIS "All in" Tender Price Indices for 2019/20 increase. 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 estate land and buildings at 31 March 2020 reflect the valuation indicated by Cushman & Wakefield given that most of the original hospital buildings are in the process of being demolished.

In making these judgements, the Trust is aware that the Royal Institute of Chartered Surveyors (RICS) has issued a valuation practice notice which gives guidance to valuers where a valuer declares a materiality uncertainty attached to a valuation in light of the impact of COVID-19 on markets. The Trust have considered the uncertainty in relation to the indices used and note the valuer does not anticipate that a significant quantity of additional information would be included in the short period between 11 March 2020 and the 31 March 2020, such that it would significantly influence the output. The Trust consider that COVID 19 will not impact NHS property values as it will other property sectors as there is no associated reduction in the occupancy/use and therefore demand for NHS property. As explained above, the Trust has not obtained a valuation report for 2019/20 but it should be noted that there may now be greater uncertainty in

markets on which the valuation obtained in 2017/18 and reflected in these financial statements is based. Given the judgements explained above in preparing these 2019/20 financial statements, the Trust has not deviated from its existing accounting policy by obtaining an additional valuation and consider the indices used to be appropriate, with the pandemic not significantly affecting the valuation of the Trust's buildings.

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

Provisions

Pension 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 NHS Resolution.

Allowance for Impaired Receivables

An allowance for expected credit losses has been made for amounts which are uncertain to be received from organisations at 31 March 2020. The allowance is £1,441,000 (31 March 2019: £1,196,000) and includes a provision of £382,000 (31 March 2019: £395,000) against the Injury Costs Recovery debt. The recoverability of Injury Costs Recovery debt has been assessed and as the level of debt has increased, the Trust has fully provided for Injury Costs Recovery incidents that are over 10 years old. The balance of the Injury Costs Recovery debt has been provided for at 10% (31 March 2019: 10%) 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.

1.5 Revenue from Contracts with Customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/ services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

In the adoption of IFRS15 a number of practical expedients offered in the Standard have been employed.



These are as follows:

- As per paragraph 121 of the Standard, the Trust will not disclose information regarding the performance obligations part of a contract that has an original expected duration of one year or less.
- The Trust is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of performance completed to date.
- The FRM has mandated the exercise of practical expedient offered in C7 (a) of the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.
- The Trust receives payments each month based on agreed contract value. Invoices/credits are raised during the year to reflect the actual activity performance.

Revenue from NHS Contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust receives income from commissioners under Commissioning for Quality and Innovation

(CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Revenue from Research Contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

NHS Injury Cost Recovery Scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Provider Sustainability Fund (PSF) and Financial Recovery Fund (FRF)

The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

1.6 Other Forms of Income

Grants and Donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship Service Income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.7 Expenditure on Employee Benefits

Short-Term Employee Benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy 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.

Pension Costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The 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.

1.8 Expenditure on Other Goods and Services

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.



1.9 Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

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.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs 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.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use.
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation

Items of property, plant and equipment are depreciated on a straight line basis over their remaining useful lives which is in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is

considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease 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.

Revaluation Gains and Losses

Revaluation gains are recognised in the revaluation reserve, except where, and 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.

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.

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

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged 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 expenditure 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.

At each financial year end, the Trust checks whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.

De-Recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met: the sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and Grant Funded Assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) 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 HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent



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, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

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 replacement) 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 initially at cost.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively.

Where the fair value of the lifecycle component is

less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a "free" asset and a deferred income balance is recognised.

The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the Trust for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

On initial recognition of the asset, the difference between the fair value of the asset and the initial value of the liability is recognised as deferred income, representing the future service potential to be received by the Trust through the asset being made available to third party users.

The balance is subsequently released to operating income over the life of the concession on a straight line basis.

Useful Lives of Property, Plant and Equipment

Useful lives reflect the total life of an asset as at the last valuation and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Minimum Life Years	Maximum Life Years
Land	-	-
Buildings, Excluding Dwellings	2	91
Dwellings	40	40
Plant and Machinery	1	20
Information Technology	2	11
Furniture and Fittings	2	11

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

1.10 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; the cost of the asset can be measured reliably and they have a cost of at least £5,000.

Internally Generated Intangible Assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

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.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful Economic Life of Intangible Assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Minimum Life Years	Maximum Life Years
Software Licences	-	10

1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first-in first-out cost method.

1.12 Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.13 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO₂ emissions. The trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO₂ it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO₂ emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO₂ emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

Note 1.14 Financial Assets and Financial Liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or

another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by the Office of National Statistics.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and Measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost.

Financial Assets and Financial Liabilities at Amortised Cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised

cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial Assets and Financial Liabilities at Fair Value Through Income and Expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Up to 17th March 2020, the Trust had entered into a joint venture with Alder Hey Children's Charity for development of patient experience. After this date the joint venture became a wholly owned subsidiary.

Impairment of Financial Assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

Expected credit losses are determined using historical losses as a guide. Specific impairment provisions are made for non contract receivables where required. Credit losses with other NHS bodies are not normally recognised unless there is evidence of impairment.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future

cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

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

1.15 Leases

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

The Trust as a Lessee

Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the 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 implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment.

The annual rental charge 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.

Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals

are recognised as an expense in the period in which they are incurred.

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.

The Trust as a Lessor

Finance Leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

1.16 Provisions



The Trust recognises a provision where it 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 HM Treasury's discount rates effective for 31 March 2020:

	Nominal Rate
Short-Term - Up to 5 Years	0.51%
Medium-Term - After 5 Years up to 10 Years	0.55%
Long-term - Exceeding 10 Years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation Rate
Year 1	1.90%
Year 2	2.00%
Into Perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried

by NHS Resolution on behalf of the trust is disclosed at note 30.2 but is not recognised in the 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 NHS Resolution 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.

1.17 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 31 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 31, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.18 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 organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the 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 and grant 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 and Social Care (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 calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.19 Value Added Tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.20 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.

1.21 Foreign Exchange

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.22 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. The Trust has no third party assets at 31 March 2020.

1.23 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.

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.

1.24 Charity

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.

1.25 Early Adoption of Standards, Amendments and Interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

1.26 Standards, Amendments and Interpretations in Issue but not yet Effective or Adopted

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined

by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected

leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Other Standards, Amendments and Interpretations

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

IFRS 16 Leases	Application required for accounting periods beginning on or after 1 April 2021; but not yet adopted by the FReM: early adoption is not therefore permitted.
IFRS 17 Insurance Contracts	Application required for accounting periods beginning on or after 1 January 2023. IFRS 17 as interpreted and adapted by the FReM is to be effective from 1 April 2023.



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

All income from patient care activities relates to contract income recognised in line with accounting policy 1.5

	2019/20 £000	2018/19 £000
Acute Services		
Elective Income	52,972	50,197
Non Elective Income	43,443	41,236
First Outpatient Income	9,991	9,452
Follow Up Outpatient Income	23,062	20,255
A & E Income	7,267	6,594
High Cost Drugs Income from Commissioners (Excluding Pass-Through Costs)	18,400	17,262
Other NHS Clinical Income	63,671	57,746
Mental Health Services		
Cost and Volume Contract Income	740	102
Block Contract Income	11,064	10,073
Community Services		
Community Services Income from CCGs and NHS England	15,350	15,554
Income From Other Sources (e.g. Local Authorities)	818	771
All Services		
Private Patient Income	203	236
Agenda for Change Pay Award Central Funding*	-	2,027
Additional Pension Contribution Central Funding**	6,740	-
Other Clinical Income	2,245	547
Total Income from Activities	255,966	232,052

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

3.2 Income from Patient Care Activities (by Source)

	2019/20 £000	2018/19 £000
Income from Patient Care Activities Received from:		
NHS England	158,162	144,603
Clinical Commissioning Groups	75,114	65,689
Department of Health and Social Care	-	2,027
Other NHS Providers	1,285	260
Local Authorities	568	524
Non-NHS: Private Patients	203	236
Non-NHS: Overseas Patients (Chargeable to Patient)	11	-
Injury Cost Recovery Scheme	396	533
Non NHS: Other	20,227	18,180
Total Income from Activities	255,966	232,052
Of Which:		
Related to Continuing Operations	255,966	232,052
Related to Discontinued Operations	-	-

3.3 Overseas Visitors (Relating to Patients Charged Directly by the Provider)

	2019/20 £000	2018/19 £000
Income Recognised This Year	11	-
Cash Payments Received In-Year	11	-



4. Other Operating Income

	2019/20 £000			2018/19 £000		
	Contract income £000	Non- Contract income £000	Total £000	Contract income £000	Non- Contract income £000	Total £000
Research and Development (Contract)	5,998	-	5,998	5,370	-	5,370
Education and Training	9,346	-	9,346	8,243	-	8,243
Non-Patient Care Services to Other Bodies	6,679	-	6,679	6,314	-	6,314
Provider Sustainability Fund (PSF)	3,649	-	3,649	35,852	-	35,852
Income in Respect of Employee Benefits Accounted on a Gross Basis	618	-	618	570	-	570
Receipt of Capital Grants and Donations	-	2,569	2,569	-	(1,649)	(1,649)
Charitable and Other Contributions to Expenditure	-	376	376	-	2,192	2,192
Amortisation of PFI Deferred Income / Credits	-	137	137	-	137	137
Other Income	5,341	-	5,341	4,933	-	4,933
Total Other Operating Income	31,631	3,082	34,713	61,282	680	61,962
Of which:						
Related to Continuing Operations			34,713			61,962
Related to Discontinued Operations			-			-

Capital grants for 18/19 includes an adjustment for a prior year grant which become repayable.

4.1 Analysis of Other Operating Income: Other

	2019/20 £000	2018/19 £000
Car Parking	1,214	1,212
Clinical Excellence Awards	793	792
Catering	939	894
Property Rental	421	431
Creche Services	503	401
Other	1,471	1,203
	5,341	4,933

5.1 Additional Information on Revenue from Contracts with Customers Recognised in the Period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	530	619
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

5.2 Transaction price allocated to remaining performance obligations

There is no transaction price allocated to remaining performance obligations.

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

5.3 Income from Activities Arising from Commissioner Requested Services

Under the terms of its provider licence, 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 licence 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:

	2019/20 £000	2018/19 £000
Income from Services Designated as Commissioner Requested Services	243,121	221,855
Income from Services not Designated as Commissioner Requested Services	12,845	10,197
Total	255,966	232,052

5.4 Profits and Losses on Disposal of Property, Plant and Equipment

	2019/20 £000	2018/19 £000
Equipment Disposals	53	113
Land and Building Disposals	-	4,353
Total	53	4,466

6. Operating Expenses

	2019/20 £000	2018/19 £000
Purchase of Healthcare from Non NHS Bodies and Non-DHSC Bodies	1,246	1,045
Staff and Executive Directors Costs	171,503	149,959
Remuneration of Non-Executive Directors	132	135
Supplies and Services - Clinical (Excluding Drugs Costs)	25,236	23,302
Supplies and Services - General	2,150	3,319
Drug Costs (Drugs Inventory Consumed and Purchase of Non-Inventory Drugs)	22,213	19,919
Consultancy Costs	333	518
Establishment	2,695	2,631
Premises	13,437	11,952
Transport (Including Patient Travel)	882	740
Depreciation on Property, Plant and Equipment	6,902	6,344
Amortisation on Intangible Assets	1,919	1,691
Net Impairments	2,677	5,987
Movement in Credit Loss Allowance: Contract Receivables/Contract Assets	199	43
Movement in Credit Loss Allowance: All Other Receivables and Investments	49	(77)
Change in Provisions Discount Rate(s)	(42)	(11)
Audit Fees Payable to the External Auditor		
Audit Services - Statutory Audit	84	76
Other Auditor Remuneration (External Auditor Only)	-	-
Internal Audit Costs	102	-
Clinical Negligence	2,990	3,049
Legal Fees	649	134
Insurance	252	275
Research and Development	5,729	5,286
Education and Training	9,344	7,716
Rentals Under Operating Leases	411	54
Early Retirements	441	88
Redundancy	251	208
Charges to Operating Expenditure for on-SoFP IFRIC 12 Schemes (e.g. PFI / LIFT)	3,739	1,593
Car Parking and Security	777	898
Hospitality	33	14
Losses, Ex Gratia and Special Payments	63	148
Other Services, e.g. External Payroll	284	197
Other	4,062	557
Total	280,742	247,790
Of Which:		
Related to Continuing Operations	280,742	247,790
Related to Discontinuing Operations	-	-

* Other includes a number of expenses that were analysed within different expense categories in 18/19 - previously included within Supplies & Services General £905,000, Establishment £254,000, Premises £510,000 and Consultancy £36,000. This expense category also includes £1,156,000 of Professional fees in 19/20.

A charge of £15,000 has been included in the 19/20 redundancy costs for an employee who left the Trust in 18/19.

6.1 Other Auditor Remuneration

There were no other non-audit services paid to the external auditor.

6.2 Limitation on Auditor's Liability

The limitation on auditor's liability for external audit work is £2m (2018/19: £2m).

7. Impairment of Assets

	2019/20 £000	2018/19 £000
Net Impairments Charged to Operating Surplus/Deficit Resulting From:		
Other	2,677	5,987
Total Net Impairments Charged to Operating Surplus/Deficit	2,677	5,987
Impairments Charged to the Revaluation Reserve	40	30
Total Net Impairments	2,717	6,017
Impairment of Expenditure on Retained Estate	1,358	1,200
Impairment of Buildings - Application of Indices and Obsolescence	909	-
Impairment of Investment in Joint Venture	450	-
Impairment of Institute In The Park Building Phase 2 on Bringing into Use	-	3,103
Physical Obsolescence on PFI and Retained Estate in Year	-	1,714
	2,717	6,017

8. Employee Benefits

	2019/20 £000	2018/19 £000
Salaries and Wages	145,236	132,275
Social Security Costs	12,160	11,239
Apprenticeship Levy	613	569
Employer's Contributions to NHS Pensions	22,168	14,376
Pension cost - other	361	-
Temporary Staff (Including Agency)	7,046	6,144
Total Gross Staff Costs	187,584	164,603
Recoveries in Respect of Seconded Staff	(1,495)	(1,507)
Total Staff Costs	186,089	163,096
Of Which		
Costs Capitalised as Part of Assets	3,117	2,994

8.1 Retirements Due to Ill-Health

During 2019/20 there were 2 early retirements from the Trust agreed on the grounds of ill-health (2 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £225k (£128k in 2018/19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

9. 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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme 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 recent demographic experience), and to recommend contribution rates payable by employees and employers. The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

The Trust offers an additional defined contribution workplace pension scheme, the National Employment Savings Scheme (NEST), to employees. The amount included in expenses for employer contributions to the scheme are £37,977 (2018/19 £13,091).

10. Operating leases

10.1 Alder Hey Children’s NHS Foundation Trust as a Lessee

This note discloses costs and commitments incurred in operating lease arrangements where Alder Hey Children’s NHS Foundation Trust is the lessee.

	2019/20 £000	2018/19 £000
Operating Lease Expense		
Minimum Lease Payments	411	54
Total	411	54

	2019/20 £000	2018/19 £000
Future Minimum Lease Payments Due:		
- Not Later Than One Year;	415	68
- Later Than One Year and Not Later Than Five Years;	281	247
- Later Than Five Years	-	-
Total	696	315
Future Minimum Sublease Payments to be Received	-	-

11. Finance Income

Finance income represents interest received on assets and investments in the period.

	2019/20 £000	2018/19 £000
Interest on Bank Accounts	450	143
Total Finance Income	450	143

12.1 Finance Expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money.

	2019/20 £000	2018/19 £000
Interest Expense:		
Loans from the Department of Health and Social Care	1,154	1,046
Finance Leases	23	12
Main Finance Costs on PFI and LIFT Scheme Obligations	7,779	7,944
Contingent Finance Costs on PFI and LIFT Scheme Obligations	716	649
Total Interest Expense	9,672	9,651
Unwinding of Discount on Provisions	2	1
Total Finance Costs	9,674	9,652

12.2 The Late Payment of Commercial Debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20 £000	2018/19 £000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

13. Other Gains/(Losses)

	2019/20 £000	2018/19 £000
Gains on Disposal of Assets	53	4,466
Losses on Disposal of Assets	-	-
Total Gains/(Losses) on Disposal of Assets	53	4,466
Total Other Gains/(losses)	53	4,466

14. Discontinued Operations

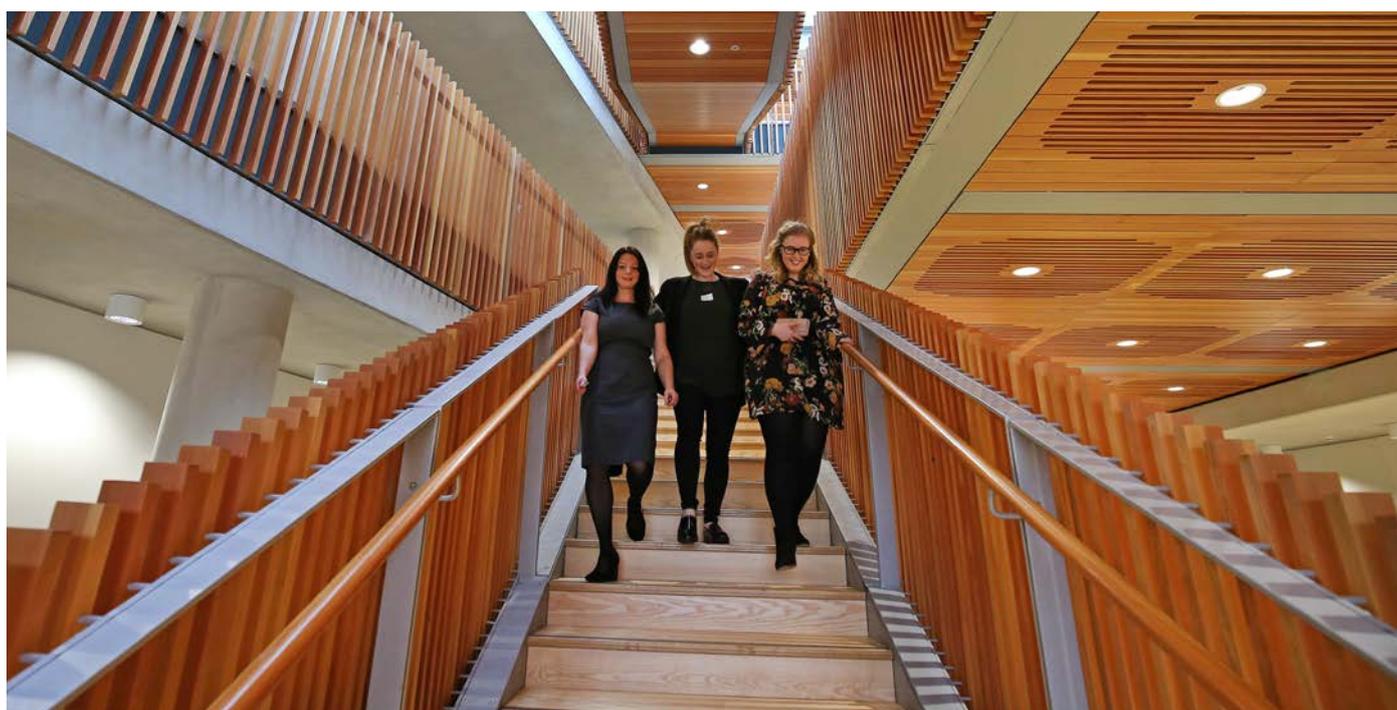
There were no discontinued operations in 19/20 (18/19: Nil)

15.1 Intangible Assets - 2019/20

	Software Licences £000	Intangible Assets Under Construction £000	Total £000
Valuation/Gross Cost At 1 April 2019 - Brought Forward	15,721	4,021	19,742
Additions	2,237	1,813	4,050
Reclassifications	3,069	(3,106)	(37)
Disposals/Derecognition	(17)	-	(17)
Valuation/Gross Cost at 31 March 2020	21,010	2,728	23,738
Amortisation at 1 April 2019 - Brought Forward	6,005	-	6,005
Provided During The Year	1,919	-	1,919
Disposals/Derecognition	(17)	-	(17)
Amortisation at 31 March 2020	7,907	-	7,907
Net Book Value at 31 March 2020	13,103	2,728	15,831
Net Book Value at 1 April 2019	9,716	4,021	13,737

15.2 Intangible Assets - 2018/19

	Software Licences	Intangible Assets Under Construction	Total
	£000	£000	£000
Valuation/Gross Cost at 1 April 2018 - as Previously Stated	13,995	3,320	17,315
Prior Period Adjustments	-	-	-
Valuation/Gross Cost at 1 April 2018 - as Previously Stated	13,995	3,320	17,315
Additions	595	1,902	2,497
Reclassifications	1,201	(1,201)	-
Disposals / Derecognition	(70)	-	(70)
Valuation/Gross Cost at 31 March 2019	15,721	4,021	19,742
Amortisation at 1 April 2018 - as Previously Stated	4,384	-	4,384
Prior Period Adjustments	-	-	-
Amortisation at 1 April 2018 - Restated	4,384	-	4,384
Provided During the Year	1,691	-	1,691
Disposals/Derecognition	(70)	-	(70)
Amortisation at 31 March 2019	6,005	-	6,005
Net Book Value at 31 March 2019	9,716	4,021	13,737
Net Book Value at 1 April 2018	9,611	3,320	12,931



16.1 Property, Plant and Equipment - 2019/20

	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 2019 - Brought Forward	4,028	164,548	103	5,069	32,599	9,831	4,262	220,440
Additions	-	1,812	-	6,725	2,603	5,747	318	17,205
Impairments	-	(1,398)	-	-	-	-	-	(1,398)
Reclassifications	-	326	-	(2,636)	138	2,104	105	37
Disposals/ Derecognition	-	(48)	-	-	(1,116)	(571)	-	(1,735)
Valuation/ Gross Cost at 31 March 2020	4,028	165,240	103	9,158	34,224	17,111	4,685	234,549
Accumulated Depreciation at 1 April 2019 - Brought Forward	-	6,447	3	-	15,813	3,824	1,182	27,269
Provided During the Year	-	2,092	3	-	3,226	1,172	409	6,902
Impairments	-	869	-	-	-	-	-	869
Disposals/ Derecognition	-	(48)	-	-	(1,116)	(571)	-	(1,735)
Accumulated Depreciation at 31 March 2020	-	9,360	6	-	17,923	4,425	1,591	33,305
Net Book Value at 31 March 2020	4,028	155,880	97	9,158	16,301	12,686	3,094	201,244
Net Book Value at 1 April 2019	4,028	158,101	100	5,069	16,786	6,007	3,080	193,171

16.2 Property, Plant and Equipment - 2018/19

	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 2018 - As Previously Stated	4,029	154,878	104	12,333	29,698	9,017	3,869	213,928
Prior Period Adjustments	-	-	-	-	-	-	-	-
Valuation/ Gross Cost at 1 April 2018 - Restated	4,029	154,878	104	12,333	29,698	9,017	3,869	213,928
Additions	-	4,837	-	3,948	3,845	876	393	13,899
Impairments	-	(3,883)	(1)	(448)	-	-	-	(4,332)
Reclassifications	-	10,654	-	(10,764)	25	85	-	-
Disposals/ Derecognition	(1)	(1,938)	-	-	(969)	(147)	-	(3,055)
Valuation/ Gross Cost at 31 March 2019	4,028	164,548	103	5,069	32,599	9,831	4,262	220,440
Accumulated Depreciation at 1 April 2018 - As Previously Stated	-	2,813	-	-	13,911	2,866	811	20,401
Prior Period Adjustments	-	-	-	-	-	-	-	-
Accumulated Depreciation at 1 April 2018 - Restated	-	2,813	-	-	13,911	2,866	811	20,401
Provided During the Year	-	1,994	3	-	2,871	1,105	371	6,344
Impairments	-	1,685	-	-	-	-	-	1,685
Disposals / Derecognition	-	(45)	-	-	(969)	(147)	-	(1,161)
Accumulated Depreciation at 31 March 2019	-	6,447	3	-	15,813	3,824	1,182	27,269
Net Book Value at 31 March 2019	4,028	158,101	100	5,069	16,786	6,007	3,080	193,171
Net Book Value at 1 April 2018	4,029	152,065	104	12,333	15,787	6,151	3,058	193,527

16.3 Property, Plant and Equipment Financing - 2019/20

	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 2020								
Owned - Purchased	4,028	11,449	97	7,510	5,535	12,366	3,048	44,033
Finance Leased	-	-	-	-	724	-	-	724
On-SoFP PFI Contracts and Other Service Concession Arrangements	-	138,707	-	-	-	-	-	138,707
Owned - Donated	-	5,724	-	1,648	10,042	320	46	17,780
NBV Total at 31 March 2020	4,028	155,880	97	9,158	16,301	12,686	3,094	201,244

16.4 Property, Plant and Equipment Financing - 2018/19

	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 2019								
Owned - Purchased	4,028	10,920	100	4,886	4,863	5,670	3,080	33,547
Finance Leased	-	-	-	-	925	-	-	925
On-SoFP PFI Contracts and Other Service Concession Arrangements	-	141,294	-	-	-	-	-	141,294
Owned - Donated	-	5,887	-	183	10,998	337	-	17,405
NBV Total at 31 March 2019	4,028	158,101	100	5,069	16,786	6,007	3,080	193,171

17. Donations of Property, Plant and Equipment

The Trust has purchased medical and IT equipment and incurred costs on the new Alder Centre Bereavement Unit, funded by charity donations.

18. Revaluations of Property, Plant and Equipment

All land and buildings were revalued as at 31 March 2018. The valuation was carried out by an independent valuer, Cushman & Wakefield.

The basis of the valuation was to use the Depreciated Replacement Cost (DRC) approach. The DRC 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 be smaller than the existing asset for example, due to technological advances in plant and machinery.

The ultimate objective of the valuation is to place a value upon the asset, and in this the value of the land in providing a modern equivalent facility must be considered. The modern equivalent asset may be located on a new site out of town, or be on a smaller site due to changes in the way services are provided. The site is valued based on the size of the modern equivalent, and not the actual site area occupied currently.

Asset values have been adjusted to reflect the latest BCIS "All in" Tender Price Indices to reflect change in valuation to 31 March 2020.

See also Note 1.4 - Critical accounting judgements

19. Investments in Associates and Joint Ventures

	31 March 2020 £000	31 March 2019 £000
Carrying Value at 1 April - Brought Forward	450	450
Impairments in Year	(450)	-
Carrying Value at 31 March	-	450

20. Disclosure of Interests in Other Entities

The Trust has the following wholly owned subsidiaries:

Name / Purpose	% Shareholding
Alder Hey Ventures Limited - Commercialisation and Exploitation of Intellectual Property	100
Alder Hey Living Hospitals Limited - Development of Software Applications	100 (from 17 March 2020)

Alder Hey Ventures Limited is not yet trading and therefore not consolidated. During the year the carrying value in the above investment in Alder Hey Living Hospitals Limited was reviewed by the Trust. The future earnings potential of the company was considered to be of negligible commercial financial value, and as a result the value of the investment in Alder Hey Living Hospitals Limited has been impaired to £1. On 17 March 2020 Alder Hey Children's Charity donated its shares in Alder Hey Living Hospitals Limited to the Trust. In accordance with the initial review above, these shares have also been valued at £1. As a result of the above transfer of shares by Alder Hey Children's Charity, on 17 March 2020, Alder Hey Living Hospitals Limited became a wholly owned subsidiary of the Trust. The financial statements of the Trust are separate financial statements. The accounts of Alder Hey Living Hospitals Limited have not been consolidated as it is considered to be immaterial.



The Trust has a number of interests in other entities for the commercialisation and exploitation of Intellectual Property. These interests are not accounted for on the grounds of immateriality.

Name	% Shareholding
Asthma Buddy Limited	30
Doctors Hours Limited	30
Bloom Revalidation Limited	30
Digital Audiology Technologies Limited	30
Fresh Wellness Limited	30
Audiology Metrics Limited (formerly Conquer Kids Phobia Limited)	30
Blood Sense Limited	30
Physio Pal Digital Limited	30
Remedy Medpass Limited	30
Sample Tracker Limited	30
Reel Medical Technology Limited	30
Acorn Partners Limited	27.5
Kids COPD Monitoring Limited	40.1
Pik Kit Limited	40.1
Kids Medicine Compliance Limited	40.1
Hand Hygiene Solutions Limited	21.2
Optimising Care Limited (formerly Cofoundry Enterprise 36 Limited)	20

21. Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	1,320	1,046
Consumables	2,085	2,180
Energy	62	62
Total Inventories	3,467	3,288

Inventories recognised in expenses for the year were £28,966k (2018/19: £31,485k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £0k).

22.1 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract Receivables*	23,500	56,111
Allowance for Impaired Contract Receivables/Assets*	(1,269)	(1,070)
Allowance for Other Impaired Receivables	(172)	(126)
Prepayments (Non-PFI)	1,661	1,675
Finance Lease Receivables	-	1,893
PDC Dividend Receivable	552	79
VAT Receivable	123	-
Other Receivables	773	3,819
Total Current Receivables	25,168	62,381
Non-Current		
Contract Receivables	1,009	-
Prepayments (Non-PFI)	39	89
Other Receivables	361	-
Total Non-Current Receivables	1,409	89
Of Which Receivables from NHS and DHSC Group Bodies:		
Current	12,305	45,501
Non-Current	361	-

*As at 31 March 2019, contract receivables included accrued income for Provider Sustainability Fund income due to be paid to the Trust, together with incompleting spells.

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.

22.2 Allowances for Credit Losses - 2019/20

	Contract Receivables and Contract Assets £000	All Other Receivables £000
Allowances as at 1 April - Brought Forward	1,070	126
Prior period adjustments	-	-
Allowances as at 1 April - Restated	1,070	126
Impact of Implementing IFRS 9 (and IFRS 15) on 1 April 2018	-	-
New Allowances Arising	272	220
Reversals of Allowances	(73)	(171)
Utilisation of Allowances (Write Offs)	-	(3)
Allowances as at 31 March 2020	1,269	172

Allowances for Credit Losses - 2018/19

	Contract Receivables and Contract Assets £000	All Other Receivables £000
Allowances as at 1 April - Brought Forward	-	1,238
Prior period adjustments	-	-
Allowances as at 1 April - Restated	-	1,238
Impact of Implementing IFRS 9 (and IFRS 15) on 1 April 2018	1,034	(1,034)
New Allowances Arising	770	19
Reversals of Allowances	(727)	(96)
Utilisation of Allowances (Write Offs)	(7)	(1)
Allowances as at 31 March 2020	1,070	126

22.3. Exposure to Credit Risk

The Trust's Financial risk management is set out in Note 35.1

23. Non-Current Assets Held for Sale and Assets in Disposal Groups

There were no non-current assets held for re-sale (18/19: nil)

24. Cash and Cash Equivalents Movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2019/20 £000	2018/19 £000
At 1 April	33,699	12,244
Prior Period Adjustments		-
At 1 April (Restated)	33,699	12,244
Net Change in Year	56,331	21,455
At 31 March	90,030	33,699
Broken Down Into:		
Cash at Commercial Banks and in Hand	136	57
Cash with the Government Banking Service	89,894	33,642
Total Cash and Cash Equivalents as in SoFP	90,030	33,699
Bank Overdrafts (GBS and Commercial Banks)	-	-
Total Cash and Cash Equivalents as in SoCF	90,030	33,699

24.1. Third Party Assets Held by the Trust

There were no third party assets held by the Trust (18/19: Nil)

25. Trade and Other Payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade Payables	7,832	5,846
Capital Payables	6,100	3,239
Accruals	20,195	14,851
VAT Payable	-	94
Other Taxes Payable	3,476	3,259
Other Payables	4,923	3,178
Total Current Trade and Other Payables	42,526	30,467
Of Which Payables from NHS and DHSC Group Bodies:		
Current	4,903	2,989
Non-current	-	-

26. Other Liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred Income: Contract Liabilities	1,358	612
PFI Deferred Income/Credits	137	137
Total Other Current Liabilities	1,495	749
Non-Current		
PFI Deferred Income/Credits	3,358	3,495
Total Other Non-Current Liabilities	3,358	3,495

27.1 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from the Department of Health and Social Care	10,845	10,382
Obligations Under Finance Leases	108	105
Obligations Under PFI, LIFT or Other Service Concession Contracts	2,354	2,224
Total Current Borrowings	13,307	12,711
Non-Current		
Loans from the Department of Health and Social Care	44,082	37,526
Obligations Under Finance Leases	555	685
Obligations Under PFI, LIFT or Other Service Concession Contracts	100,040	102,393
Total Non-Current Borrowings	144,677	140,604

27.2 Reconciliation of Liabilities Arising from Financing Activities 2019/2020

	Loans from DHSC £000	Finance Leases £000	PFI and LIFT Schemes £000	Total £000
Carrying Value at 1 April 2019	47,908	790	104,617	153,315
Cash Movements:				
Financing Cash Flows - Payments And Receipts Of Principal	6,999	(127)	(2,223)	4,649
Financing Cash Flows - Payments Of Interest	(1,134)	(23)	(7,779)	(8,936)
Non-Cash Movements:				
Application of Effective Interest Rate	1,154	23	7,779	8,956
Carrying Value At 31 March 2020	54,927	663	102,394	157,984

27.3 Reconciliation of Liabilities Arising from Financing Activities 2018/2019

	Loans from DHSC £000	Finance Leases £000	PFI and LIFT Schemes £000	Total £000
Carrying Value at 1 April 2018	48,201	359	106,837	155,397
Prior period adjustment	-	-	-	-
Carrying value at 1 April 2018 - restated	48,201	359	106,837	155,397
Cash Movements:				
Financing Cash Flows - Payments And Receipts Of Principal	(359)	(168)	(2,220)	(2,747)
Financing Cash Flows - Payments Of Interest	(1,040)	(12)	(7,944)	(8,996)
Non-Cash Movements:				
Impact of Implementing IFRS 9 On 1 April 2018	60	-	-	60
Additions	-	599	-	599
Application of Effective Interest Rate	1,046	12	7,944	9,002
Carrying Value At 31 March 2019	47,908	790	104,617	153,315

28. Other Financial Liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Derivatives Held at Fair Value Through Income and Expenditure	-	-
Other Financial Liabilities	-	-
Total Current Other Financial Liabilities	-	-
Non-Current		
Derivatives Held at Fair Value Through Income and Expenditure	-	-
Other Financial Liabilities	-	-
Total Non-Current Other Financial Liabilities	-	-

29. Finance Leases

29.1 Alder Hey Children's NHS Foundation Trust as a Lessor

Future lease receipts due under finance lease agreements where Alder Hey Children's NHS Foundation Trust is the lessor:

	31 March 2020	31 March 2019
	£000	£000
Gross Lease Receivables	-	1,893
Of Which Those Receivable:		
- Not Later Than One Year;	-	1,893
- Later Than One Year and Not Later Than Five Years;	-	-
- Later Than Five Years.	-	-
Unearned Interest Income	-	-
Allowance for Uncollectable Lease Payments	-	-
Net Lease Receivables	-	1,893
Of Which Those Receivable:		
- Not Later Than One Year;	-	1,893
- Later Than One Year and Not Later Than Five Years;	-	-
- Later Than Five Years.	-	1,893
The Unguaranteed Residual Value Accruing to the Lessor	-	-
Contingent Rents Recognised as Income in the Period	-	-

The Trust has a leasing arrangement with a university in respect of part of the Institute in the Park building. The amount showing as receivable in 18/19 was paid during 19/20.

29.2 Alder Hey Children's NHS Foundation Trust as a Lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2020	31 March 2019
	£000	£000
Gross Lease Liabilities	706	856
Of Which Liabilities are Due:		
- Not Later Than One Year;	168	127
- Later Than One Year and Not Later Than Five Years;	538	705
- Later Than Five Years.	-	24
Finance Charges Allocated To Future Periods	(43)	(66)
Net Lease Liabilities	663	790
Of Which Payable:		
- Not Later Than One Year;	108	105
- Later Than One Year and Not Later Than Five Years;	555	662
- Later Than Five Years.	-	23
Contingent Rent Recognised as an Expense in the Period	-	-



30.1 Provisions for Liabilities and Charges Analysis

	Pensions: Early Departure Costs £000	Pensions: Injury Benefits £000	Legal Claims £000	Other £000	Total £000
At 1 April 2019	196	635	232	-	1,063
Transfers by Absorption	-	-	-	-	-
Change in the Discount Rate	(8)	(34)	-	-	(42)
Arising During the Year	161	-	104	361	626
Utilised During the Year	(54)	(43)	(100)	-	(197)
Reclassified to Liabilities Held in Disposal Groups	-	-	-	-	-
Reversed Unused	-	-	(10)	-	(10)
Unwinding of Discount	2	-	-	-	2
At 31 March 2020	297	558	226	361	1,442
Expected Timing of Cash Flows:					
- Not Later Than One Year;	57	48	226	-	331
- Later Than One Year and Not Later Than Five Years;	158	174	-	361	693
- Later Than Five Years.	82	336	-	-	418
Total	297	558	226	361	1,442

Early departure costs and injury benefits 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 NHS Resolution. It is expected that these claims will be settled in the next year.

30.2 Clinical Negligence Liabilities

At 31 March 2020, £172,981k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Alder Hey Children's NHS Foundation Trust (31 March 2019: £156,587k).

31. Contingent Assets and Liabilities

	31 March 2020 £000	31 March 2019 £000
Value of Contingent Liabilities		
Other	1,000	3,960
Gross Value of Contingent Liabilities	1,000	3,960
Amounts recoverable against liabilities	-	-
Net Value of Contingent Liabilities	1,000	3,960
Net Value of Contingent Assets	1,000	-

The Trust sold 6 acres of land in 2018/19 for £4.4m. As part of the review of the Trusts Campus requirement needs the Trust negotiated in July 2019 an option to buy back circa 1 acre of land at a value of £1m before 8th August 2021. The long term debtor outstanding of £1m will remain until to the earlier of the Trust exercising its rights under the option or final payment for the land is made by 8th August 2021 which ever happens first. The Trust has legal charge on this land.

32. Contractual Capital Commitments

	31 March 2020 £000	31 March 2019 £000
Property, Plant and Equipment	1,236	1,039
Intangible Assets	270	435
Total	1,506	1,474

Contractual capital commitments relate to capital items/work which has been ordered but not received at 31 March 2020.

33. Other Financial Commitments

The Trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	31 March 2020 £000	31 March 2019 £000
Not Later Than One Year;	-	-
After One Year and Not Later Than Five Years;	1,297	824
After Five Years	-	-
Total	1,297	824

34. On-SoFP PFI, LIFT or Other Service Concession Arrangements

The PFI scheme relates to the main hospital building on East Prescott Road. 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 21 June 2045, after which time the trust will become responsible for the maintenance and lifecycle costs of those buildings.

34.1 On-SoFP PFI, LIFT or Other Service Concession Arrangement Obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2020 £000	31 March 2019 £000
Gross PFI, LIFT or Other Service Concession Liabilities	263,569	274,288
Of Which Liabilities are Due		
- Not Later Than One Year	10,777	10,719
- Later Than One Year and Not Later Than Five Years	42,343	42,664
- Later Than Five Years	210,449	220,905
Finance Charges Allocated to Future Periods	(161,175)	(169,671)
Net PFI, LIFT or Other Service Concession Arrangement Obligation	102,394	104,617
- Not Later Than One Year	2,354	2,224
- Later Than One Year and Not Later Than Five Years	9,868	9,687
- Later Than Five Years	90,172	92,706

34.2 Total on-SoFP PFI, LIFT and Other Service Concession Arrangement Commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2020 £000	31 March 2019 £000
Total Future Payments Committed in Respect of the PFI, LIFT or Other Service Concession Arrangements	441,692	455,980
Of Which Liabilities are Due		
- Not Later Than One Year	14,471	14,287
- Later Than One Year and Not Later Than Five Years	59,908	59,105
- Later Than Five Years	367,313	382,588

34.3 Analysis of Amounts Payable to Service Concession Operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2019/20 £000	2018/19 £000
Unitary Payment Payable to Service Concession Operator	14,458	12,406
Consisting of:		
- Interest Charge	7,779	7,944
- Repayment of Balance Sheet Obligation	2,224	2,220
- Service Element and Other Charges to Operating Expenditure	3,287	1,337
- Revenue Lifecycle Maintenance	452	256
- Contingent Rent	716	649
Total Amount Paid to Service Concession Operator	14,458	12,406



35. Financial Instruments

35.1 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 activities. 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 and Social Care. 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 credit risk is minimal.

35.2 Carrying Values of Financial Assets

	Held at Amortised Cost £000	Held at Fair Value Through I&E £000	Held at Fair Value Through OCI £000	Total Book Value £000
Carrying Values of Financial Assets as at 31 March 2020				
Trade and Other Receivables Excluding Non Financial Assets	23,841	-	-	23,841
Cash and Cash Equivalents	90,030	-	-	90,030
Total at 31 March 2020	113,871	-	-	113,871

	Held at Amortised Cost £000	Held at Fair Value Through I&E £000	Held at Fair Value Through OCI £000	Total Book Value £000
Carrying Values of Financial Assets as at 31 March 2019				
Trade and Other Receivables Excluding Non Financial Assets	56,083	-	-	56,083
Cash and Cash Equivalents	33,699	-	-	33,699
Total at 31 March 2019	89,782	-	-	89,782

35.3 Carrying Value of Financial Liabilities

	Held at Amortised Cost £000	Held at fair Value Through I&E £000	Total Book Value £000
Carrying Values of Financial Liabilities as at 31 March 2020			
Loans From the Department of Health and Social Care	54,927	-	54,927
Obligations Under Finance Leases	663	-	663
Obligations Under PFI, LIFT and Other Service Concession Contracts	102,394	-	102,394
Trade and Other Payables Excluding Non Financial Liabilities	39,050	-	39,050
Total at 31 March 2020	197,034	-	197,034

	Held at Amortised Cost £000	Held at fair Value Through I&E £000	Total Book Value £000
Carrying Values of Financial Liabilities as at 31 March 2019			
Loans From the Department of Health and Social Care	47,908	-	47,908
Obligations Under Finance Leases	790	-	790
Obligations Under PFI, LIFT and Other Service Concession Contracts	104,617	-	104,617
Trade and Other Payables Excluding Non Financial Liabilities	27,114	-	27,114
Total at 31 March 2019	180,429	-	180,429

35.4 Maturity of Financial Liabilities

	31 March 2020 £000	31 March 2019 £000
In One Year or Less	52,357	39,825
In More Than One Year But Not More Than Two Years	5,307	4,844
In More Than Two Year But Not More Than Five Years	16,151	14,769
In More Than Five Years	123,219	120,991
Total	197,034	180,429

35.5 Fair Values of Financial Assets and Liabilities

It is considered that the book value (carrying value) is a reasonable approximation of fair value.

34. Losses and Special Payments

	2019/20		2018/19	
	Total Number of Cases Number	Total Value of Cases £000	Total Number of Cases Number	Total Value of Cases £000
Losses				
Cash Losses	3	25	2	1
Bad Debts and Claims Abandoned	8	-	15	7
Stores Losses and Damage to Property	-	-	1	20
Total Losses	11	25	18	28
Special Payments				
Ex-Gratia Payments	32	104	42	141
Total Special Payments	32	104	42	141
Total Losses and Special Payments	43	129	60	169
Compensation Payments Received		-		-

37. 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 and Social Care 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.

Paragraph 25 of IAS 24 allows entities which are related parties because they are under the same government control to reduce the volume of the detailed disclosures.

During the year the Trust had significant transactions with the following NHS bodies which are related by government oversight only – the Trust does not have any control over these entities: NHS England North West Specialist Commissioning Hub, NHS Liverpool CCG, NHS South Sefton CCG, NHS Knowsley CCG, NHS Southport and Formby CCG, NHS England and Health Education England. The Trust also had

significant transactions with the following other government departments: Cwm Taf Local Health Board, HM Revenue & Customs, NHS Professionals and NHS Pension Scheme.

Expenditure with Liverpool Health Partners Ltd was £250,000 (2018/19 £205,000).

Transactions with related parties are on an arm's length basis.

38. Events After the Reporting Date

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £8.023m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.



STRONG FOUNDATIONS



A transformative leader, Kate has energised and expanded the Occupational Therapy service at Alder Hey.

The number of nominations for Kate to receive an Alder Hey Star Award was simply overwhelming. She has had made a huge – and lasting – difference to the Occupational Therapy service and through them the children and young people we care for.

Growing the team into a large and confident service, Kate has never lost her focus on improving outcomes for patients and families.

Deeply respected by her team for her commitment to them, Kate is an impressive leader who has revolutionised the way Occupational Therapy is used, not just at Alder Hey but across Liverpool.

SPECIAL RECOGNITION



ALDER
HEY
STARS

Amazing
People

Inspiring

EMERGENCY
DEPARTMENT

Always demonstrating hard work and team work throughout one of the most challenging winters we have experienced, the Emergency Department truly live each and every one of the Alder Hey values.

Put under enormous pressure, they have responded with unwavering commitment to their patients, working in new and innovative ways to keep their patients safe.

They are true inspirations and more than worthy winners of the Special Recognition Award.



AUDITOR'S REPORT

Independent Auditor's Report to The Council of Governors of Alder Hey Children's NHS Foundation Trust

Opinion

We have audited the financial statements of Alder Hey Children's NHS Foundation Trust for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 38, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS foundation trusts.

In our opinion, the financial statements:

- give a true and fair view of the state of of Alder Hey

Children's NHS Foundation Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and

- have been prepared in accordance with the Department of Health and Social Care's Group Accounting Manual 2019/20 and the directions under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Foundation Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including

the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Accountable Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accountable Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of Our Audit Approach

Key Audit Matters

- Going concern
- Property plant and equipment valuation
- Risk of fraud in revenue and expenditure recognition
- Risk of misstatements due to fraud or error

Materiality

- Overall materiality of £5.62m which represents 2% of operating expenditure

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.



Risk	Our Response to the Risk	Key Observations Communicated to the Audit Committee
<p>Going Concern</p> <p><i>(Refer to note 1.2, Going Concern)</i></p> <p>Covid-19 has impacted the short and medium term financial environment and certainty of future funding arrangements.</p> <p>We are required to assess the evidence and disclosures that the Trust can continue as a going concern up to 12 months after the date of the audit opinion. Since NHSE funding for 2021-22 is currently in review, management have enhanced going concern disclosures in the financial statements to acknowledge the uncertainty and set out the assumptions underpinning the going concern conclusion.</p>	<p>We have:</p> <ul style="list-style-type: none"> Assessed management’s assessment of going concern by testing that the starting point assumptions the Trust would achieve it’s 2019/20 control total and begin the 2020/21 financial year with sufficient cash to cover it’s liabilities were consistent with the reported position in the audited 2019/20 financial statements. Tested the cash flow and liquidity projections for 2020/21, by agreeing cash inflow and outflow assumptions to business plans, assessing the assumptions against the experience of the current financial year and testing mathematical accuracy, to identify any indication of circumstances that would indicate the Trust is not able to continue as a going concern for the 2020/21 financial year. Considered the funding environment and managements liquidity projections for the period 12 months from the signing date of the accounts that fall within the 2021/22 financial year, by testing the reasonableness of outturns and assumptions in managements base and downside cash, liability and income projections for the first quarter of 2021/22. Assessed if there are any identified indications that the regulator would not intend services to continue to be delivered for 12 months from the date of signing the financial statements. <p>We challenged the disclosures in note 1.2, “going concern”, by testing whether the assumptions and uncertainties had been disclosed by the Trust. We concluded the note, as amended, appropriately discloses the Trust’s assessment of the use of the going concern basis for the financial statements.</p>	<p>We are satisfied there is no material uncertainty regarding the Trust’s use of the going concern assumption.</p> <p>We are satisfied that the Trust’s financial position, cash flow forecasting and future financial plans support the fact that the Trust will continue as a going concern for a period of 12 months following the audit report date.</p> <p>We have noted that Covid-19 has impacted the short and medium term financial planning process across the NHS and therefore the certainty of future funding arrangements. We consider that the disclosure in the financial statements appropriately discloses the assumptions that management’s going concern basis of accounting is applied.</p>

Risk	Our Response to the Risk	Key Observations Communicated to the Audit Committee
<p>Valuation of Property, Plant and Equipment (PPE)</p> <p><i>Refer to the accounting policies (Note 1.4 Critical accounting Judgements and key sources of estimation uncertainty – Asset Valuation and Lives) and Note 18 Revaluations of Property Plant and Equipment</i></p> <p>Land and buildings account for a significant proportion of the Trust's net assets. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. The Trust carries out a rolling valuation programme, with the value and remaining useful lives of land and buildings estimated by their appointed external valuers.</p> <p>The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty.</p> <p>The valuer, in providing indices to the Trust to revalue their PPE, disclosed a material uncertainty relating to the valuation movements due to Covid-19. The Trust included appropriate additional disclosure within the financial statements in response to this.</p>	<p>We evaluated the competence, capabilities and objectivity of management's specialist by engaging our own specialist to report to us on the valuers qualifications and valuation methodology.</p> <p>We read the instructions issued to the valuer to ensure these are consistent with accounting standards and do not contain indication of management bias. We tested that the assumptions used by the valuer in the last full valuation report in relation to asset use to assess if the valuation basis remained appropriate for the Trust asset base by confirming with the Trust and the valuer that there are no significant new buildings or change in use of existing buildings.</p> <p>We challenged the indices used by the Trust, provided by Cushman & Wakefield, by obtaining an independent index figure from our own EY valuation experts and comparing this to the index used in the valuation.</p> <p>We recalculated the revaluation using the index and agreed the revaluation values to the asset register and the financial statements.</p> <p>Specifically in response to the impact of Covid-19 on our inherent risk we have:</p> <ul style="list-style-type: none"> Considered the wider impact of material uncertainty on whether reasonable assurance over valuation could be obtained, by engaging our real estate experts to provide information on the impact of market uncertainty on the basis of valuations. We concluded that assets valued at DRC were subject to less uncertainty than those valued on an Investment or Existing Use valuation basis; 	<p>We are satisfied that the classification of assets reported in the financial statements is appropriate and that these are materially unchanged from the full valuation as at 31 March 2018.</p> <p>We concluded that assets valued at Depreciated Replacement Cost (DRC) were subject to less uncertainty than those valued on an investment or existing use value. As all Trust building assets are valued on a DRC basis we considered it to be unlikely that Covid-19 would have led to a material misstatement. The response from the valuer and the Trust disclosures reflect these considerations</p> <p>Although the valuation of land is more reliant on market evidence EYRE were satisfied that the valuer's approach of not changing land values from the prior year was reasonable. The total land value in the financial statements is not material.</p> <p>We have concluded that management's disclosure of the uncertainty and basis of valuation is appropriate.</p> <p>Our testing found no errors in the application of the valuation to the financial statements. The overall impact of applying indexation results in revaluation and impairment movements which are immaterial.</p>

Risk	Our Response to the Risk	Key Observations Communicated to the Audit Committee
<p>Valuation of Property, Plant and Equipment (PPE) Cont...</p>	<ul style="list-style-type: none"> obtained clarification from the valuer on the basis for including the uncertainty and their consideration of the impact on the Trusts land and buildings. The response from the valuer concluded that the basis of valuation for the assets meant that additional information that impacts the index would be unlikely to significantly influence the output; We tested that the assumptions used by the valuer in the last full valuation report, in relation to asset use and valuation basis, remained appropriate for the Trust asset base. We confirmed with the Trust and the valuer that there are no significant new buildings or change in use of existing buildings, resulting in a Depreciated Replacement Cost (DRC) basis remaining appropriate. We concluded that assets valued at DRC were subject to less uncertainty than those valued on an investment or existing use value; and We challenged the disclosure of the uncertainty in the financial statements note 1.4, "Critical accounting judgements and key sources of estimation uncertainty, Asset valuation and lives". The Trust disclosures reflect the considerations of the uncertainty and the subsequent clarification received from the valuer. 	
<p>Risk of Misstatements Due to Fraud or Error (Management Override)</p> <p><i>Refer to the Audit Committee Report (page 10)</i></p> <p>The risk that the financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud</p>	<p>We focus our audit responses around estimates at year end, including accruals of income and expenditure, and on items of income and expenditure which are non-routine and involve more management estimation and judgement, including provisions.</p> <p>We carried out procedures for identifying fraud risks during the planning stages, and inquired with management about risks of fraud and the controls put in place to address those risks.</p>	<p>We have not identified any material weaknesses in controls or evidence of management override.</p> <p>We have not identified any instances of inappropriate judgements being applied which would indicate manipulation in accounting records or fraudulent financial reporting.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Trusts normal course of business</p>

Risk	Our Response to the Risk	Key Observations Communicated to the Audit Committee
<p>Risk of Misstatements Due to Fraud or Error (Management Override) Cont...</p> <p>because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p> <p>We have not identified any specific fraud risks.</p> <p>We identify inherent risks of error or bias in our assessment of the significant risk relating to revenue recognition.</p> <p>The risk manifests specifically in whether year end adjustment journals are appropriate and supported, the application of estimates and judgements, and whether significant or unusual transactions are identified and accounted for appropriately.</p>	<p>We gained an understanding of the oversight given by those charged with governance of management's process over fraud.</p> <p>We considered the effectiveness of management's controls designed to address the risk of fraud.</p> <p>We carried out specific audit procedures to test journal entries in the accounts, particularly testing journal entries and other adjustments in the preparation of the financial statements.</p>	
<p>Risk of Fraud in Revenue and Expenditure Recognition (£291m Income, £281m Expenditure, PY Comparative £294m Income £248m Expenditure)</p> <p><i>Refer to the Audit Committee Report (page 11); Accounting policies (note 1); and Notes 3-6 of the Financial Statements.</i></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition.</p>	<p>We focussed our audit response on items of income and expenditure which could be subject to manipulation, testing a sample of accruals of income and expenditure and the completeness of provisions.</p> <p>We considered the appropriate classification of expenditure as capital rather than revenue in nature for additions to PPE to assess whether the items were capital or revenue in nature, to identify any expenditure excluded from the Statement of Comprehensive Income.</p>	<p>Our testing has not identified any material misstatements due to revenue and expenditure recognition.</p> <p>Overall our audit work did not identify any material issues or unusual transactions which indicate any improper misreporting of the Trust's financial position.</p>

Risk	Our Response to the Risk	Key Observations Communicated to the Audit Committee
<p>Risk of Fraud in Revenue and Expenditure Recognition (£291m Income, £281m Expenditure, PY Comparative £294m Income £248m Expenditure) Cont...</p> <p>In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We have assessed that the risk is prevalent predominantly in: Completeness and valuation of accruals. Completeness of provisions.</p> <p>Existence and valuation of manual debtors and accrued income, and specifically in regards to the timing of significant one off income transactions in and around the year end.</p>	<p>We reviewed and tested revenue and expenditure recognition policies and substantively tested income and expenditure transactions using a lower threshold.</p> <p>We reviewed the financial statements for evidence of significant or unusual transactions.</p> <p>We also tested a sample of income and expenditure transactions from material revenue streams including year-end debtor and creditor balances, and tested variances between amounts recognised and amounts externally confirmed through the Agreement of Balances exercise.</p> <p>We tested cut-off of income and expenditure at the year-end and conducted testing to identify any unrecorded liabilities at the yearend. Our testing also reviews a sample of transactions that have occurred post year end to identify any omissions in expenditure.</p>	

An Overview of The Scope of Our Audit

Tailoring the Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Foundation Trust. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Foundation Trust and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably

be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Trust to be £5.62 million (2019: £4.96million), which is 2% (2019: 2%) of operating expenditure. We believe that operating expenditure provides us with a reasonable basis for determining materiality as it is the key driver of the Trust's financial position.

During the course of our audit, we reassessed initial planning materiality, set at £4.96million, and concluded that the reassessment was appropriate in relation to the reported actual financial position at year end.

Performance Materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Trust's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £4.2million (2019: £3.7million). We have set performance materiality at this percentage due to our experience of our prior year audit finding no significant issues and our understanding of the control environment at the Trust.

Reporting Threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.28m (2019: £0.25m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other Information

The other information comprises the information included in the annual report set out on pages 1-103, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

We read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material

misstatements or inconsistencies we consider the implications for our report.

We have nothing to report in this regard.

Opinion on Other Matters Prescribed by the Code of Audit Practice Issued by The NAO

In our opinion:

- the information given in the performance report and accountability report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the parts of the Remuneration and Staff Report identified as subject to audit has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

Matters on Which We Report by Exception

The Code of Audit Practice requires us to report to you if

- We issue a report in the public interest under schedule 10(3) of the National Health Service Act 2006;
- We refer the matter to the regulator under schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency;
- We are not satisfied that the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources as required by schedule 10(1)(d) of the National Health Service Act 2006;
- we have been unable to satisfy ourselves that the Annual Governance Statement, and other information published with the financial statements meets the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20 and is not misleading or inconsistent with other information forthcoming from the audit; or

- we have been unable to satisfy ourselves that proper practices have been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

The NHS Foundation Trust Annual Reporting Manual 2019/20 requires us to report to you if in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the NHS Foundation Trust acquired in the course of performing our audit.
- otherwise misleading.

We have nothing to report in respect of these matters.

Responsibilities of Accounting Officer

As explained more fully in the Accountable Officer's responsibilities statement set out on page 89, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Accountable Officer is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Governors intend to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities with Respect to Value for Money Arrangements

We are required to consider whether the Foundation Trust has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is based on the overall criterion that "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

Proper arrangements are defined by statutory guidance issued by the National Audit Office and comprise the arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we draw on the requirements of the guidance issued by NHS Improvement to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, which defines significant as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects".

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risk there is no requirement to carry out further work. Our risk assessment considers both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders

Scope of the Review of Arrangements for Securing Economy, Efficiency and Effectiveness in the Use of Resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether the Foundation Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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 to form a view on whether, in all significant respects, the Foundation Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under schedule 10(1)(d) of the National Health Service Act 2006 to be satisfied that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Under the Code of Audit Practice, we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources. We are not required to consider, nor have we considered, whether all aspects of the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the financial statements of Alder Hey Children's NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General (C&AG).

Use of our Report

This report is made solely to the Council of

Governors of Alder Hey Children's NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors, for our audit work, for this report, or for the opinions we have formed.



HASSAN ROHIMUN
for and on behalf of Ernst & Young LLP
Manchester
25 June 2020

GAME CHANGING INNOVATION



Laura is a much valued Physiotherapist who uses new ideas to help keep patients active whilst undergoing treatment, greatly improving their overall health and well-being.

Laura has been a Physiotherapist working in the Paediatric Intensive Care Unit for many years. She is adored by her colleagues, patients and parents alike. But more than that, Laura plays a large role in team innovation and working towards creating the best future of care for patients.

After attending a conference in Glasgow on the topic, Laura quickly put measures in place at Alder Hey to start to change attitudes about mobility and activity for the most poorly children and young people in order to speed up recovery and rehabilitation.

Not only a technological innovation, Laura has fundamentally changed perceptions of patient care, helping to create the best possible hospital journey for each and every patient and family.

VOLUNTEER OF THE YEAR

ALDER
HEY
STARS

Inspiring



Improving
lives

THE ALDER HEY VOLUNTEERS

Without our volunteers, Alder Hey would not be able to deliver the outstanding care we are renowned for – our 'pink shirts' are truly what makes Alder Hey special!

Whether it is greeting visitors, playing with patients, comforting families, or performing any one of the myriad tasks they are asked to do every day, they do it all with a smile and willingness that is nothing short of remarkable.

Their dedication to and love for Alder Hey is something to behold.

To do all of this as volunteers speaks to an almost superhuman sense of duty in each and every one.



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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By telephone: 0151 228 4811

By email: communications@alderhey.nhs.uk

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