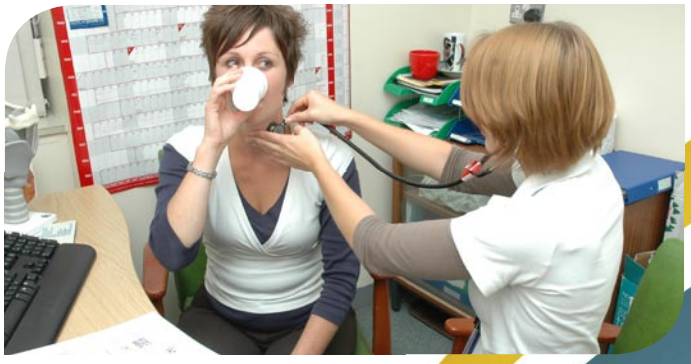
Countess of Chester Hospital NHS
NHS Foundation Trust

Annual Report and Accounts

2009/2010



we respect each other
we have a can do attitude
we strive for improvement
we take pride in the service we provide
we are welcoming, friendly and caring
we put patients at the heart of everything we do

The Countess of Chester Hospital NHS Foundation Trust

Annual Report and Accounts 2009/2010

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

Annual
Report
2009/2010

Contents

Annual report

Quality Report

Annual Accounts

Charitable Funds

The Countess of Chester Hospital NHS Foundation Trust is a 600-bed, single site General Hospital situated on the outskirts of Chester. The Trust has over 3,000 employees and provides acute, emergency and elective services, primary care direct access services and obstetric services to more than 425,000 patients a year primarily from Chester and surrounding rural areas, Ellesmere Port and Neston and the Deeside area of Flintshire.

In April 2004, the Countess of Chester Hospital was established as one of the first ten NHS Foundation Trusts in the country. As a NHS Foundation Trust, we are using our independence as a public-benefit corporation and the associated financial, managerial and governance freedoms to enhance and grow the services we provide to patients in our community and indeed beyond.

The Countess of Chester Hospital has an excellent reputation for delivering high quality patient care and is nationally accredited at the highest levels in many areas, in particular those relating to clinical outcomes and patient safety.

Our aim is to be the preferred hospital of choice for our traditional community, and a preferred hospital of choice for patients from a wider area, and to continue to provide a comprehensive, high quality, and accessible range of emergency and elective services to all our patients.

We want our patients to be assured that they will receive their care as rapidly as possible in a first-class environment, be treated with courtesy and dignity, and be confident that the outcome of their clinical care will be of the highest standards and safety.

Chairman's Statement

Welcome to the Annual Report of the Countess of Chester Hospital NHS Foundation Trust for the year 2009/10

In our sixth year as a Foundation Trust we continued to make significant improvements in reducing the incidence of infection, further improved the quality of care, expanded the scope of services provided, and met all key national targets and standards of care.

The Trust's focus on the quality of services was once again recognised in the award of the 40Top Hospitals Award for high clinical standards and outcomes; we are now one of only 5 Trusts in the country to achieve this for the tenth consecutive year.

Outstanding progress was made in the year in our fight against hospital associated infection; the Trust more than halved the number of cases of MRSA attributable to the Hospital with only 4 cases experienced in the year, a further 2 cases were considered to be community acquired infections. In relation to Clostridium Difficile we reduced the incidence of this infection by 62% with only 66 cases during the year.

We were assessed for the second consecutive year as achieving full and unconditional compliance with the Care Quality Commission's (CQC) Hygiene Code and obtained unconditional general registration with the Commission in respect of 2010/11.

Planning for the potential flu pandemic dominated the early months of the year but in practice few cases of the virus were experienced. The number of patients admitted as an emergency grew significantly by over 5%. In addition to the added pressure of this additional demand, the growing incidence of norovirus (diarrhoea and vomiting) reduced available bed capacity. The combined effect of the additional emergency patients and norovirus created substantial pressures in managing the admission and discharge of patients, and caused a number of operations to be cancelled.

In spite of this and a 5% growth in A & E attendance, the target of treating 98% of all patients attending A & E within 4 hours was achieved in all four quarters of the year. All other key English and Welsh waiting time and cancer targets were met.

The financial performance of the Trust was sound with an underlying surplus of £4.8m; this reduced to a surplus of £93k after taking into account exceptional accounting items.

The Trust embarked in the initial stages of a substantial business transformation programme, 'The Countess Way', aimed at radically changing the way we work to ensure we minimise waste, inefficiency and delay by redesigning our key processes and patient pathways and building a motivated workforce who engage in continuous improvement in the way we deliver services. This programme has created significant efficiency, quality, productivity and financial benefits that we can build upon in the forthcoming years.

The Board of Governors and the Board of Directors continued to work closely together during the year, and increased the number of members to over 11,400.

I would like to pay tribute to the commitment of our staff which remains central to all we achieve, and whilst recognising that there is still much to do in our journey to improve the experience of our patients, we can be proud of our achievements last year.

Sir Jim Sharples
Chairman

Annual
Report
2009/2010

Countess of Chester Hospital NHS Foundation Trust

The Countess of Chester Hospital is a 600-bed, single site general hospital situated on the outskirts of Chester. The Trust has over 3,000 employees and provides acute emergency and elective services, primary care direct access services and obstetric services to a population of approximately 250,000 residents mainly in Chester and surrounding rural areas, Ellesmere Port and Neston and the Deeside area of Flintshire. More than 425,000 patients attend the hospital for treatment every year – ranging from a simple outpatient appointment to major cancer surgery.

We are the main Trust serving Western Cheshire Primary Care Trust, and provide services to approximately 30% of the population covered by Betsi Cadwaldhr University Local Health Board in Wales. Welsh patients represent approximately one fifth of the workload of the Trust.

Services provided

The Trust provides services in all the surgical and medical specialties common to a District General Hospital and in certain specialist areas:

- Breast surgery
- ENT
- General surgery
- Gastro-intestinal surgery
- Gynaecology
- Orthopaedics
- Ophthalmology
- Oral surgery
- Orthodontics
- Pain Management (Anaesthesia)
- Plastic surgery
- Urology
- Vascular surgery
- Within Medical subspecialties we offer services in Endocrinology, Cardiology, Respiratory Medicine, Gastro-enterology, Haematology, Rheumatology, Dermatology, Nephrology, Medicine for the Older Person and Sexual Health Medicine.
- Paediatric medicine and surgery are provided at the Trust, together with a full Obstetric service and fertility service.
- Cardiac catheterisation and pacing services
- Renal dialysis and outpatient services

The Trust also provides a full complement of Accident and Emergency, outpatient and direct access services. All main specialties are supported by a comprehensive range of clinical services in therapies, pharmacy, pathology, radiology and cardio-respiratory. We provide facilities to other Trusts for Neurology, Psychiatric Liaison, Community Dental services and Oncology. The renal dialysis and outpatients service at the Countess of Chester Hospital is currently provided on a joint basis linked to the inpatient service at Wirral University Teaching Hospital NHS Foundation Trust.

The Hospital facilities

The Trust predominantly provides services from the Countess of Chester Hospital situated on the Countess of Chester Health Park, a site shared with NHS Western Cheshire and a Mental Health facility managed by the Cheshire and Wirral Partnership NHS Foundation Trust. Outreach clinics are, however, provided in five other locations in acute and community settings across a wide range of specialties.

Directors' Report

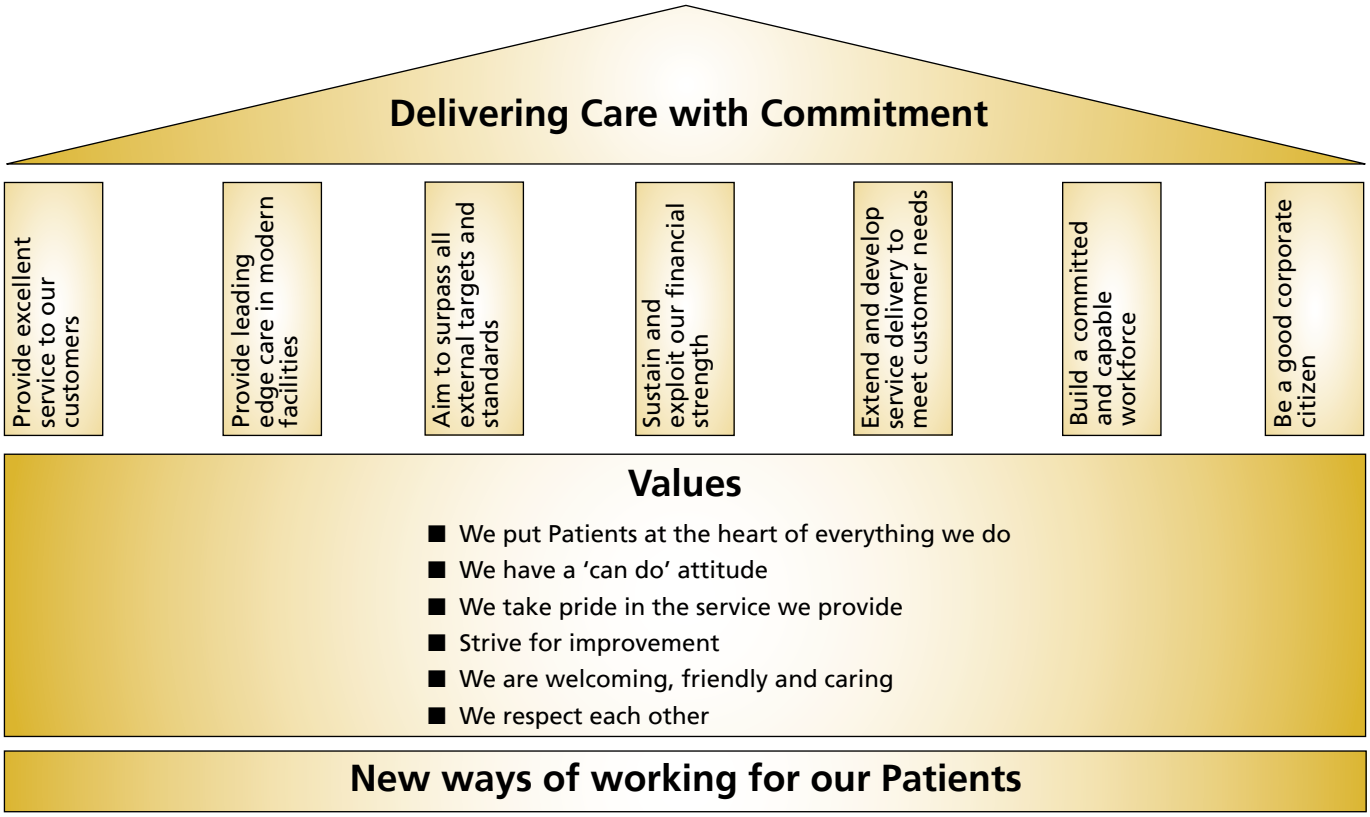
The Board of Directors

Sir James Sharples – Chairman
Alastair Findlay – Vice Chairman and Senior Independent Director
Samantha Dixon – Non-Executive Director
Dr Gerald Levy – Non-Executive Director
Wendy Williams – Non-Executive Director
Sarah Jane Goulbourne – Non-Executive Director
Peter Herring – Chief Executive
Jane Tomkinson – Deputy Chief Executive and Director of Finance and Compliance
Gaynor Hales – Director of Nursing, Quality and Environment
Dr Virginia Clough – Medical Director
Tim Lynch – Director of Operational Services
Debbie Fryer – Director of Human Resources (non voting)

Strategic Aims 2009/10 and Beyond

The Countess of Chester Hospital NHS Foundation Trust was one of the first ten Foundation Trusts to be established in April 2004 as a public-benefit corporation, independent of government control. Our intent is to deliver care with commitment and our vision is underpinned by seven key corporate objectives:

- To provide excellent service to our patients;
- To provide leading edge care in modern facilities;
- We will aim to surpass externally set targets and standards;
- We will sustain our financial strength and exploit this to further our objectives;
- We will seek opportunities to extend our range of services and develop services to meet the needs of our patients and other customers;
- We aim to build a committed and capable workforce to support our business objectives; and
- We will aim to be a good corporate citizen.



The values and principles we adopt as an organisation in delivering our vision are shown in the diagram above; we aim to ensure that we live these values in practice and underlying these is our aspiration to embrace new ways of working in the way we deliver services to patients.

Annual
Report
2009/2010

Business Review for 2009/10

- Achieved the Top 40 Hospitals Award for clinical outcomes for the 10th consecutive year, one of only 5 Trusts in the country to achieve this.
- Achieved a underlying surplus of £4.8m before exceptional items, £93k after these items.
- Invested over £3.4m in quality, safety and service capacity
- Halved the incidences of MRSA to 6 cases, (4 acquired in hospital) and reduced the incidence of clostridium difficile by 62%.
- Achieved full and unconditional compliance with the Care Quality Commission Hygiene Code.
- Delivered all our key national targets and standards and anticipate a 'green' rating for governance.
- Increased our membership to 11,454 well in excess of our target.
- Opened a new £1.2m age related macular degeneration facility.
- Refurbished wards and improved privacy and dignity for patients.
- Spent £6m on buildings, equipment and technology.

During 2009/10 our host commissioners NHS Western Cheshire received further levels of growth and achieved their financial targets. More patients were treated from England and Wales and for the first time, Welsh local health boards paid for patient activity under the payment by results systems ending many years of differential funding.

During our 6th year as a Foundation Trust we continued with our investment strategy developing services and enhancing our quality whilst improving the estate by reinvesting the financial surplus.

The aims of our financial strategy were to consolidate our financial surplus, improve efficiency and invest in patient care through the following:

Objective	Outcome
Delivering a £2.3m surplus	**£4.8m underlying surplus achieved**
Achieving a risk rating of 4	**Risk rating of 4**
Investing £4m in capacity safety and quality	**£3.4m invested**
Delivering a 3.3% cost improvement target	**£4.2m saved**
Establishing reserves to manage risk	**Contingency reserve provided**

The Trust experienced another year of income growth in excess of our plan largely due to increases in patient activity. Much of this income was reinvested in additional capacity: theatre lists, inpatient beds and outpatient clinics. Very high volumes of complex emergency patients meant some work was undertaken in the private sector and the independent sector treatment centre in Halton.

	2005/06 £m	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m
Income	132.9	137.7	148.9	158.4	171.9
Expenses	(125.0)	(128.8)	(138.3)	(150.0)	(160.2)
EBITDA (before Exceptional Items)	7.9	8.9	10.6	8.4	11.7
Interest, Depreciation, Dividend	(5.2)	(6.1)	(6.0)	(6.4)	(6.7)
Exceptional Items	-	-	-	(10.0)	(4.9)
Surplus for the year	**2.7**	**2.8**	**4.6**	**8**	**0.1**

During the year the magnitude of the economic challenges became apparent and with it the most significant financial risks facing the Trust in a decade. Key risks are constantly reviewed by the Board and action taken accordingly.

Key Risk	Mitigation Strategies
Economic Outlook	• Robust contractual terms • Effective cost reduction strategy • Effective human resource policies • Transformation programme • Joint Collaboration project
Patient Activity Increases	• Effective joint working with PCT • Alternative care settings • Correct allocation of capacity • Transformation programme
Welsh Repatriation Policies	• Early engagement with LHB • Review of Welsh service needs • Consultation with Welsh patients and GPs

Annual
Report
2009/2010

Operating Review

Service Activity

Emergency admissions and A & E activity increased by 5% in comparison with the previous year, placing pressure on available capacity and frequent operational difficulties in maintaining the 98% A & E target, with a number of planned operations cancelled as a result.

During December a PCT run Walk-in Centre opened on the hospital site co-located in A&E. The centre offers a service to patients who do not require emergency care. The GP run centre which is open from 8am to 8pm sees around 35 patients a day but the model of care provided is likely to change during 2010. Activity in other areas of service provision increased significantly, apart from elective inpatients.

Patients treated	2008/09	2009/10	variation
Emergency patients	37,362	39,218	+5%
Elective inpatients	5,888	5,867	-0.4%
Daycase procedures	25,583	27,710	+8.3%
New outpatients	91,704	92,512	+0.9%
Review outpatients	198,219	211,532	+6.7%
A & E attendances	68,432	71,723	+4.8%
All patients	*427,188*	*445,425*	*+4.2%*

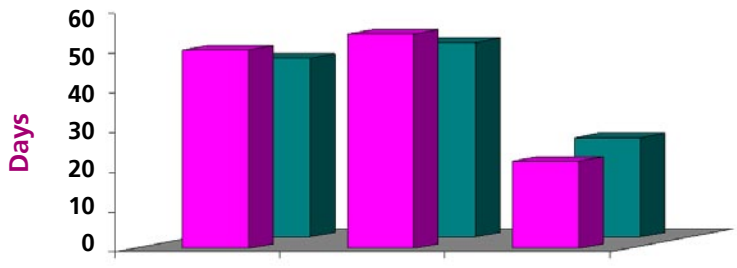
Overall the Trust treated in excess of 18,000 (4.2%) more patients, the income associated with which was reinvested in additional capacity, however these growth trends are incompatible with the need for demand to be managed more effectively and the Trust is at the upper limit of available physical capacity to easily absorb further growth. The increased trend in emergency activity has continued in the early months of 2009/10 with a further substantial increase in A & E attendances and emergency admissions.

Improving waiting times for patients

Waiting times - English residents

The 18 week target for patients to be treated from the time of referral to receiving their first treatment was achieved, however, due to the increasing demands of emergency and trauma activity and lower targets relating to Welsh residents, daycase and inpatient average waiting times were slightly longer than the previous year.

Average waiting time for English residents (days)

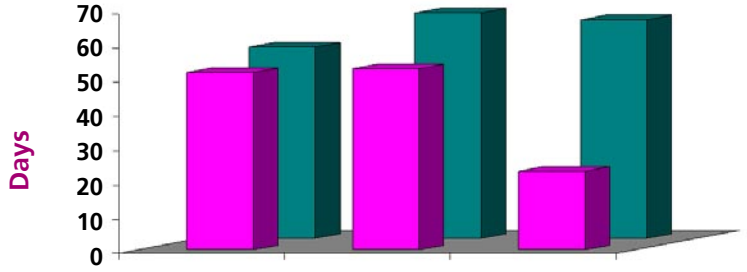


	Daycase	Inpatient	Outpatient
2008/09	45	49	25
2009/10	50	54	22

Waiting times - Welsh residents

Welsh Assembly waiting time targets are different from those in England and expect all patients to receive their first treatment no longer than 26 weeks from referral to treatment. Average waiting times for an inpatient, daycase procedure or outpatient appointment were all reduced. Improvements were achieved across all patient areas in order to achieve this new target in 2009/10.

Average waiting time for Welsh residents (days)



	Daycase	Inpatient	Outpatient
2008/09	56	66	64
2009/10	52	53	23

Transforming the way we deliver services – The Countess Way

To meet the significant challenges ahead we need to work very differently in the future – continuing to do what we do now will not enable the Trust to deliver better quality and treat more patients within the more limited resources we can expect going forward. The Countess Way programme was introduced in early 2009 with the aim of radically changing the way we work through a programme of cultural change underpinned by the application of 'Lean' tools and techniques. We aim through the programme to ensure the effective integration of people, processes and system strategies to drive benefits in quality, safety, performance, efficiency and productivity.

Throughout the year, supported by the expertise of Unipart Expert Practices we developed and implemented various workstreams to progress this transformation programme. In 2009/10 we focused upon:

- the redesign of emergency and elective care pathways;
- redesigning bed management processes;
- realigning management structures to support patient pathways;
- improving the way we match capacity with demand;
- the movement of supplies and storing arrangements within the hospital to improve efficiency;
- developing new performance management and business planning arrangements;
- building our internal capability to undertake organisational change, lean transformation and pathway redesigns;
- reviewing Human Resource policies and procedures;
- enhancing leadership and management skills;
- improving mechanisms for communication and engagement with staff

Significant benefits have already been derived, including reductions in length of stay, reductions in sickness absence levels, streamlined management and workforce structures, improved communications, the flow of supplies and medication, more effective use of available capacity, and financial savings equating to £2.5m in a full year.

These all contribute to better and safer care for patients and the more effective use of resources.

Delivering new services

During the course of the year we developed the new service for the treatment of Age-related Macular Degeneration (AMD) for people suffering from 'wet' blindness. The service continued to grow throughout the year and enjoyed new state of the art facilities by the autumn.

Modernising our Hospital and facilities

In 2009/10 we invested £6.1m in improving the physical infrastructure and environment of the Hospital and increasing capacity.

These included:

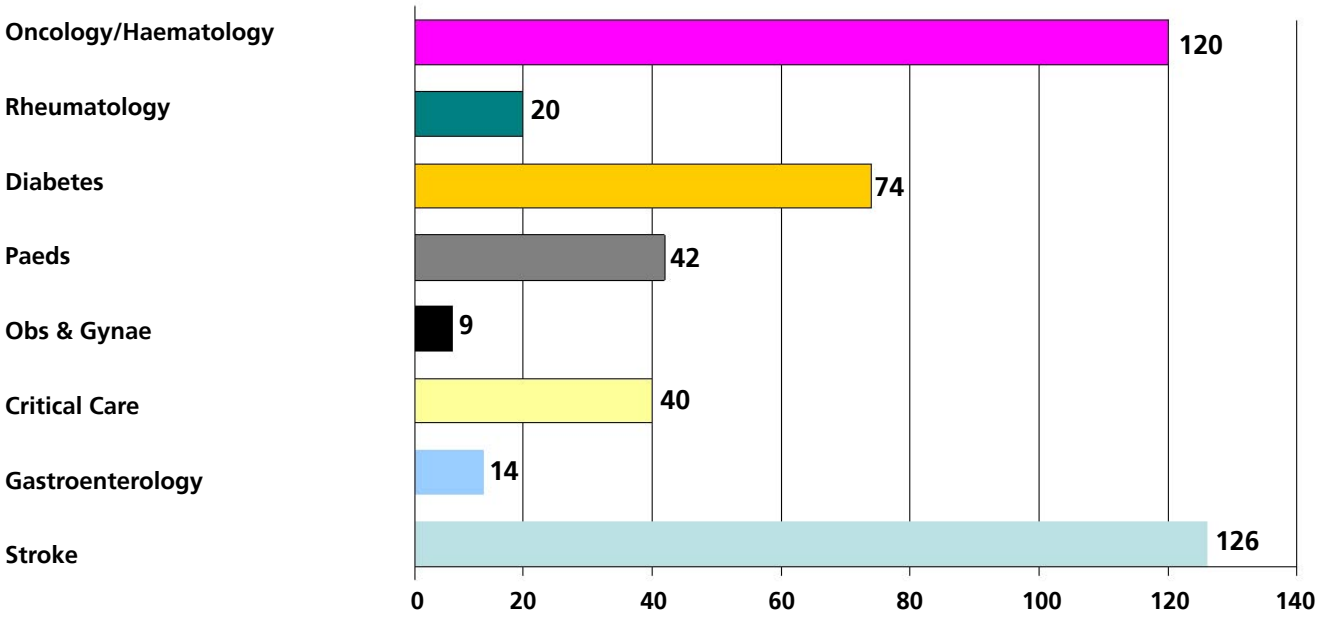
- A new building to provide Age Related Macular Degeneration (AMD) service and capacity at the hospital (£1.2m).
- A number of environmental and privacy and dignity improvements to a variety of wards across the Trust, including the paediatric wards (£1m).
- £1m was spent on replacement and new medical equipment to improve outcomes and efficiency of clinical services.
- £800k was spent on the infrastructure of the Trust, supporting key services such as gas and water mains, electrical, and fire and heating control systems.
- New IT infrastructure and systems were procured, supporting the resilience and efficiency of the Trust (£500k).

Current Trust Research Activity April 2009 – March 2010

Research and development is an important part of the Trust's business. During 2009/10 activity increased significantly with 58 new portfolio trials established which were successful in recruiting 445 patients. The main research conditions remain as cancer and stroke, but this year has seen new areas developing – diabetes, rheumatology, haematology, obstetrics, ITU and Gastroenterology.

Numbers of new trials and patients recruited are detailed below.

Recruitment Activity April 2009 - March 2010



Comprehensive Local Research Network

This year has been a productive and expansive year in R&D. Based on research activity, the Trust was allocated £525,000 to support research from the comprehensive local research network.

This has been utilised to provide research nurses in:

- Diabetes
- Rheumatology
- Oncology (haematological)
- Stroke
- Paediatrics
- Obstetrics & Gynaecological
- ITU
- Gastroenterology and support funding to pharmacy, radiology and pathology

Future Business Outlook

During the course of the year the true impact of the economic recession on the Health Service in forthcoming years became increasingly apparent. To meet the challenges of the future we need to work closely with our partners and adopt a strong approach to cost reduction both within the Hospital and across the health economy in line with the Quality Innovation Productivity and Prevention agenda.

Our planning forecasts suggest an annual requirement to achieve cash-releasing efficiency savings of at least 4% or £6.5m per year for the next three years. During this period we also anticipate that the impact of a growing elderly population will place more demands on the local health economy with the volume of over-65s expected to grow by 35% and the over-85s by 42% over the next ten years, and the number of children under-5 also growing by 7%. Our commissioners are pursuing a range of policies and plans aimed at reducing or at least minimising the impact of this growth on the Hospital, and our forward plans prudently assume reductions in the overall level of hospital activity over the next three years on the basis that these plans will be successful. Experience at the time of writing in the first months of 2010/11, however, is that the number of A & E attendances continues to escalate with significant increases in emergency admissions.

The Trust's capacity to deal with this increasing demand is severely stretched and to ensure our continued ability to meet national targets and provide a high quality of service we must within the local health economy create a wider range of alternatives to Hospital admission.

In relation to the services we provide to Welsh residents there appears an increasing suggestion that patients requiring planned (non-urgent) care will be prevented from being referred to the Countess, which could reduce our income base. The Countess of Chester Hospital is the local hospital for these patients and we will continue to support their freedom to be referred to the hospital.

The economic challenges facing the UK economy will limit growth and it is clear that the future level of efficiency savings required demands radical whole-system changes. The Countess Way programme aims to ensure our systems and processes are as effective, efficient and economic as possible. Alongside this we have developed a Joint Collaboration Board with Wirral University Teaching Hospital NHS Foundation Trust aimed at exploring opportunities for joint services across a wider population footprint and are working with partners within the local health economy on a number of workstreams to reduce the demands on health services and secondary care in particular.

During 2010 we will take over the running and management of the community Ellesmere Port Hospital; this hospital provides rehabilitation, stroke care and GP access beds as well as outpatient and diagnostic facilities. Through the transfer we will manage an extra 140 staff and budget of £4.9m and will facilitate greater improvements in patient care pathways, use of scarce resources and provide options for further enhancements to care and capacity.

Regulatory Ratings

Monitor issued his 5th compliance framework in 2009, the purpose of the framework is to assess the compliance of NHS Foundation Trusts with their Terms of Authorisation and to ensure they make the best use of their freedoms whilst protecting the interests of patients and the public and ensuring that national health targets are delivered.

The 2009/10 Compliance Framework assessed our performance against 3 key risk areas: finance, governance (targets) and mandatory services. The annual plan sets out the Trusts strategic and operational plans to ensure continued delivery of core objectives and targets and Monitor provides an assessment of risk based on its content and supporting Board declarations.

In year performance across each area is reviewed quarterly based on specific evaluation of templates, supporting narrative and Board declarations. On the basis of these submissions, Monitor issues an in year rating.

Our performance on the three areas for 2008/9 and 2009/10 is summarised below:

	Annual Plan 2008/09	Q1 2008/09	Q2 2008/09	Q3 2008/09	Q4 2008/09
Financial Risk	4	4	4	4	4
Governance Risk Rating	Amber	Amber	Amber	Amber	Green
Mandatory Services	Green	Green	Green	Green	Green

	Annual Plan 2009/10	Q1 2009/10	Q2 2009/10	Q3 2009/10	Q4 2009/10
Financial Risk	4	3	3	3	4
Governance Risk Rating	Green	Green	Amber	Green	Green
Mandatory Services	Green	Green	Green	Green	Green

Performance against Plan

The 2009/10 plan provided for a year end financial risk rating of 4; this would be achieved through a strengthening position across the year building on a planned rating of 3 in quarters 1, 2 and 3 to a year end position of 4; this plan was achieved.

The Board declared compliance with its core governance targets throughout the year. During quarter 2, July – September the Trust breached the 62 day cancer screening target but it was subsequently confirmed that as the numbers of patients within this category were so small (8) performance was below Monitors 'deminimus' threshold.

No formal interventions were made by Monitor during the year.

Trust Performance against Compliance Targets

Increasing numbers of patients and the coldest winter for 40 years meant 2009/10 was extremely challenging. Despite this all our key targets were achieved albeit with extra resource and capacity.

The table to the right summarises our performance against the Foundation Trust's (Monitor) Compliance Framework.

Infection Control Targets	Target	Actual
Clostridium difficile year on year reduction	181	66
MRSA	12	6
Screening of all elective in-patients for MRSA	100%	YES
Waiting Times Targets	**Target**	**Actual**
For admitted patients, max wait time of 18 weeks from point of referral to treatment	90%	92.23%
For non-admitted patients, max wait time of 18 weeks from point of referral to treatment	95%	97.45%
Data completeness assessment for admitted patients on 18 week RTT pathway	90%-110%	98.61%
Data completeness assessment for non admitted patients on 18 week RTT pathway	90%-110%	93.17%
For Audiology patients, max wait time of 18 weeks from point of referral to treatment	95%	99.00%
Data completeness assessment for Audiology patient on 18 week RTT pathway	90%-110%	96.64%
Maximum wait time of four hours in A&E from arrival to admission, transfer or discharge	98%	98.2%
People suffering heart attack to receive thrombolysis within 60 minutes of call (*revision)	68%	80.00%
Cancer Targets	**Target**	**Actual**
14 Days	93%	96.00%
*14 Days Breast Symptomatic - Quarter 4 Only **	*93%*	*95.2%*
31 Days - 1st Treatment	96%	98.1%
31 Days-subsequent SURGICAL	94%	97.4%
31 Day-subsequent NON-SURGICAL	98%	100.00%
62 Days	85%	88.9%
62 Days - screening **	90%	79.3%
62 Days - upgrades	tbc	95.0%
31 Days - rare (target 96%)	96%	100.00%

* Target from January 2010

** Actual numbers of patients treated = 21, Accountable to Countess of Chester Hospital patients = 18 therefore below the deminimus threshold.

National Core Standards	Achieved

During the year significant reductions in the numbers of patients whose discharge was delayed fell from 5.3% to 3.5%, this significant improvement was facilitated by some effective joint working with the PCT and the additional capacity this created went some way towards accommodating the extra patients.

High emergency admissions often resulted in elective operations being cancelled, although numbers fell compared to the previous year, this remains a top priority for our Board of Directors during 2010/11. Throughout the year performance against all aspects of our terms of authorisation was monitored by both the Board of Directors and Board of Governors with areas of concern highlighted and debated including information on mortality and morbidity scores.

No performance notices were issued by any PCT during the year under the terms of the legally binding contracts nor was any adverse report received from any external review bodies.

In October 2009 the Care Quality Commission (formerly Healthcare Commission) published its ratings of Trusts based on our performance against a range of indicators during 2008/9. The Trust was rated 'good' on the quality of services and 'excellent' on the use of resources.

The year 2009/2010 saw the final assessment of the Core standards prior to the new Care Quality Commission introduction of the new Essential Standards of Quality and Safety. The Trust was required to make a mid year declaration in October 2009 and ensure compliance across the whole year until March 2010 when our application to register with the care Quality Commission was submitted.

We declared compliance across all Core standards in 2009/10 with the following statement:

The Countess of Chester Hospital NHS Foundation Trust is declaring compliance across all of the core standards and is committed to continually monitoring and improving the services it provides.

The Trust then progressed to unconditional Registration with the Care Quality Commission as a provider of acute services in April 2010.

In addition to the CQC we are subject to much external and independent scrutiny on all aspects of our services including:

- Primary Care Trusts through performance clauses in our legally binding contracts
- Welsh Local Health Boards through the service level agreement
- Staff and Patient Surveys
- The NHS Litigation Authority
- CHKS benchmarking
- PEAT Review of food quality and hospital cleanliness
- Hygiene Code Assessment
- CEPOD reviews
- CPA and ISO Assessments
- Network reviews
- Peer reviews

The results of these are shared with key staff and Directors and any recommendations implemented.

Listening and talking to our patients and stakeholders

Listening to the opinions of our patients and their relatives is core to putting the patients at the heart of everything we do. Engaging in constant dialogue helps us to identify areas for improvement that are important to our patients.

The Trust takes a proactive approach to dealing with concerns raised and aims to resolve these at the earliest opportunity. During the year the Trust received 212 formal complaints, an increase on the previous year of 3%, and was able to respond to 100% within the agreed response time. None of these complaints were subsequently referred to the Health Service Ombudsman. During the year we received 336 positive comments through our 'comment card' system and many formal and informal 'thank yous' directly to wards and departments.

We have actively engaged with patients, service users, our membership and other stakeholders such as the Health and Wellbeing Select Panel of the Cheshire West and Chester Council Overview and Scrutiny Committee. Areas of engagement included a formal consultation with parents and patients who have experienced paediatric neurophysiology services on a proposal to change the way we provide these. We also consulted with service users on a proposed redesign to the Theatre Admission Lounge and carried out hundreds of face to face interviews around our catchment area to understand the key priorities members of the public feel we should address.

Over the year, we continued to increase the amount of patient surveying we undertake and patients from Maternity, Paediatrics and In-patients are surveyed every month. The insight we gain from this activity enables us to monitor trends in patient satisfaction and target areas that require further action in between national benchmarking surveys.

Keeping our Staff Informed

The Trust has introduced a regular bulletin for all staff called the 'Countess Way' which keeps staff up to date with the work that is being done to transform our services. Topics recently covered include progress on the new organisation design, the LEAN work in the respiratory and orthopaedic patient pathways, the staff survey, progress on the cost reduction strategy and exploring ways to engage staff more in decision making.

In addition the Chief Executive and Executive team have introduced a regular programme of face to face leadership focus groups that all staff are invited to attend to hear about the Trust's strategic direction and to ask questions and offer suggestions.

The Trust has an active Staff Partnership Forum including representatives from the staff side unions and the Trust which meets regularly to consult and negotiate on issues affecting employees including staffing policies and procedures. Due to the focus on workforce changes and the organisational restructure the forum has met monthly and staff and managers have worked in partnership to agree a significant number of important changes that will place the Trust in an excellent position to manage the future risks and uncertainties.

Volunteer Services

In 2008/09 we had approximately 200 volunteers working within many areas and wards of the hospital. With a number of ward volunteers leaving for university to study medicine, nursing or midwifery and with the subsequent recruitment of new volunteers, numbers have risen to 250. Our volunteers help patients at mealtimes, our meet and greet team welcome patients and visitors into the hospital and will escort them to their destination and our evening receptionists provide an invaluable service at the main reception desk between the hours of 5 and 7.30pm. Other volunteers help with fundraising, administration tasks, maintaining the gardens, delivering stores, looking after patients in the discharge lounge with drinks and meals and form part of the chaplaincy team. We are very grateful to the volunteers who form an essential part of our team.

Leadership and Organisational Development (OD)

During 2009/10, as an integral part of the Countess Way transformation programme we have focused on building a culture of engagement and continuous improvement through the development of a Leadership Programme for our cohort of executive directors, senior managers and clinicians. This programme has been developed in house and is based on current best practice focusing on providing feedback and coaching against live workplace experiences to provide opportunities for leaders to reflect on doing things differently. The Leadership Programme was launched in March 2010 and has been very well received, it will continue as an ongoing element of our leadership strategy.

To support this programme we have launched our new values and leadership standards and behaviours.

All middle and first line managers are taking part in our leadership development programme which focuses on developing people management skills in such areas as attendance, capability and performance management. A number of managers have also been trained in 'Lean' business transformation skills.

We have significantly improved our staff appraisal rates and have developed a new streamlined appraisal process which is being launched across the Trust. We have modernised our mandatory training programme making best use of technology based training and this has been reflected in our greatly improved compliance rates.

Financial Review 2009/10

The 2009/10 financial strategy aimed to sustain our underlying financial strength whilst continuing to invest in service, quality and the environment. The Board of Directors and Governors approved the strategy as part of the 2009/10 plan as an underlying facilitator of our corporate objectives.

The Trust had another year of income growth based on treating more patients and achieved strong performance against Monitor's compliance regime and financial metrics as follows:

	2007/08	2008/09	2009/10
EBITDA	6.9%	5.3%	5.7%
EBITDA Margin % Achieved	126.5%	94.1%	94.8%
Return on Assets	7.8%	5.0%	6.2%
I&E Surplus Margin	3.0%	1.3%	1.6%
Liquidity	52 Days	38 Days	38 Days
Overall Financial Risk Rating	5	4	4

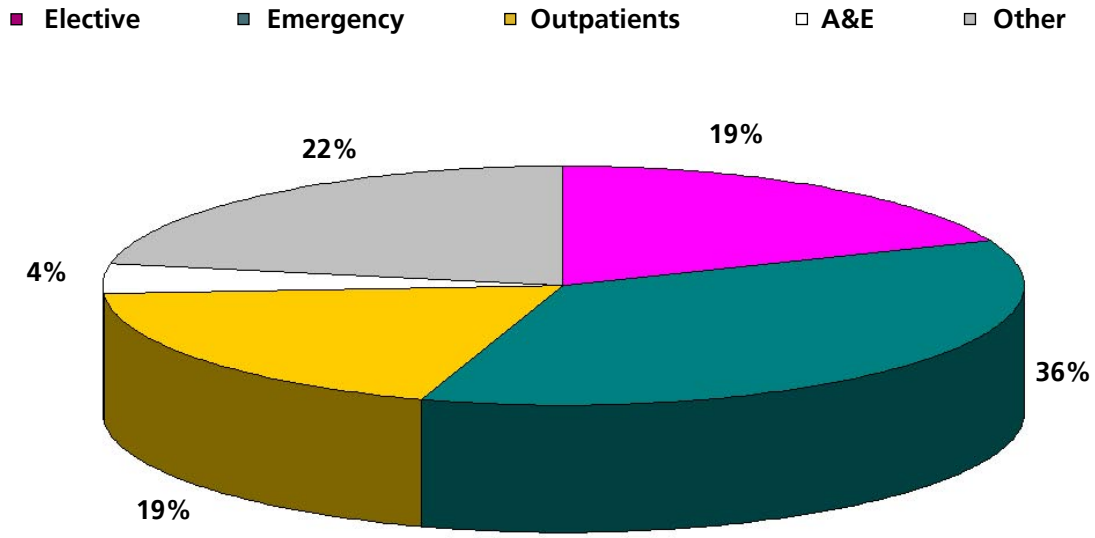
The financial risk rating of 4 represents a financially low risk organisation with a underlying strong financial base. During the year the Trust received approval to borrow £6m to support our capital investment program, £2m of this loan was drawn down in-year requiring us to report against Monitor's Prudential borrowing regime ratios for the first time. All ratios were achieved within a comfortable margin.

	Threshold	Actual
Minimum Dividend Cover	>1	4.82
Minimum Interest Cover	>3	56.71
Minimum Debt Service Cover	>2	41.01
Maximum Debt Service to Revenue	<2.5	0.14%

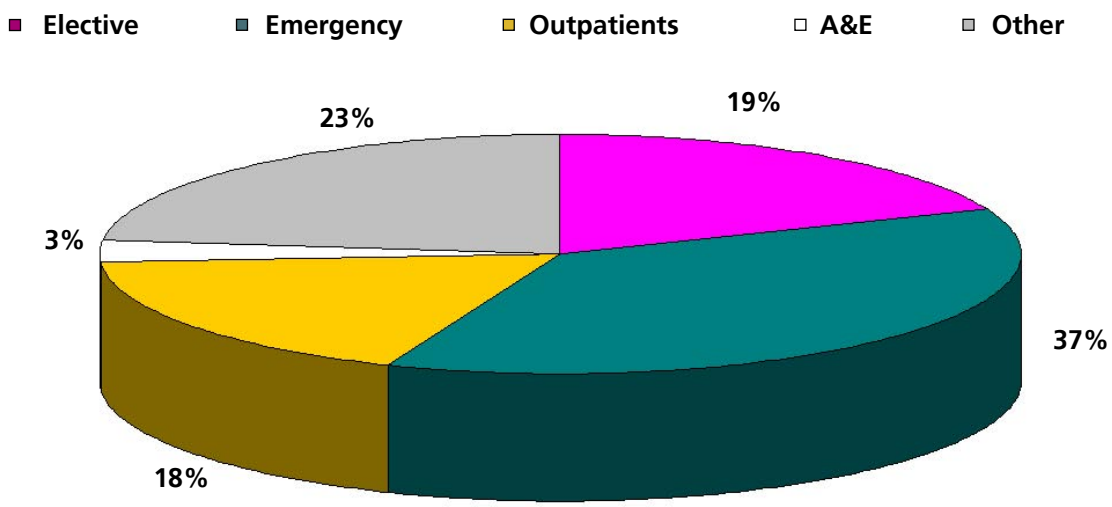
Income Generation

During 2009/10 the Trust received £171.9m, 92% from patient care. For the first time, Welsh Local Health Boards paid for patient activity under the payment by results tariff system resolving many years of differential payment.

Patient Care Income - 2008/09



Patient Care Income - 2009/10



A further £12.9m was generated from training levies, car parking and catering and retail outlets and from providing services to other organisations.

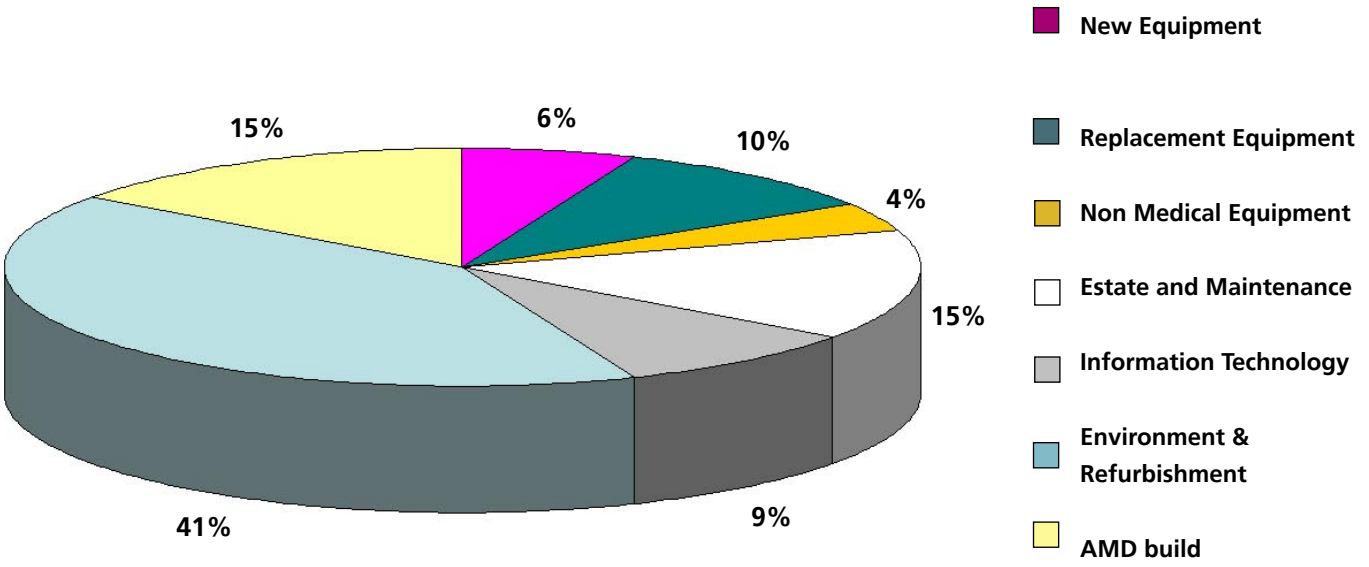
Improving Efficiency and Ensuring Value for Money

Every year we aim to produce better value for every £ we spend through making the most efficient usage of our resources. Each year an efficiency gain is delivered through a deflator applied to the tariff; in 2009/10 a 3% efficiency reduction was built into the tariff which increased by only 1.8% to cover all inflationary costs. In year, £4.3m of recurrent savings were generated through a variety of initiatives and schemes.

Capital Investment

One of our freedoms as a Foundation Trust is to reinvest cash generated from operating surpluses back into the infrastructure and estate of the hospital.

£6.1m was spent on improving our asset base as follows:



Our investment and disposal summary is as follows:

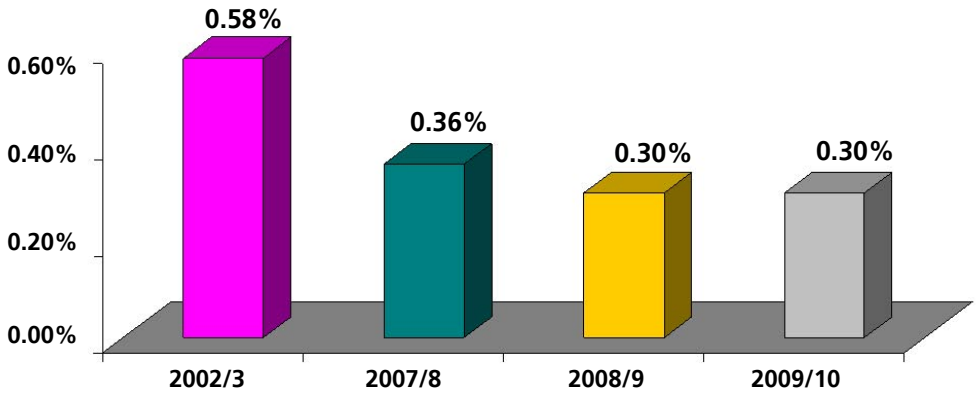
	2008/09	2009/10
Investment in Fixed Assets	£13.1m	£6.1m
Disposal of Unprotected Assets	£0.1m	£0.1m

Private Patient Cap

In accordance with section 15 of the Health and Social care (Community Health and Standards Act 2003) the Trust must not exceed the proportion of income generated from treating private patients compared to total patient income as generated in 2002/03.

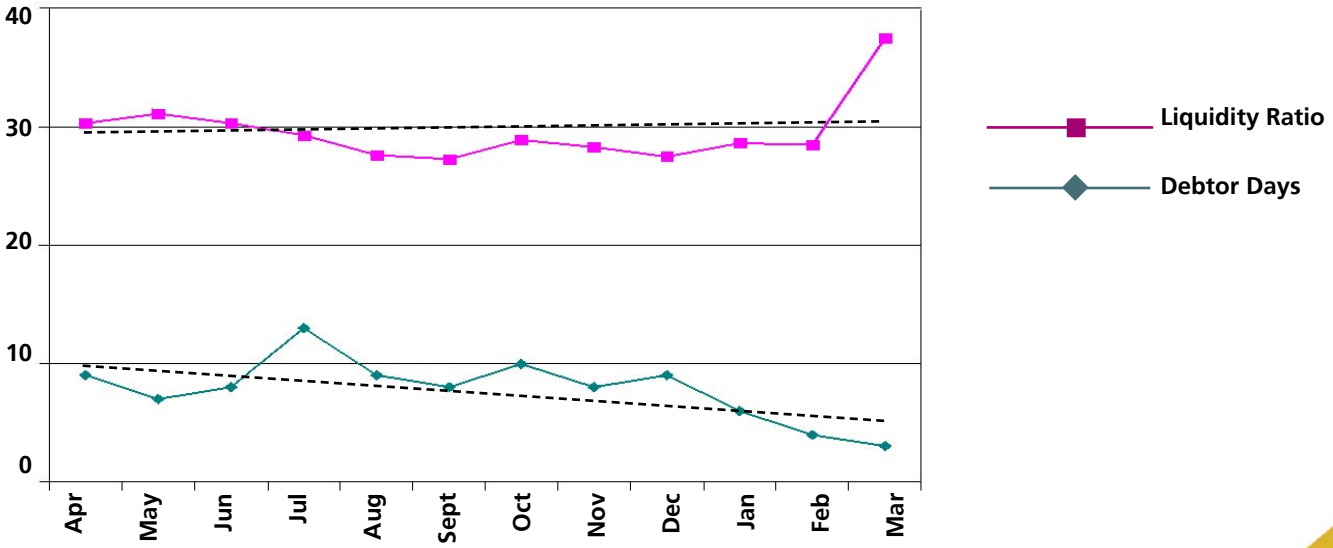
The 2009/10 position is as follows and confirms the Trust met this requirement.

Proportion of Private Income



Working Capital

Throughout the year the Trust had access to a £10m committed 364 day working capital facility. This was not utilised in year but provided cover against risk of changes to our financial position. Liquidity remained high throughout the year and effective debt recovery policies ensured monies owed to the Trust were paid promptly.



Accounting Policies

The Trust prepares the financial statements under direction from Monitor, in accordance with the NHS Foundation Trust Annual Reporting Manual, which is agreed with HM Treasury. This is the first year that the Trust has applied International Financial Reporting Standards, as interpreted by the NHS Foundation Trust Annual Reporting Manual, and full details of the changes required are set out in note 18.1 to the annual accounts.

The new accounting policies are set out in the annual accounts pages 17 to 24, prior year information has been re-stated to be consistent with the new accounting policies. The main areas which required the exercise of judgement are set out in note 1.22 of the annual accounts.

Going Concern

Through the financial statements and financial performance indicators the Trust can demonstrate a strong underlying financial position.

The economic challenges and PCT QIPP plan have resulted in real term reductions in elements of our income; these are factored into our 2010/11 financial strategy. The 2010/11 host contract reflects PbR guidance including minimal payment for additional emergency admissions, we must proactively work with Commissioners to reduce demand to mitigate the risks of high activity and no payments.

The financial strategy reduces our planned surplus from £2.4m to £1.7m, this will maintain our liquidity requirements and support ongoing investment in the infrastructure whilst managing the burden of cost reduction requirement.

We are actively planning to meet the forthcoming financial challenges through the business transformation and longer term cost reduction strategies and have produced a series of financial scenarios to forecast the impact of potential changes. After making enquiries, the Directors have a reasonable expectation that the Countess of Chester Hospital NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concerns basis in preparing the accounts.

Focusing on people

Engaging with staff

The Trust is fully committed to and places a high priority on ensuring effective staff engagement, understanding the potential impact it can have on morale, productivity, organisational performance and patient experience. The Countess Way programme of work to redesign the way we do things at the Countess has been running since January 2009 and has involved staff from a wide cross section of the Trust, seeking views about culture and ways of working.

Based on this feedback the Trust is becoming a values-led organisation placing the emphasis on openness, fairness, consistency and accountability. These values and their underpinning behaviours help set the tone for current and future work practices and provide clear direction to all staff as to the acceptable standards of behaviour in the workplace. They apply to everyone working for the organisation, irrespective of their role, length of service or their level of responsibility. In order to provide the values with an identity, staff have developed an emblem which is our visual representation of these values. In addition the Trust has commissioned a short peer review of our Staff Engagement under the World Class HR programme.

During 2009/10 the Trust undertook a large scale consultation exercise, both informally and formally on the proposed organisation structural redesign. This primarily focused on the proposal to move from 3 traditional clinical divisions of Surgery, Medicine and Women and Children's to 2 clinical divisions namely planned and urgent care. Senior Clinicians and Managers were widely consulted about the proposed changes and staff were kept informed through the Staff Partnership forum and staff bulletins. In addition the Trust consulted on changes to its management structure, staffing levels and roles across all support services. This consultation process was completed in April 2010 and a number of counter proposals were put forward by staff and their representatives. These were accepted where possible and the new structures, including the final structure for the planned and urgent care Divisions are now in the process of being implemented with an effective date of 5th July 2010.

We recognise that there is an ongoing need for further early and meaningful engagement, consultation and negotiation with our staff and their representatives about changes to our core workforce in order to meet the financial challenges of the next few years.

Raising Awareness of Issues

Contributing to and understanding the key aspects of the Trust is critical to our ongoing and future success. The appraisal process aims to link the delivery of corporate objectives and performance targets to individuals and this will be strengthened further during 2010/11. During the year staff were updated on performance issues through a series of formal and informal forums; the Management Board, team and Divisional meetings, general briefings and individual discussions all provided feedback on our progress, areas for review and action plans. The economic outlook will result in risks and challenges and all staff must be aware of the potential impact on services and resources. During the year the Finance Director provided face to face briefings to all interested staff to ensure a common understanding.

A national Staff Opinion Survey is conducted each year by the Trust, the results of which are used by the Care Quality Commission to assess our performance. The Trust uses these results as a measure of staff engagement and in partnership with our Staff Partnership Forum and the Divisions devise action plans to address areas of concern, publishing results and informing staff of progress.

	2008/09		2009/10		Trust Improvement / Deterioration
Response Rate	Trust	National Average	Trust	National Average	
	53%	57%	50%	55%	-3%

	2008/09		2009/10		Trust Improvement / Deterioration
Top 4 Ranking Scores	Trust	National Average	Trust	National Average	
Percentage of staff saying hand washing materials are always available	74%	74%	82%	69%	8%
Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	17%	22%	13%	18%	-4%
Percentage of staff suffering work related stress in last 12 months	24%	27%	22%	28%	-2%
Perceptions of effective action from employer towards violence and harassment	3.64	3.54	3.67	3.55	0.03

	2008/09		2009/10		Trust Improvement / Deterioration
Bottom 4 Ranking Scores	Trust	National Average	Trust	National Average	
Percentage of staff witnessing potentially harmful errors, near misses or incidents in the last month	39%	38%	43%	37%	4%
Percentage of staff reporting errors, near misses or incidents witnessed within the last month	99%	95%	91%	95%	-8%
Percentage of staff experiencing physical violence from patients/ relatives in the last 12 months	13%	12%	13%	11%	-
Percentage of staff agreeing that they have an interesting job	80%	79%	77%	80%	-3%

Areas of Improvement since 2008 survey

The key areas where the Countess of Chester Hospital NHS Foundation Trust has improved from the results of the 2008 survey are as follows:

- Staff receiving support from their immediate managers.
- An increase in the numbers of staff appraised and an increase in the number with personal development plans.

Action plans to address areas of concern

Using the Care Quality Commission Quality and Risk Profile as a measure, four areas have been identified as requiring action plans for improvement:

- Staff experiencing physical violence from patients/ relatives in the last 12 months.
- Staff reporting errors, near misses or incidents.
- Staff receiving job-relevant training, learning or development in the last 12 months.
- Staff feeling there are good opportunities to develop their potential at work.

Initial findings have highlighted the need to regularly inform and remind staff of the process to report and obtain feedback on errors, near misses or incidents, in addition to acknowledging and supporting staff in managing difficult situations. This will be done by utilising all of our communication vehicles. A task and finish group of Staff Partnership Forum and other staff volunteers will develop a communication strategy and agree and monitor formal action plans to address these areas.

Future Engagement Plans

In order to improve staff feedback and complement the National Staff Survey, the Trust plans to put in place regular, short, subject specific surveys of staff throughout the year to order to received a more widely informed analysis of staff feedback. The surveys will be centred around the four Staff Pledges of the NHS Constitution, staff satisfaction, equality and diversity, values and behaviours including responses to the new 'Welcome Day' induction session for new starters. It will be the responsibility of Human Resources to report to the Workforce Committee on progress of the actions plans and the regular surveys in order to monitor staff engagement.

Ensuring Equality and Diversity

Building on the considerable progress made in 2008/09 and its ongoing commitment to embedding the Equality, Diversity and Human Rights principles within the services it provides, the Trust elected to produce a Single Equality Scheme, which was published in December 2009. Addressing our statutory duties in respect of race, disability and gender, it also takes account of our responsibilities in respect of age, sexual orientation, religion or beliefs. Bi-annual reports monitor the implementation and an annual report on the progress of the action plan is produced in December each year and presented to the Board of Directors via the Equality, Diversity and Human Rights Steering Group and Workforce Committee.

The Executive lead for Equality is the Director of Human Resources who chairs the internal Equality, Diversity & Human Rights Steering Group. This Group meets on a quarterly basis to review and evaluate its policies and procedures under the general and specific duties of the Equality Act.

Acting as a forum for performance monitoring the group performs the following:

- Promotes staff awareness of equality, diversity and human rights.
- Facilitates the achievement of the action plan set out in the Trust's Single Equality Scheme.
- Monitors the impact and outcomes of the action plan monitors all Trust policies and procedures by use of equality impact assessments.
- Maintains partnership working with other external organisations in order to share best practice with external organisations on E&D & HR issues.

An exciting recent development has been the establishment of a Local Equality Champions network, in collaboration with NHS Western Cheshire. The self nominated staff keep their work areas informed of recent developments in equality and diversity via team meetings and team briefs. Our Champions have also undertaken a National Certificate in Equality and Diversity, provided by West Cheshire College.

What our workforce looks like

	Staff 2008/09 %		Staff 2009/10	%
Age				
0-16	2	0.06%	2	0.04%
17-21	57	1.75%	55	1.63%
22+	3190	98.20%	3292	98.33%
Ethnicity				
White	2804	86.33%	2957	88.31%
Mixed	16	0.49%	20	0.58%
Asian or Asian British	85	2.62%	87	2.60%
Black or Black British	17	0.51%	17	0.51%
Other	35	1.06%	39	1.15%
Not Specified	292	8.97%	230	6.85%
Gender				
Male	584	17.96%	607	18.12%
Female	2664	82.02%	2742	81.88%
Trans-Gender	0	0.00%	0	0.00%
Recorded Disability	5	0.15%	10	0.30%

Our Future Priorities and Targets

As part of the Single Equality Scheme an action plan has been produced setting out the actions the Trust has taken or will be taking to meet its general and specific duties. The format follows that of the Equality & Human Rights Commission Assessment Framework. The action plan outlines our general duties in respect of procurement, partnerships, disability, gender and race. In addition we have specific actions in relation to disability, gender and race which are detailed in our Single Equality Scheme action plan 2009-2012 which is published on the Trust's internet site.

Performance will be measured against the action plan for the Single Equality Scheme and also against the Equality Performance Improvement Toolkit (EPIT) which sets a number of goals and is overseen by the Care Quality Commission. Currently the Countess of Chester Hospital NHS Foundation Trust is classed as 'developing' under EPIT. There is a plan in place to develop an action group to take the Trust from 'developing' to 'achieving' in the next two years, as part of a contractual obligation with NHS Western Cheshire. Bi-annual reports will be produced along with exception reports for any areas where the action has not been met with an explanation of the reasons.

The annual report on the progress of the action plan is produced in December each year and presented to the Board via the Equality, Diversity and Human Rights Steering Group and Workforce Committee.

Supporting Disabled Staff and Equal Opportunities

The Trust now has a single equality scheme that has been approved by the Board and its equality sub groups including the Disability Group. This scheme has received favourable support from local minority groups and is backed by a robust action plan to improve access to employment and all our services for all disadvantaged groups.

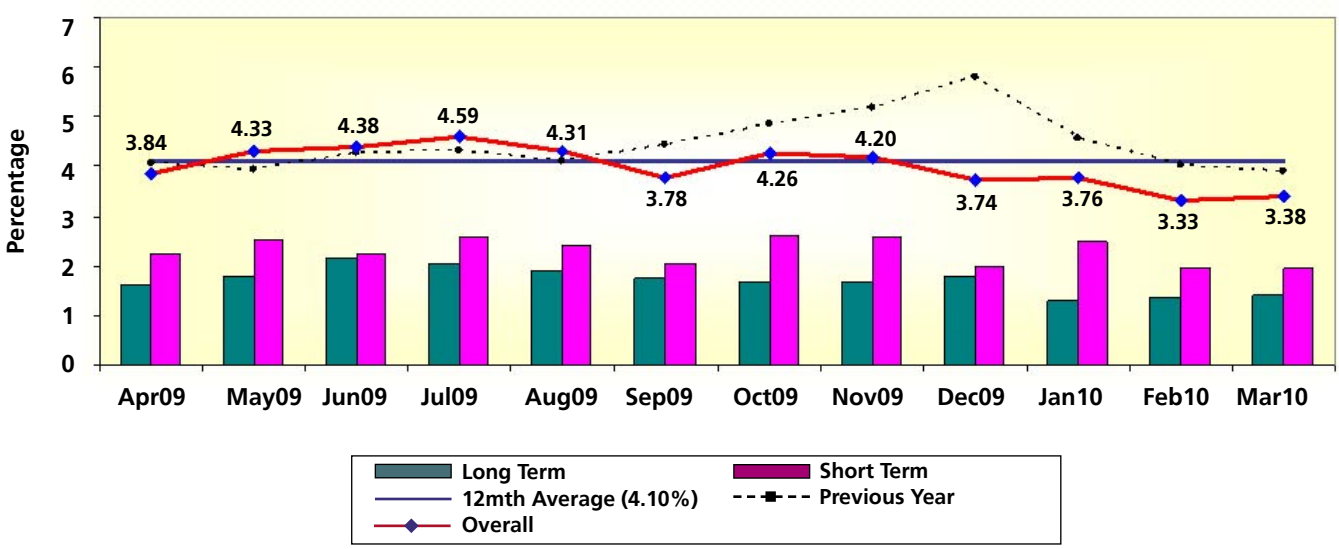
The Trust has maintained accreditation under the two ticks 'positive about disability' scheme.

The Equality Steering Committee, which is Chaired by the Director of HR and reports through the Workforce Committee to the Trust Board receives regular workforce reports on access to employment for disabled and other minority groups and any issues arising.

Managing Sickness Absence

Sickness absence is reviewed by the Board of Directors on a monthly basis. In 2009 the Trust introduced an enhanced Attendance Management policy which was supported by an intensive skills based training programme for all managers. This was supported and developed in consultation with our Occupational Health department. The Trust has been successful in making major, sustainable improvements in sickness absence levels particularly in the second half of the year as shown below.

Sickness Absence Analysis (Target 3.65%, Apr 09 - Mar 10)



Supporting Employee Wellbeing

From April 2009 the Trust launched its in-house occupational health service with the aim of supporting staff and reducing sickness absence through proactively promoting good health and well being. Through the facility staff have access to a range of services including counselling, alternative therapy and the popular 'back to work' service as well as more traditional treatments. During the year, promotions on cycling, '5 a day' and healthy eating supported well being. With both work and non work related stress being the number one reason for sickness absence, a team from the occupational health service developed a new workplace stress risk assessment tool supported by guidance from the Health and Safety Executive. The tool facilitates a rapid and effective assessment of stress have provided managers with the confidence to support staff, manage stress and return to work.

Health and Safety and Mandatory Training

The Trust has robust arrangements for ensuring the health and safety of its staff, patients and members of the public. The Board leads the management of risk supported by our Risk and Health and Safety Group; this multidisciplinary team reviews incidents and control measures and develops effective policies for approval. During the year mandatory training programmes continued covering infection control, safeguarding children, manual handling and fire training with specific training for clinicians. Attendance at mandatory training is monitored and reviewed and this forms part of our recognition as a 'safe' hospital through the clinical negligence scheme for Trusts general accreditation at level 3, level 2 for maternity service.

Public Disclosures

Countering Fraud and Corruption

The NHS Counter Fraud and Security Management Service provide the Trust with a framework to minimise losses through fraud. The Trusts legally binding contract with the PCT requires us to take all necessary steps to counter fraud affecting NHS funded services. The Finance Director is nominated to ensure these requirements are fulfilled and commissions the local Counter Fraud Specialist through Mersey Internal Audit Agency. The Trust's approach to countering fraud is through a proactive fraud awareness culture supported by a counter fraud plan signed off by the Trusts' Audit Committee. The plan is aimed at deterrence, prevention and awareness and is subject to regular review and update to the Audit Committee.

Management Costs

In line with best practice, the Trust continues to monitor expenditure on its management costs in accordance with Department of Health definitions.

The 2009/10 calculation shows we have maintained our percentage spend on providing management support as follows:

2008/09 – 3.9%
2009/10 – 3.9%

Better Payment Practice Code

The code requires that 95% of undisputed invoices are paid within 30 days of receipt.

The Trust maintains excellent performance ensuring the ethical treatment of suppliers:

	2006/07	2007/08	2008/09	2009/10
Volume	97.6%	98.2%	97.3%	97.5%
Value	98.5%	98.8%	98.9%	99.2%

The Trust payment policy ensures that discounts for prompt payment are maintained and that no interest was paid to suppliers under the late Payments of Commercial Debts (Interest) Act 1998.

Cost Allocation and Charging Requirements

The Trust can confirm that it has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance

Protecting Patient Information

Confidentiality and security of patient information is paramount to the Trust and it is essential that we adhere to the Data Protection Act (1998). The Trust continues to review its Information Governance and completed the mandatory Information Governance Toolkit Assessment three times during 2010. During 2009/10 the Trust continued to score 'green' on its self assessment as an indicator of risk and effectiveness against a much more rigorous assessment framework than previous years.

In this year the work to further strengthen and improve Information Governance included:

- General Information Security.
- Information Governance Policies, Procedures and Leaflets.
- Ongoing review Corporate Records and Information Flows.
- Encryption software to 'scramble' patient data on removable devices.

Also in the year the Trust maintained a dedicated telephone line for patients who require further general information or have concerns regarding how the hospital safeguards their patient information.

To further consolidate our information governance training programme, bespoke training continued during this year with dedicated Information Governance training included on our Core Induction Programme supplemented by Computer Based Training.

The Information Governance assurance programme provides assurance to the Board on the management of information risk. During 2009/10 two incidents relating to data security were reported; there were no serious incidents relating to information security.

Personal Data Incidents 2009/10

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	1
V	Other	0

Retirements due to Ill Health

During 2009/10 there were 6 early retirements from the Trust agreed on the grounds of ill health. The estimated additional pension liabilities of these will be £367,000 and will be borne by the NHS Pensions Agency.

Other Disclosures

During 2009/10 no political or charitable donations were made by the Trust.

The Trust takes a very prudent approach to risk and neither buys or sells financial instruments, full details can be found in note 19 to the annual accounts.

Policies applied during the financial year for giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

The Trust has a Disability Discrimination in Employment policy in place to ensure that anyone who applies for a post is not discriminated against nor treated less favourably because of their disability. This takes account of the provisions of the Disability Discrimination Act in addition to the five commitments made as a user of the 'Two Ticks' (Positive about Disabled People) symbol.

In terms of recruitment and selection the Trust ensures that:

- All advertisements specify only those characteristics and qualifications which are truly necessary for the job and which can be justified accordingly.
- Job specifications/job descriptions are a true reflection of the qualities, and abilities required to undertake the job.
- Staff are trained in selection processes to eliminate any questioning or decision which is discriminatory against a disabled candidate.
- It fulfils its commitments as a 'Two Ticks' symbol user by interviewing all applicants with a disability who meet the minimum criteria for a job vacancy and consider them on their abilities.
- Utilising the Access to Work Programme support through the Employment Service and making reasonable adjustments wherever necessary.

Over the last 12 months these provisions have been complied with in approximately 30 instances where job applicants have declared a disability.

Policies applied during the financial year for continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period

The Trust ensures compliance with their Disability Discrimination in Employment policy by adopting procedures that do not allow discrimination against current employees in all aspects of their employment and cross references to other policies such as Attendance Management, Managing Individual Job Performance etc.

Where an existing employee contracts an illness or suffers an accident which leaves them with a mental or physical disability within the meaning of the DDA, the policy requires Managers to determine whether, taking into account the practicality of making 'reasonable adjustment' to the working arrangements, duties or physical features of the workplace, will allow the employee to still be able to do their job. This will include consideration of alternative employment to a suitable role, making reasonable adjustments and utilising the range of assistance available through the various external agencies.

Policies applied during the financial year for the training, career development and promotion of disabled employees

The Trust ensures compliance with their Disability Discrimination in Employment policy by adopting procedures that do not allow discrimination against current employees in all aspects of their employment. The Trust takes all reasonable steps to make adjustments and remove barriers that put disabled workers at a disadvantage including ensuring that training, career development and promotion opportunities are equally available to our disabled employees.

Focusing on the Environment

Sustainability/Climate Change Report

As a core objective the Trust is fully committed to providing sustainable healthcare to the people of Western Cheshire, Ellesmere Port, Neston and North Wales.

The Trust recognises that its activities have an effect on the environment and consequently on the health and well-being of the community that it serves and will always endeavour to control and reduce any negative effects to a minimum.

As well as the obvious direct impact on the environment such as energy waste, waste water and transport, the Trust also recognises the need to consider the indirect effects of its procurement activities, staff, and patient transport.

Sustainability is an important aspect of our services and an effective approach will:

- Identify good practice and reduce any negative impact on the environment.
- Shows the Trust's commitment to good corporate citizenship.
- Measure, monitor and enable the Trust to report on its current position and monitor the progress being made against that baseline.

The overall sustainability strategy of the Trust is contained within a number of Board approved policies, strategies and action plans e.g. including the Environmental Policy, Energy Strategy and Corporate and Social Responsibility action plan. Policy and Strategy are developed, reviewed and continuously monitored by the appropriate governance committees.

Sustainability performance is monitored and managed within existing Trust corporate governance structures. Performance and impact is measured against set targets these can be in the form of outcome measures, for example reduction in the carbon footprint or action measures such as those detailed in the Good Corporate Citizen assessment model which the Trust has adopted.

Within the recently Board approved Energy Strategy the Trust has committed to the following objectives:

- Operating in an energy efficient way to reduce consumption and costs.
- Improve energy efficiency by making the most of the energy used without compromising the comfort of patients, staff and visitors.
- Reduce the environmental impact of our activities and promote good Corporate Citizenship.
- Minimising environmental impacts arising from our energy consumption, finite fossil fuel use, CO2 emissions, waste.

It is the aim of the Trust to manage energy consumption and meets its overall objectives by:

- Purchasing a proportion of green energy generated from renewable sources.
- Increasing energy efficiency through schemes and education.
- Reducing relative CO2 emissions.
- Investing in new technology where this meets investment criteria including renewable energy sources.
- Considering life cycle energy costs when procuring new projects.
- Purchasing energy-efficient plant and equipment.
- Meeting and improving on NHS energy targets (the overall carbon reduction target for the NHS is 10% decrease from 2007 to 2015 see Saving Carbon Improving Health Document).

Area	Non-financial data (applicable metric) 2008/09	Non-financial data (applicable metric) 2009/10		Financial data (£k) 2008/09	Financial data (£k) 2009/10
Waste Minimisation and Management • Absolute values for total amount of waste produced by the Trust • Methods of disposal (optional)	470,822 Cardboard & paper 100% recycled Domestic waste 70% recycled	485,464 Cardboard & paper 100% recycled Domestic waste 70% recycled	• Expenditure On waste disposal	342,349	407,757
Finite Resources • Water • Electricity • Gas • Other/Oil Energy Consumption	102,502 48,097 69,200	90,542 17,112 138,971*	• Water • Electricity • Gas • Other/Oil Energy Consumption	192,344 1,439,780 487,747 9,132	165,796 407,633 753,546 41,389

* Combined Heat and Power Plant was installed April 2009

Future Priorities and Targets

As part of the overall sustainability programme The Trust is looking forward to participating in the Carbon Trust's NHS Carbon Management Programme. We expect this programme to contribute considerably towards the development and implementation of our policies relating to carbon management and sustainability.

We have identified our main objectives as:

- To encourage an inclusive Trust approach to carbon management.
- To adopt measurable targets in reducing carbon.
- Sustainability is one of the key objectives within the Trust.

Support for this programme has Board approval and the Trust will be working in partnership with the Carbon Trust to develop a carbon management programme. This programme will embed carbon management within the ethos of the Trust. The Trust is also linking up with Cheshire and Warrington NHS Sustainability Group to expand its thinking on sustainability matters

Last year the Trust installed a combined heat and power plant which is facilitating an overall reduction in our carbon footprint by approximately 1,600 tonnes of CO2 per annum.

The Trust has a four year infrastructure backlog maintenance plan and this year plans to spend £1.7m with an emphasis on replacing redundant plant with highly efficient alternatives and equipment.

We will continue our registration with the Environment Agency for mandatory inclusion in the Carbon Reduction Strategy, Energy Efficiency Scheme which started in April 2010.

Corporate Social Responsibility Programme

During the year good progress was made with our corporate social responsibility agenda. We were designated as part of the 'Cycle to Work' guarantee scheme and have seen real improvements in a number of areas.

The Trust made significant investment in cycling infrastructure to support its inclusion in the Department of Transport's cycle to work scheme. We increased the number of cycle parking spaces to 133 and saw a 81% uptake in Cycle2Work applications; During Bike Week 2009; a community Police Officer set up a security engraving stall and security marked 30 bicycles over two days. The National NHS Cycling Group (NHS SPOKES) is chaired by one of our staff ensuring this important 'green' initiative maintains its profile.

Our tender documents now include as standard items on environmental issues, sustainability and equality and diversity.

Delivery mileage further reduced by a further 10,844 miles per annum through the utilisation of our distributor contracts and award of contracts to local suppliers.

Encouraging Small and Medium Enterprises (SMEs) to participate in competitive processes by advertising opportunities on Supply 2 Gov website.

Trust has signed up to the Carbon Reduction Commitment pilot phase and is producing a carbon action plan.

Postal Services
As a world leader in sustainability, TNT Post has developed the first carbon neutral initiative for addressed mail in conjunction with The Carbon Neutral Company, creating benefits for both our customers and the environment.

The service is made up of 4 elements – carbon evaluation, offset and the use of a Carbon Neutral indicia, or logo, that signifies a mailing is carbon neutral. Further information may be found at www.tntpost.co.uk

Other Information

Accounting information

The accounts are independently audited by KPMG as our external auditors in accordance with the NHS Act 2006 and Monitors' Code of Audit Practice. As far as the Directors are aware all relevant audit information has been fully disclosed to the auditors and no relevant audit information has been withheld or made unavailable nor have any undisclosed post balance sheet events occurred.

The management of risk is a key function of the Board; the Trust seeks to minimise all types of service, operational and financial risk through the Board Assurance Framework which is subject to regular review and audit.

The Foundation Trust as a legal entity

The Countess of Chester Hospital NHS Foundation Trust was one of the first 10 Foundation Trusts founded in 2004 under the Health and Social Care (Community Health and Standards) Act 2003.

Accounting Statement

Accounting policies for pensions and other retirement benefits are set out in note 1.3 of the Annual Accounts and details of senior employees remuneration is found on page 44-46.

External Auditors

The Trusts' external auditor is KPMG, the external audit fee was £51,000 and the audit was carried out in accordance with Monitors Audit Code.

Focusing on Governance

The NHS Foundation Trust Code of Governance

The Board of Directors places much emphasis on ensuring our governance is effective and robust and we are working in line with best practice; the Code of Governance provides the structure to support the many aspects of an effective Board.

During the year the Trust Secretary reviews our compliance against the Code taking action as required to confirm ongoing compliance. A revised Code was issued in March 2010 and its requirements will be implemented during 2010.

The Trust confirms that it is fully compliant with the provisions of the code.

Board of Governors

The Board of Directors provide active leadership of the Trust within a governance framework of prudent and effective controls which enables risk to be assessed and managed. The Governors act in the best interests of the Trust and adhere to its values and code of conduct. The Board of Governors hold the Board of Directors to account by analysis of the integrated performance reports that they receive, challenging assumptions and raising questions as appropriate. In addition to the formal quarterly meetings of the Board of Governors and the Annual Members' meeting the Governors hold a Strategy and General Purposes Committee meeting twice a month which the Chairman and Foundation Trust Secretary attend on every occasion. At this meeting the Governors receive an update on Trust matters and have the opportunity to raise any issues on behalf of the Trust membership.

There is a standing agenda item at all Board of Directors' meetings for the Foundation Trust Secretary to report to the Board on Governor matters.

At the Board of Governors' meetings which are also attended by members of the Board of Directors, there are interactive sessions where Governors hold the Board to account and provide feedback from the membership on the quality of our services received by members.

The Board of Directors may delegate any of its powers to a Committee of Directors or to an Executive Director. The Board has reserved the issues set out in its Scheme of Reservation and Delegation and further guidance on the operation of the Trust is set out in the Standing Orders and Standing Financial Instructions.

The main decisions taken by the Board of Directors include those relating to:

- Strategic direction and policy determination.
- Actions required to address significant performance issues.
- Governance and compliance arrangements.
- Major business cases for capital or revenue investment.
- The annual plan, financial strategy and annual report.
- The acquisition, disposal or change of land or buildings.
- Private Finance Initiative proposals.
- Major contracts.
- Risk, clinical governance standards and policies.
- The constitution, terms of authorisation and working arrangements of its committees.
- Approval of standing orders, standing financial instructions and schemes of reservation and delegation.
- Arrangements for the Trust's responsibilities as a corporate trustee for its charitable funds.

The types of decisions taken by the Board of Governors include:

- Appoint and if appropriate remove the Chair.
- Appoint and if appropriate remove the other Non Executive Directors.
- Decide the remuneration and allowances, and the other terms and conditions of office, of the chair and the other Non-Executive Directors.
- Approve the appointment of the Chief Executive.
- Appoint and, if appropriate, remove the NHS Foundation Trust's Auditor; and
- To agree the Trust's membership strategy, and its policy for the composition of the Board of Governors.

Composition of Board of Governors

The total number of Governors is 29 as follows:

Chester & Rural Cheshire	8
Ellesmere Port & Neston	4
Flintshire	3
Out of area	1
Staff	5
Partnership Organisations	8
Total number of Governors	**29**

There are two vacancies to be filled in respect of the Partnership Organisations.

The membership of the Board of Governors during 2009/10, whether they were elected or appointed and their length of tenure, is as follows:-

Governor	Term of Office
Public - Chester and Rural Cheshire	
Mr Thomas Bateman	Elected October 2009 for 3 years until October 2012
Mrs Elizabeth Bott	3 years until October 2011
Mrs Helen Clifton	Re-elected for a 2nd term of office - 3 years until October 2011
Mrs Sue Elphick	3 years until October 2011
Mr David Mottershead	3 years until October 2011 (Died 28th January 2010)
Mr George Potter	Re-elected for a 2nd term of office - 3 years until October 2012
Mr Gareth Pritchard	3 years until October 2010 Resigned 2009
Mr Stanley Skyrme	Re-elected for a 3rd term 3 years until October 2012
Mr Richard Taylor	3 years until October 2010
Public - Ellesmere Port & Neston	
Mrs Pat Clare	Re-elected for a 2nd term 3 years until October 2010
Mr Stan France	Re-elected for a 2nd term 3 years until October 2012
Mr Keith Higham	Re-elected 2nd term 3 years until October 2011
Miss Sue Kettle	Re-elected for a 2nd term 3 years until October 2012
Public – Flintshire	
Mr Gordon Donaldson	Re-elected for a 2nd term3 years until October 2010
Mr Barry Harrison	3 years until October 2012
Mrs Eleanor Hornsby	3 years until October 2011
Mrs Liz Kevan	3 years until October 2009
Mr Eric Huntington	3 years until October 2009

Youth Governors (Two youth members job share the role of Youth Governor)	
Miss Grace Langan	Appointed October 2008 (Term of office expired October 2009)
Miss Kate Bernie	Appointed October 2008 (Term of office expired October 2009)
Miss Harriet Walker	Appointed October 2009
Partnership Organisations	
Mr Michael Hemmerdinger Voluntary Services	Re-appointed for 2nd term of office until December 2011
Mrs Dorothy Marriss University of Chester	Appointed October 2004
Mrs Eileen Prestidge Flintshire CHC	Appointed October 2004 (Term of Office expired February 2010)
Mrs Sheryl Bailey Western Cheshire PCT	Appointed September 2009
Mr Robert Tinston Western Cheshire PCT	Appointed October 2006 (Term of Office expired September 2009)
Cllr Alan Mckie Cheshire West and Chester Council	Appointed September 2009
Staff	
Mrs Millie Bradshaw	Re-elected for a 2nd term 3 years until 2010
Miss Debbie Fell	Elected until October 2012
Mr Ian Harvey	Elected until October 2012
Mrs Lynne Podmore	Elected until October 2009
Mrs Claire Raggett	Elected until October 2012
Ms Heather Shilliday	Re-elected for a 2nd term 3 years until October 2010 (Resigned October 2009)
Mrs Sue Sheldon	Elected until October 2012 (Resigned March 2010)

Election of Board of Governors

Elections were held in October 2009 in the following public constituencies:

Chester & Rural Cheshire – 1 Governor elected, 2 Governors re-elected
Flintshire – 1 Governor elected
Ellesmere Port & Neston – 2 Governors re-elected (unopposed)

The election turnout was as follows:

Chester & Rural Cheshire – 31.4%
Flintshire – 30.1%

The Board confirm that elections are held in accordance with the election rules stated in the Trust constitution.

Attendance at Board of Governors' Meetings

There have been five Board of Governors' meetings held during 2009/10 and the attendance by Governors are given below:

No. of meetings held in 2009/10	5
Board of Governors	
Mrs Sheryl Bailey	3/3
Mr Thomas Bateman	2/2**
Mrs Elizabeth Bott	5/5
Mrs Millie Bradshaw	3/5
Mrs Pat Clare	4/5
Mrs Helen Clifton	4/5
Mrs Sue Elphick	2/5
Mr Gordon Donaldson	5/5
Mr Stan France	1/5
Mr Barry Harrison	2/2**
Mr Ian Harvey	0/5
Mr Michael Hemmerdinger	5/5
Mr Keith Higham	3/5
Mrs Eleanor Hornsby	5/5
Mr Eric Huntington	2/3*
Miss Sue Kettle	5/5
Mrs Liz Kevan	3/3*
Mrs Dorothy Marriss	2/5
Cllr A Mckie	2/3
Mr David Mottershead	4/5***
Mrs Lynne Podmore	3/3*
Mr George Potter	4/5
Mrs Eileen Prestidge	4/5

No. of meetings held in 2009/10	5
Board of Governors	
Mr Gareth Pritchard	Resigned
Ms Heather Shilliday	Resigned
Mr Stanley Skyrme	5/5
Mr Richard Taylor	4/5
Mrs Claire Raggett	2/2**
Mr Robert Tinston	0/2****
Miss Harriett Walker	2/2**
Board of Directors attendance at Board of Governors' meetings	
Sir James Sharples, Chairman	5/5
Mr Peter Herring, Chief Executive	5/5
Mrs Jane Tomkinson, Director of Finance and Compliance/Deputy Chief Executive	5/5
Mrs Gaynor Hales, Director of Nursing, Quality and Environment	2/5
Dr V Clough, Medical Director	5/5
Mr T Lynch, Director of Operations	5/5
Mrs Debbie Fryer	2/5
Mr Alastair Findlay, Non Executive Director	2/5
Dr Gerald Levy, Non Executive Director	1/5
Mrs Samantha Dixon, Non Executive Director	2/5
Mrs Sarah Goulbourne, Non Executive Director	2/5
Mrs Wendy Williams, Non Executive Director	3/5

* Terms of office expired Oct 2009
** Elected October 2009
*** Deceased
**** Ill Health

Summary of Declaration of Interests of Governors

The register of Declaration of Interests is held by the Company Secretary, and can be accessed by contacting Mr Stephen Cross. Telephone – 01244 365816 or email stephen.cross@coch.nhs.uk

The Board of Directors have received information on the views of the Governors and Members about the Trust and its services in the following ways:

- Regular attendance at the Board of Governors' meetings.
- Joint workshops of the two Boards
- Regular attendance at Board of Governors' Strategy and General Purposes Committee meetings.
- Discussion at Annual Members' Meetings.
- Receipt of reports from the Company Secretary at each of the Board of Directors' meetings.
- Joint presentations to and feedback from Community Organisations.

Annual
Report
2009/2010

Board of Directors

The composition of the Board of Directors during 2009/10 was as follows:

Chairman
Sir James Sharples – re-appointed on 1st July 2008 for an initial term of 3 years. The Board of Governors at its meeting on 22nd April 2008 approved the re-appointment of Sir James for a second term of office for three years with effect from 1st July 2008.

Deputy Chairman
Alastair Findlay – Appointed 7th March 2006 and re-appointed 1st April 2008

Senior Independent Director
Alastair Findlay – Appointed 5th June 2007 and re-appointed 1st April 2008.

Non Executive Directors

Samantha Dixon
Dr Gerald Levy
Alastair Findlay
Wendy Williams
Sarah Jane Goulbourne

Executive Directors

Peter Herring – Chief Executive
Jane Tomkinson – Deputy Chief Executive and Director of Finance and Compliance
Dr Virginia Clough – Medical Director
Tim Lynch – Director of Operations
Gaynor Hales – Director of Nursing, Quality and Environment
Debbie Fryer – Director of Human Resources (non voting)

Attendance at Board of Directors and Board Committee meetings

Attendance at the 15 Board meetings held during 2009/10 and various Board Committees was as follows:

	Board of Directors	Audit Committee	Finance Committee	Workforce Development Committee	Remuneration Committee
No. of Meetings held for 2009/10	15	5	4	5	1
Sir James Sharples	15	-	4	-	1
Peter Herring	15	5*	2	-	1
Jane Tomkinson	14	5*	4	-	-
Virginia Clough	15	-	3	-	-
Tim Lynch	14	-	-	-	-
Gaynor Hales	13	-	-	-	-
Debbie Fryer*	8	-	-	5	-
Alastair Findlay	14	5	4	-	1
Samantha Dixon	14	4	-	-	1
Gerald Levy	14	-	-	2*	1
Wendy Williams	15	5	-	4	1
Sarah Goulbourne	12	5	-	-	1

*** Non voting**

Non Executive Directors

Samantha Dixon – Re-appointed for a 3rd term of office by the Board of Governors with effect from September 2009.
Dr Gerald Levy – Re-appointed for a 3rd term of office by the Board of Governors with effect from December 2007.
Alastair Findlay – Re-appointed for a 2nd term of office by the Board of Governors for a further three years with effect from 1st April 2008.
Wendy Williams – Re-appointed for a 2nd term of office by the Board of Governors with effect from 1st November 2008.
Sarah Jane Goulbourne – Re-appointed for a 2nd term of office by the Board of Governors with effect from 1st November 2008.

Background of the Board Members

Sir James Sharples QPM DL – Chairman

Sir James was appointed to the Trust in January 2001 as a Non-Executive Director and was subsequently appointed by the Board of Governors as Chairman of the Trust on 1st July 2005 and 22nd April 2008 for a further three year term of office. He served as a police officer for 35 years, retiring in 1998 after ten years as Chief Constable of Merseyside Police. During that period he was involved at national level in the development of policing policy and has extensive experience of the local and national government scene. He was heavily involved in developing policy in the field of community relations, equal opportunities and firearms. Jim has held a number of posts in various bodies. He was County Director of the St John's Ambulance Service for Merseyside, a Council member of the Economic and Social Research Council, and other bodies.

Peter Herring – Chief Executive

Peter Herring took over as Chief Executive of the Trust in May 2000. He started his career in local government and qualified as an accountant before moving to the NHS in 1980. Peter has held a number of senior posts including Deputy Regional Treasurer at Mersey Regional Health Authority, District Treasurer and Deputy General Manager of St. Helens & Knowsley Health Authority and Director of Finance and General Manager of St. Helens & Knowsley Hospitals Trust. Prior to moving to the Countess of Chester Hospital, he was Chief Executive of Liverpool Women's Hospital for six years.

Jane Tomkinson – Deputy Chief Executive and Director of Finance and Compliance

Jane commenced her career in finance in 1983 in local government. After qualifying as an accountant, she held a number of senior positions in local government. In 1990 she joined the NHS working in the Sunderland Royal Infirmary and City Hospitals Sunderland. She was appointed to the Countess as Deputy Director of Finance in 1998 and then Director of Finance in 2002. Jane was awarded an MBA from Keele University in 2002. She was appointed Deputy Chief Executive in 2004. Jane was awarded Director of Finance of the Year in the HFMA annual awards for 2007/8.

Dr Virginia Clough – Medical Director

Dr Clough has been a Consultant Haematologist in the Trust since 1984. She became Medical Director and Director of Infection Prevention & Control in April 2008.

Hospital Acquired Infection rates for MRSA and C difficile have fallen markedly due to the infection control measures she has instituted since that time.

Dr Clough is chair of the Clinical Excellence Awards Committee.

Dr Clough is a member of the British Association of Medical Managers and has been closely involved in the work being done to prepare for Responsible Officer status. She has introduced a strengthened appraisal process for doctors employed by the Trust.

Her other interest include membership of the Thrombosis Team of the Trust and she is clinical champion for the patient safety initiative to reduce incidence of deep vein thrombosis and pulmonary embolism for all inpatients. The Trust has been recognised nationally as an exemplar site, and she is frequently involved in teaching on the subject within the North West region.

Gaynor Hales – Director of Nursing, Quality and Environment

Gaynor has a wide variety of experience within the NHS. Following completion of her training she progressed from staff nurse to sister at Broadgreen Hospital moving in 1996 to Southport and Formby NHS Trust to manage their spinal injuries unit. Whilst undertaking this role she was also the professional development manager for the trust. Gaynor joined the Countess in 2000 as the Deputy Director of Nursing and was appointed as Director of Nursing and Midwifery in 2002, she has progressed this role and undertaken a number of responsibilities including the executive lead for the medical division. She is currently responsible for nursing, quality and the environment, her post is integral to improvement in patient care ensuring the implementation and monitoring of the Trust's quality improvement programme. Gaynor is also the Trust lead for all capital development projects.

Tim Lynch – Director of Operational Services

Tim joined the Trust in October 2008. His NHS career began in 1982 and Tim has held various operational, training and managerial roles within ambulance, acute and community settings. He achieved his first Board level post in 1997 and prior to joining the Countess had been an Ambulance Trust Chief Executive for four years.

Alastair Findlay – Non-Executive Director & Vice Chairman, Senior Independent Director

Alastair Findlay took up the role of Non-Executive Director on 1st April 2005. Alastair is a chartered accountant. After a career as an investment banker in London, he spent ten years as Finance Director of The Mersey Docks and Harbour Company, a stock exchange listed company based in Liverpool. He left Mersey Docks at the end of 2005 after its acquisition by a privately owned group. Alastair has expertise and experience in corporate financial matters, corporate governance including investor relations, acquisitions & disposals and pensions. Alastair was until recently an independent director of the trustees of the AMEC plc Staff and Executive pension funds and is Chairman of Skipton Building Society.

Sarah Goulbourne – Non-Executive Director

Mrs Sarah Goulbourne joined the Board in November 2005. Sarah was educated locally and, after reading law at university in London, she attended Law school in Chester and qualified as a solicitor. She has worked in the legal sector in the North West both in industry and private practice. She is currently Managing Director of a legal practice in Wrexham.

Dr Gerald Levy – Non-Executive Director

Dr Gerald Levy joined the Board in December 2000. A management psychologist by training, he was formerly Director of MBA programmes at the Liverpool Business School. During this time he was involved in the post-graduate education of some 900 NHS and private sector managers, as well as working with many large companies both in the UK and overseas. He has a special interest in people in organisations and strategy and has written extensively in these areas. Due to ill health Gerald retired from John Moores University in February 2000 but still actively undertakes academic research and publishing.

Samantha Dixon – Non-Executive Director

Mrs Samantha Dixon lives in Upton, Chester. She was brought up locally and has lived and worked in the area for most of her life. Her background is in press and public relations most notably working for international fine art auctioneers Sothebys at their New Bond Street Salerooms. She is now a full-time mother with three daughters, all born at the Countess of Chester Hospital. Samantha was appointed in 2002 and will be serving on the Board of Directors until September 2011.

Wendy Williams – Non-Executive Director

Mrs Wendy Williams joined the Board in November 2005. Wendy was educated locally and at University in Liverpool. She has twenty years' senior level experience as an HR and Change Director in large organisations – nationally and internationally, in both private and public sector. Wendy was previously a Non-Executive Director in a Liverpool NHS Trust, a position she held for six years. She is Managing Director of her own consultancy that specialises in executive coaching, outplacement and organisational change.

The Trust recognises that the Board of Directors should provide a portfolio of skills and expertise to reflect the business, patient care and clinical requirements of a high performing and effective organisation. The Board members provide a breadth of public and private sector expertise at executive levels and provide a mix of gender and age profiles. These requirements are periodically reviewed.

The Board of Directors have developed a robust review process for evaluating its committees. The Chair of the audit and finance committees prepares an annual evaluation of the work undertaken during the year end, and review attendees at each meeting; additionally the terms of reference are reviewed annually and updated to reflect changes in the operating environment and best practice. These reviews are presented to the Board of Directors. The process for evaluating the performance of the Board of Directors has been developed, drawing on a number of models used in the private and public sectors. We have been assisted in this process by a leading authority on Governance issues and effective Boards, Professor Bob Garratt of Cass Business School and Professor Paul Argenti of Dartmouth Tuck Business School, USA. This is an on-going developmental process for a Board effectiveness programme.

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

Summary of Declaration of Interests of Directors

The register of Declaration of Interests is held by the Company Secretary and can be accessed by contacting Mr Stephen Cross.
Telephone – 01244 365816 or email stephen.cross@coch.nhs.uk

The Chairman has no other significant commitments.

Audit Commitee

The Audit Committee consists of four independent Non-executive Directors, one of whom is a qualified accountant and Chair of the Committee: Mr A Findlay, Mrs W Williams, Mrs S Dixon and Mrs S Goulbourne.

A number of other Directors and senior staff regularly attend the committee as does internal and external audit.

The overall purpose of the Trust's Audit Committee is to review the establishment's effectiveness and maintenance of the Trust's system of internal control and risk management. Private meetings with either internal or external audit are held after each committee.

During 2009/10 the Committee met on these occasions with the following attendance:

Date of meeting	Chairman of Audit Committee Mr A Findlay	Non-Executive Director Mrs W Williams	Non-Executive Director Mrs S Dixon	Non-Executive Director Mrs S Goulbourne
21/4/09	✓	✓	✓	✓
28/5/09	✓	✓	✓	✓
7/10/09	✓	✓	✓	✓
28/1/10	✓	✓	x	✓
20/4/10	✓	✓	✓	✓

During the year the Committee undertook the following in discharging its responsibilities:

- Reviewed the statement on internal control and supporting assurance processes in conjunction with the audit opinion.
- Approved a risk based internal audit plan and actively reviewed the findings of all audits.
- Approved the plan and reviewed the work of the Trust's local counter fraud specialist.
- Reviewed and approved the updated corporate governance manual covering standing orders, standing financial instructions and scheme of delegation.
- Agreed the nature and scope of the external audit plan and reviewed the reports, recommendations and management responses.
- Reviewed the Trusts annual financial statements and recommended their adoption of the Board of Directors.
- Reviewed the effectiveness of the Committee using an independent framework.
- Approved bad debt write offs and contract extensions/tender waivers.

The audit firm provided some advisory and review work during the year; this work was undertaken by staff outside the audit team.

Any work agreed outside the audit plan is subject to approval by the Audit Committee in accordance with the non audit services policy and all additional work provided in year was undertaken in accordance with this policy.

Nominations Committee

There have been no new appointments in relation to the Chairman and Non Executive Directors and therefore the Nominations Committee has not met during 2009/10. When it is necessary to appoint a Nominations Committee expressions of interest will be invited from relevant parties.

Membership

The members of the Foundation Trust are those individuals whose names are entered in the register of members. Every member is either a member of one of the public constituencies or a member of one of the classes of staff constituency. Membership is open to any individual who is over sixteen years of age.

Public Membership

There are four public constituencies:

Chester & Rural Cheshire
Ellesmere Port & Neston
Flintshire
Wider Area

Membership of a public constituency is open to individuals:

- Who live in the relevant area of the Foundation Trust;
- Who are not a member of another public constituency, and
- Who are not eligible to be members of any of the classes of the staff constituency.

Staff Membership

The staff constituency is divided into four classes as follows:

- Doctors
- Nursing and midwifery
- Allied healthcare professionals and technical/scientific
- Other

Membership of one of the classes of the staff constituency is open to individuals:

- Who are employed under a contract of employment by the Foundation Trust and who either:
- Are employed by the Foundation Trust under a contract of employment which has no fixed term or a fixed term of at least 12 months, or
- Who have been continuously employed by the Foundation Trust or the NHS Trust for at least 12 months; or
- Who are not so employed but who nevertheless exercise functions for the purposes of the Foundation Trust and who have exercised the functions for the purposes of the Foundation Trust for at least 12 months. For the avoidance of doubt, this does not include those who assist or provide services to the Foundation Trust on a voluntary basis.

A person may not become a member of the Foundation Trust if within the last five years they have been ivolved as a perpetrator in a serious incident of violence at the Hospital or its facilities or against any of the Foundation Trust's employees or other persons who exercise functions for the purposes of the Foundation Trust, or against registered volunteers.

Membership size and movements

Membership changes in the previous year and those estimated for 20010/11 are shown below:

Membership size and movements		
Public Constituency	**Last year (2009/10)**	**Next year (estimated 2010/11)**
At year start (1st April)	6.468	7,566
New Members	1,277	906
Members Leaving	179	150
At year end (31st March)	7,566	8,322
It is the Trust's intention to increase growth in public membership by 10%. The Trust will focus on developing a quality membership by diversity, age and gender for 2010/11.		
Staff Constituency	**Last year (2009/10)**	**Next year (estimated 2010/11)**
At year start (1st April)	2916	2916
New Members	-	200
Members Leaving	-	200
At year end (31st March)	2916	2916

Membership Strategy

The 2009/10 target for 10% increase in membership was achieved. The target for an increase in public membership for 2010/11 is 10% which will take the total membership to just over 11,238 members. The strategy will focus on under-represented parts of our population.

Membership Review

The mechanism by which the Board review membership plans, growth and engagement during year is through the integrated performance report and a report of the Foundation Trust Secretary at each Board meeting. These reports are also provided to each Board of Governors' meetings.

Current and Future Engagement with Members

The Trust has engaged with its members via the following:

- Governor roadshows in each constituency
- Foundation Feedback quarterly magazine
- Local newspaper 'Wrap Rounds'
- Patient interest groups
- Surveys
- Trust Website
- Presentations to community organisations
- Weekly recruitment sessions
- Participating in Governor elections

It is also planned to launch an interactive focus group in June 2010 of around 100 of the Trust membership to communicate by email on the clinical priorities of the Trust and create a Governor's 'Quality' Committee to inform the Quality Accounts.

Contact for members to communicate with Governors and Directors is available on the website and contact details are also available in the Foundation Trust's Feedback magazine circulated to all members three times per year.

Remuneration Report

The remuneration and conditions of service of the Chief Executive and Executive Directors are determined by a Remuneration Committee, comprising membership as below.

Chair – Sir James Sharples, Chairman
Alastair Findlay, Non-Executive Director
Wendy Williams, Non-Executive Director
Samantha Dixon, Non-Executive Director
Sarah Jane Goulbourne, Non-Executive Director
Gerald Levy, Non-Executive Director

The Remuneration Committee is formed as and when required. On 2nd June 2009 the Remuneration Committee met, with all members present, to review the annual inflation uplift of the Executive Directors. The Foundation Trust Secretary, provided advice to the Committee.

In considering the Executive Directors remuneration the Committee take into account the national inflationary uplifts recommended for other NHS staff, any variation in or change to the responsibility of Executive Directors and relevant benchmarking with other NHS and public sector posts.

The performance of Executive Directors and the Chief Executive is discussed at Remuneration Committee. Executive Directors are subject to annual appraisal by the Chief Executive who is himself appraised by the Chairman. The contracts of employment of all Executive Directors, including the Chief Executive, are permanent and are subject to six months notice of termination. No performance-related pay scheme (e.g. pay progression or bonuses) is currently in operation within the Trust and there are no special provisions regarding early termination of employment.

All other senior managers are subject to Agenda for Change pay rates, terms and conditions of service, which are determined nationally.

Peter Herring – Chief Executive

Salary and Pension Entitlements of Senior Managers 2009/10

	Salary (bands of £5,000) 2009/10 £000	Other Remuneration (bands of £5,000) 2009/10 £000	Benefits in kind (to nearest £100) 2009/10 £	Salary (bands of £5,000) 2008/09 £000	Other Remuneration (bands of £5,000) 2008/09 £000	Benefits in kind (to nearest £100) 2008/09 £
Name and Title:						
Mr Peter Herring – Chief Executive	**150-155**	**-**	**-**	145-150	-	-
Mrs Jane Tomkinson – Deputy Chief Executive and Director of Finance & Compliance	**125-130**	**-**	**-**	125-130	-	-
Dr Virginia Clough – Medical Director	**95-100**	**95-100**	**-**	40-45	140-145	-
Mrs Gaynor Hales – Director of Nursing, Quality and Environment	**100-105**	**-**	**-**	85-90	-	-
Mr Tim Lynch – Director of Operational Services	**105-110**	**-**	**-**	50-55	-	-
Mrs Debbie Fryer – Director of Human Resources (from 1 April 2009 – non voting)	**85-90**	**-**	**-**	0-5	-	-
Mrs Carole Spencer - Director of Planning and Development (to 27 July 2008)	**-**	**-**	**-**	25-30	-	100
Mr David Wood – Director of Human Resources and Corporate Services (to 22 June 2008)	**-**	**-**	**-**	20-25	-	-
Sir James Sharples QPM DL – Chairman	**45-50**	**-**	**-**	45-50	-	-
Mr Alastair Findlay – Non-Executive Director	**15-20**	**-**	**-**	15-20	-	-
Mrs Samantha Dixon – Non-Executive Director	**10-15**	**-**	**-**	10-15	-	-
Mrs Wendy Williams – Non-Executive Director	**10-15**	**-**	**-**	10-15	-	-
Mrs Sarah Jane Goulbourne – Non-Executive Director	**10-15**	**-**	**-**	10-15	-	-
Dr Gerald Levy – Non-Executive Director	**5-10**	**-**	**-**	5-10	-	-
Total Directors Remuneration	**780-785**	**95-100**	**0**	620-625	140-145	-

4.3/2 Pension Benefits

	Real Increase in Pension at age 60 (bands of £2,500)	Real Increase in Automatic Lump Sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2010 (bands of £5,000)	Total Related Lump sum at age 60 at 31 March 2010 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2010 (bands of £1,000)	Cash Equivalent Transfer Value at 31 March 2009 (bands of £1,000)	Real Increase in Cash Equivalent Transfer Value (to nearest £1,000)
	£000	£000	£000	£000	£000	£000	£000
Mr Peter Herring – Chief Executive	0-2.5	0-2.5	70-75	220-225	1,720-1,721	1,566-1,567	75-76
Mrs Jane Tomkinson – Deputy Chief Executive and Director of Finance & Compliance	0-2.5	2.5-5	40-45	120-125	723-724	623-624	69-70
Dr Virginia Clough – Medical Director	0-2.5	5-7.5	80-85	250-255	-	1,907-1,908	-
Mrs Gaynor Hales – Director of Nursing, Quality and Environment	0-2.5	5-7.5	25-30	75-80	477-478	396-397	61-62
Mr Tim Lynch – Director of Operational Services	-	-	35-40	105-110	693-694	630-631	31-32
Mrs Debbie Fryer – Director of Human Resources (from 1 April 2009 – non voting)	2.5-5	7.5-10	20-25	65-70	360-361	291-292	58-59
Mrs Carole Spencer – Director of Planning and Development (to 27 July 2008)	-	-	-	-	-	272-273	-
Mr David Wood – Director of Human Resources and Corporate Services (to 22 June 2008)	-	-	-	-	-	669-670	-

As Non-Executive directors do not receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive directors.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. The NHS Pension scheme will not make a cash equivalent transfer once a member reaches the age of 60 and is then therefore, not applicable.

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

The Countess of Chester Hospital NHS Foundation Trust

Quality Account 2009/2010

Quality
Account
2009/2010

Contents

Summary Statement on Quality from the Chief Executive

The Countess of Chester Hospital NHS Foundation Trust strives to continuously improve and sustain the quality of its services for patients, putting quality and patient safety, at the heart of everything we do.

Our intent is to deliver care with commitment and our vision was underpinned by seven key corporate objectives in 2009/2010:

- To provide excellent service to our patients
- To provide leading edge care in modern facilities
- We will aim to surpass externally set targets and standards
- We will sustain our financial strength and exploit this to further our objectives
- We will seek opportunities to extend our range of services and develop services to meet the needs of our patients and other customers
- We aim to build a committed and capable workforce to support our business objectives
- We will aim to be a good corporate citizen

and is underpinned by the organisations values as follows:

- We respect each other
- We have a can do attitude
- We strive for improvement
- We take a pride in the service we provide
- We are welcoming friendly and caring
- We put patients at the heart of everything we do

In 2009, the Countess of Chester Hospital NHS Foundation Trust commenced a two year local Quality Improvement Programme across a range of initiatives. We worked with our Primary Care Trust (PCT) commissioning partners, to deliver a new quality contract with a number of stretch targets and were successful in the development of four Commissioning for Quality and Innovations (CQUINs) to drive forward quality at the heart of local health care. We are ▶

Peter Herring,
Chief Executive

Quality Account 2009/2010

pleased to report that the contract and CQUINs were achieved without penalty and we are now ready to move into 2010/2011 with a new framework of quality and innovation.

The past year has seen outstanding progress towards our 'zero tolerance' strategy to Health Care Acquired Infection with significant reductions in the cases of Clostridium Difficile and MRSA bacteraemia. This was also reflected in a compliant report from the Care Quality Commission following an unannounced Hygiene Code Inspection in January 2010.

We have also focussed our efforts into improving care across all of the domains of quality, with two of our key priorities linked to safety and better clinical outcomes and one with a clear patient experience theme. More information regarding our key quality priorities can be found within this account.

We have continued to improve the patient environment with a newly refurbished Acute Medical Unit to improve the delivery of same sex accommodation and have other plans in place to improve the environment further via the capital programme. In recognition of the importance of the patient experience, regarding privacy and dignity, we have been working in partnership with Age Concern who conducted an audit in March 2010.

We have maintained compliance with the Care Quality Commission Core standards over the year and have also received notification of our successful Registration without any conditions. We are currently awaiting our assessment against key standards and targets for 2009/2010 but are not expecting deterioration in our previous rating of good for quality and excellent for financial performance. We have also fulfilled our statutory obligations with regards to Safety Alerts/ National Patient Safety Agency reporting/national recommendations relating to best practice. Two examples of this were the successful implementation of the World Health Organisation Safer Surgery checklist and being awarded exemplar status for the prevention and management of Venous Thrombo-embolism (VTE).

The Trust continued its programme of service transformation named the 'Countess Way'. This programme has already demonstrated improvements in the patient pathway.

In October 2008 we joined the Northwest Advancing Quality programme (see glossary page 28). Over the first year we have maintained some progress in achieving improved outcomes across four disease pathways however we are now starting to demonstrate significant improvements in line with other organisations.

The value of public and staff engagement and patient involvement in informing strategy and direction has been instrumental in the work plan of 2009/10. Our Board of Governors have played a key part in these initiatives holding public engagement events around the local area. We also have many patient representatives engaged in Trust business and influencing the direction of service. We value and use the patient experience information which we gather on a monthly basis to inform our priorities for the coming year and in 2010/ 2011 we aim to further strengthen our links with the local population.

The Trust has a well developed Equality and Diversity Steering Committee and associated working sub groups for all of the E & D schemes. The groups have patient and public involvement and a wide variety of clinical/ non-clinical staff representatives. These groups are key to ensuring that E & D and Human Rights are central to planning and care delivery. In December 2009 (on Human Rights Day) a showcase event was held which saw the launch of our Local Equality Champions Staff Network working with PCT colleagues. In January 2010 the Countess of Chester Hospital, following funding from the SHA and in partnership with NHS Western Cheshire, established an Advisory Group to be known as the Black and Ethnic Minority Health Advisory Group which meets quarterly. This group acts as a forum for monitoring the local NHS services to ensure that these value individuals and, as far as is reasonably practicable; meet the needs of each Black and Ethnic Minority person using the services. As a Trust our education and training of staff is key to how we ensure that E & D and Human Rights are at the heart of service delivery and reflected in the experience of our patients.

Our Board of Governors and Foundation Trust membership continues to go from strength to strength bringing great value to the organisation in both planning and moving services forward and providing a healthy challenging presence to the Board, in placing quality at the heart of everything we do.

The economic downturn presents us with a challenging year ahead and we recognise that delivering quality care as efficiently as possible is paramount to our future success and we aim to ensure that this is achieved.

Peter Herring,
Chief Executive

Statement of Directors' Responsibilities in Respect of Quality Accounts

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

In preparing these accounts, Directors are required to take steps to satisfy themselves that:

- The Quality Account presents a balanced picture of the NHS Foundation Trust's performance over the period covered;
- The performance information reported in the Quality Account is reliable and accurate;
- There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Account, and these controls are subject to review to confirm that they are working effectively in practice;
- The data underpinning the measures of performance reported in the Quality Account is robust and reliable, conforms to specified data, quality standards and prescribed definitions, and is subject to appropriate scrutiny and review;
- The Quality Account has been prepared in accordance with relevant requirements and guidance issued by Monitor.

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

By order of the Board

Chief Executive

Chairman

Priorities for Improvement in 2010/2011

The Trust has a significant number of quality and safety improvement initiatives in progress, which will continue to progress into 2010/2011. This report gives an overview of these and also focuses in on our three key priorities as we move forward.

Infection prevention and control remains high on the Trust's agenda and we are working with a 'zero tolerance' approach to sustaining improvement and therefore the Trust takes this as a given in its quality strategy. This is reported in the safety quality measures in Part Three.

Our key priorities have been chosen based on the three domains of quality and reflect the potential to improve the patient experience, clinical effectiveness and to increase safety.

We have made our choices based on our patient involvement events, information taken from our patient survey responses both nationally and locally, complaints themes and the quality contract, where our commissioners have raised concerns following feedback received in primary care.

Experience

Aim:

To reduce the number of times a patient's date is changed prior to their planned surgery. We will address this priority through organisation redesign and refining the elective pathway.

Monitored:

- Our local inpatient survey monthly data

Measured:

- Performance in our annual national survey
- Performance against national targets for 18 week target and cancelled operations

Reported:

Performance will be reported to the Board via monthly monitoring information and the monthly quality report.

Whilst this is our main priority we will continue to monitor patient experience via a variety of methods and implement actions for improvement on an ongoing basis.

Effectiveness

Aim:

To further develop our enhanced recovery programmes for patients undergoing planned surgery.

Enhanced recovery programmes use evidence-based interventions to improve pre-, intra-, and post-operative care. They have enabled early recovery, quicker discharge from hospital, and more rapid return to normal activities. Quality is improved by reducing complications and enabling a more rapid return to function. Productivity is improved by reducing hospital stay.

We will address this priority through redesign of the elective pathway to include enhanced recovery measures.

Monitored:

- By regular presentation of progress to the Quality Board

Measured:

- Reduction in lengths of stay for identified procedures
- Use of less invasive surgical techniques reflected in an increased number of procedures completed in a day case environment
- Performance against national targets for 18 week target and cancelled operations

Reported:

Performance will be reported to the Board via monthly monitoring information and the monthly quality report.

Safety

Aim:

To improve our Response to Acute Patient Illness and Deterioration (RAPID) via a project implementation.

Patients who are admitted to hospital believe that they are entering a place of safety and they, their families and carers, have a right to believe that they will receive the best possible care. They should feel confident that, should their condition deteriorate, they are in the best place for prompt and effective treatment. However, it is nationally recognised that some patients who are, or become, acutely unwell in hospital may receive suboptimal care. The RAPID project will work to ensure that there are systems in place to support clinical staff in reducing patient risk through recognition of deterioration and will have some key metrics associated with this improvement.

Monitored:

- Use of a national tool to identify harm events and reduce harm
- Develop and implement standard operating procedures relating to the care of the deteriorating patient
- Identify and reduce the risk in high risk patients across all specialties

Measured:

- Via internal measures for improvement and the Safer Patients Initiative
- Reduction in harm (rate to be established following case note review)

Reported:

Performance will be reported to the Board via monthly monitoring information and the monthly quality report.

Capacity and Capability

The Trust is committed to quality improvement and is currently looking at a new structure to assist in the delivery of its quality strategy moving into 2010/2011. A further £250,000 has been allocated in the budget for 2010/2011 as a commitment to quality improvement.

Countess Quality Improvement Programme

This programme will continue into 2010/2011 as follows:

- Improvements in stroke care following implementation of a new investment plan in early 2010 to develop a dedicated Stroke Service
- Improvements in mortality rates through recognition and reduction of harm events
- Continuation and improvements in our performance in the four Advancing Quality pathways and the commencement of stroke care as the fifth pathway
- Sustaining our status as an exemplar site for Venous Thrombo-embolism prevention and management. This will be taken forward as a local CQUIN
- Sustaining our excellent reduction in infection rates relating to Clostridium difficile and MRSA Bacteraemia
- Implementation of the High Impact Nursing Intervetions

'The Countess Way' 2010/2011

The Trust has embarked on a long-term programme of service transformation whereby, in a phased way, we engage staff and patients in the redesign of all of our key systems, patient pathways and process areas. We aim to transform the way we do things so that the 'Countess way' of the future will reflect the very best way to deliver services to our patients.

Through 2010 the following areas will undergo transformation:

- Admissions, Pre-assessment, Theatres, CCU, Wards 42, 48, 49, 50, 53 and the Pharmacy/Dispensary
- The Emergency Pathway work will continue to roll-out through 2010/11
- The whole Elective Pathway will also be continuing transformation through 2010/11
- 2010 will see transformation increase and the transformation team and work stream owners extending the learning from 2009/10 through to 2010/11

We will be progressing with the Planned and Urgent pathway model of working as well as linking into the quality improvement programme and other Trust activity to ensure optimum delivery of efficiency and ensuring change is an improvement building on the past, acknowledging the present and looking to the future.

NHS Institute of Innovation & Improvement

Leading in Patient Safety Programme (LIPS)

Safer Care

The Trust has signed up to the Leading in Patient Safety programme which aims to develop the capacity and capability to eliminate avoidable harm to patients. This programme involves Trust Board members, senior clinicians and senior managers across the organisation.

Actions from this include:

- The patient safety team undertake patient safety 'walkarounds' discussing patients with clinicians, identifying changes in practice and promoting incident & near miss reporting
- Use of the Global Trigger Tool which involves review of randomly selected health records for harmful events and making appropriate changes to clinical practice
- Changes in the way the Trust presents its information to provide a clearer picture of improvement or areas for action

Review of Services

During the reporting period the Countess of Chester Hospital NHS Foundation Trust provided and contracted 46 services. These are included in our statement of purpose.

The Countess of Chester Hospital NHS Foundation Trust has reviewed all the data available to them on the quality of care in the form of audits both local and national and there are a number of local mechanisms in place to ensure that data regarding quality of care is monitored and improved in all of our services as follows:

- Service dimensions such as population demographics, trading account position and whether or not the service is core
- Service delivery which looks at aspects relating to meeting performance standards and targets, quality standards
- Service design which reviews where the service is located e.g. central or community
- Service development which explores planned changes to services over the next five years
- Service decisions which considers, based on the above, if the Trust is best placed to deliver the service in its current form

The income generated by the NHS services reviewed in 2009/2010 represents 92% of the total income generated from the provision of NHS services by the Countess of Chester Hospital NHS Foundation Trust for 2009/2010.

Participation in Clinical Audits

During 2009/2010, 39 national clinical audits and 8 national confidential enquiries covered NHS services that Countess of Chester Hospital NHS Foundation Trust provides. During that period the Countess of Chester Hospital NHS Foundation Trust participated in 72% national clinical audits and 88% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate.

Audits Participated in 2009/10	*Organisation*
Pain in Children	BAEM
Asthma in Adults	BAEM
Fractured Neck Of Femur	BAEM
Audit of Critical Care	ICNARC
Trauma Audit and Research Network (TARN)	Healthcare Commission
Epilepsy in Children	RC Paediatrics & Child Health
Sentinel Stroke Audit	RCP
National Audit of Dementia	RCP; RCN; RCGP
Heart Failure Audit	RCP
Use of Red Cells in Neonates and Children	Blood & Transplant; RCP
National Comparative Audit of Blood Transfusion	Blood & Transplant NHS
MINAP	RCP
National Audit of Continence Care	RCP
National Audit of Falls & Bone Health	RCP
National Lung Cancer Audit	RCP
Familial Hypercholersterolaemia	RCP
National Care of the Dying	RCP; Marie Curie
National Inflammatory Bowel Syndrome Audit	RCP
National Elective Surgery PROMS	RCS & Health Services Research
Audit Critical Care Units	ICNARC
National Diabetes Audit	NHS
National Cervical Cancer Audit	NHS RCOG
UKOSS - Obstetric Surveillance	NHS RCOG
National HIV in Pregnancy	RCOG
DAHNO (Head & Neck Oncology)	CQC
Bowel Cancer	HQIP; ACPGBI
Oesophago-gastric Cancer Audit	AUGIS BSG
National Mastectomy & Breast Reconstruction Audit	NHS
Elective & Emergency Surgery in the Elderly	NCEPOD
Parenteral Nutrition	NCEPOD
Peri-operative Care	NCEPOD
Perinatal Mortality	CEMACH
Head injury in Children	CEMACH
Surgery in Children	NCEPOD
Acute Kidney Injury	NCEPOD

◀ The national clinical audits and national confidential enquiries that the Countess of Chester Hospital NHS Foundation Trust was eligible to paticipate in are as follows: ◀

The national audits and national confidential enquiries that the Countess of Chester Hospital NHS Foundation Trust participated in is the same list as above as we engaged in every audit that was eligible, and for which the data collection was completed during 2009/2010 are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Name of Audit	Organisation	% Cases Contributed
Pain in Children	BAEM	100%
Asthma in Adults	BAEM	100%
Fractured Neck Of Femur	BAEM	100%
TARN	Healthcare Commission	Ongoing - full contribution
Audit of Critical Carel	CNARC	Ongoing - full contribution
Epilepsy in Children	RC Paediatrics & Child Health	Commencing
Sentinel Stroke Audit	RCP	100%
National Audit of Dementia	RCP; RCN; RCGP	Commencing
Use of Red Cells in Neonates and Children	Blood & Transplant; RCP	100%
National Comparative Audit of Blood Transfusion	Blood & Transplant NHS	100%
MINAP	RCP	100%
National Audit of Continence Care	RCP	Ongoing
National Audit of Falls & Bone Health	RCP	100%
National Lung Cancer Audit	RCP	100% (actual cases exceeded expected cases)
Familial Hypercholersterolaemia	RCP	Commencing
National Care of the Dying	RCP; Marie Curie	100%
National Inflammatory Bowel Syndrome Audit	RCP	100%
NJR Hip and Knee Replacements	HQIP	Ongoing - full contribution
National Elective Surgery PROMS	RCS & Health Services Research	Ongoing - full contribution
National Diabetes Audit	NHS	100%
Heart Failure Audit	RCP	
National Cervical Cancer Audit	NHS RCOG	Ongoing
UKOSS - Obstetric Surveillance	NHS RCOG	Ongoing
National HIV in Pregnancy	RCO RCOG	Ongoing
DAHNO (Head & Neck Oncology)	CQC	Ongoing - full contribution
Bowel Cancer	HQIP; ACPGBI	100%
Oesophago-gastric Cancer Audit	AUGIS BSG	Ongoing
National Mastectomy & Breast Reconstruction Audit	NHS	75-100%
Elective & Emergency Surgery in the Elderly	NCEPOD	70%
Parenteral Nutrition	NCEPOD	100% part 1 & 20% follow up
Peri-operative Care	NCEPOD	Current
Perinatal Mortality	CEMACH	100%
Head injury in Children	CEMACH	100%
Surgery in Children	NCEPOD	100%
Acute Kidney Injury	NCEPOD	100% part 1 & 20% follow up

The reports of 7 national clinical audits were reviewed by the provider in 2009/2010 and the Countess of Chester Hospital NHS Foundation Trust intend to take the following actions to improve the quality of healthcare provided:

- Improve data collection accuracy by utilising on line data collection tools
- Improve documentation and record keeping
- Improve systems and processes of reporting
- Make information more available by local electronic access
- Implementation of training of clinical staff regarding
- Early Warning Score and recognising the acutely ill patient
- Review of senior staff supervision

The reports of over 270 local clinical audits were reviewed by the provider in 2009/2010 via the annual audit report which is submitted to the Board.

The Trust intends to take the following actions to improve the quality of healthcare provided:

- Reports will continue to be presented to Executive Core Governance Group and full review and discussion of specific issues by the new Quality Board
- Any recommendations are taken forward by the relevant clinical team supported by the Clinical Director and discussed within the Division where relevant action plans are developed
- Improvements may include a change to the patient pathway, a change in a policy or procedure and any necessary education and training as required

In 2010/2011 the Trust will ensure that the audit programme is more reflective of the quality objectives in line with the Trust vision.

Participation in Clinical Research

The number of patients receiving NHS services provided by the Countess of Chester Hospital NHS Foundation Trust in 2009/2010 that were recruited during that period to participate in research approved by a Research Ethics Committee was 425.

CQUIN: Commissioning for Quality and Innovation Framework

A proportion of the Countess of Chester Hospital NHS Foundation Trust income in 2009/2010 was conditional on achieving quality improvement and innovation goals agreed between Countess of Chester Hospital NHS Foundation Trust and NHS Western Cheshire through the Commissioning for Quality and Innovation payment framework. Further details of the agreed goals for 2009/2010 and for the following 12 month period are available on request from foundation.trustenquiries@coch.nhs.uk

Care Quality Commission Registration

The Countess of Chester Hospital NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is registered with no conditions attached to registration.

The Countess of Chester Hospital NHS Foundation Trust is subject to periodic reviews by the Care Quality Commission and the last review was completed in October 2009 for the period relating to 2008/2009. The CQC assessment at this time was 'good' for quality and 'excellent' for financial performance.

CareQuality Commission

Performance Rating 2008/09 - Countess of Chester Hospital NHS Foundation Trust

Overall performance

The overall performance rating is made up of two parts: 'quality of financial management', which looks at how effectively a trust manages its financial resources; and 'quality of services', which is an aggregated score of performance against national standards, existing commitments and national priorities. The below tables summarise the four years of the performance assessment.

Quality of...	2008/09	2007/08	2006/07	2005/06
Services	GOOD	GOOD	FAIR	GOOD
Financial Management	EXCELLENT	EXCELLENT	EXCELLENT	FAIR

Based on our assessment for 2008/09, the quality of services provided by Countess of Chester Hospital NHS Foundation Trust for its local population was 'good'. The financial management rating for this organisation is 'excellent', as this foundation trust has been assessed as performing strongly with a relatively low financial risk. The trust was not one of those chosen to receive an inspection over the Summer.

The main areas of concern were stroke care, cancellations and delayed discharges.

The Countess of Chester Hospital NHS Foundation Trust took the following actions to improve performance in 2009/2010:

- Developed and implemented an investment plan for stroke care
- Developed and implemented a joint protocol for managing complex discharges
- Worked on a process of organisation redesign to refine the urgent and planned pathways and improve efficiency regarding both

The Countess of Chester Hospital NHS Foundation Trust has made the following progress by 31st March 2010 with regards to the above:

- Stroke care performance against the National audit programme has improved in the last month
- Delayed discharges are at their lowest percentage ever
- The urgent and planned pathways are currently being finalised for a 1st July implementation

The Countess of Chester Hospital NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during 2009/2010. However we are pleased to report that we did have an unannounced hygiene code inspection in January 2010 with the following overall judgement from the CQC.

'On inspection, we found no evidence that the trust has breached the regulation to protect patients, workers and others from the risks of acquiring a healthcare-associated infection.'

Data Quality

NHS and General Medical Practice Code validity

The Countess of Chester Hospital NHS Foundation Trust submitted records during 2009/2010 to the Secondary Users Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data

- which included the patient's valid NHS number was:

- 96% for admitted patient care
- 97% for out patient care
- 96% for accident and emergency care

- which included the patients valid general medical practice code was:

- 99.8% for admitted patient care
- 100% for out patient care
- 100% for accident and emergency care

Information Governance Toolkit Attainment levels

The Countess of Chester Hospital NHS Foundation Trust score for 2009 /2010 for information quality and records management assessed using the information governance toolkit was 74%. Records management assessment was above 2 on the tools scale in all areas.

Clinical Coding Error Rate

The Countess of Chester Hospital NHS Foundation Trust was subject to the payment of results clinical coding audit during the reporting period by the Audit Commission and the error rates reported in the latest published audit for that period for diagnoses and treatment coding were 5% and 6.4% respectively.

Quality
Account
2009/2010

Written Statement from our Commissioner: NHS Western Cheshire

NHS Western Cheshire is responsible for commissioning high quality services that treat today's ill health alongside services to enable people to live healthier lives in the future.

This statement has been compiled in accordance with the regulations which state that as the lead commissioner of NHS Services provided by Countess of Chester NHS Foundation Trust we must take reasonable steps to check the accuracy of the information in this document and note other information we consider relevant to quality.

We make clear in our contract with the Trust the standards of care that we expect. We set measures against these standards and monitor performance through the contract process. Some standards are set nationally; some are measures that local people said are important to them. We manage performance through progress reports that demonstrate levels of compliance or areas of concern at agreed frequencies (daily, weekly, monthly). It is through these arrangements that the accuracy of this Quality Account has been validated.

NHS Western Cheshire and the Trust have been working together to achieve improvements in patient safety, patient experience and the effectiveness of clinical care. During 2009/2010 we set challenging, stretching targets against priority areas and varying rates of progress have been made against each of these areas.

The Trust implemented changes to include the reporting of patient experience stories by clinical staff to the Board. They changed how patient safety information is presented to their Board and us to provide greater assurance. The Trust has an open culture of learning when things go wrong and this has been demonstrated through the investigation reports that we receive. These reports contain action plans which evidence the changes implemented to support patient safety in a "learning organisation".

We note the progress made in providing same sex accommodation and in the forthcoming year we will closely monitor their plans for further improvement.

This Trust is to be congratulated on the excellent progress made on reducing the level of health care acquired infections.

We acknowledge that the Trust needs to make more progress in Advancing Quality but also commend the improvements that have been made.

Commissioning for Quality and Innovation Schemes are part of a national framework linking financial reward to the delivery of local quality improvement priorities. The Trust delivered the local targets that were ambitious and focussed on continuous improvement.

During 2009/10 all the national waiting time standards have been closely monitored alongside preparing for changes in these standards from April 2010 with the issue of a contract query. Our greatest concern is for the patients who may wait longer than 18 weeks and plans are in place for 2010/11 to manage patients' care when a breach of this standard is likely.

We have established a mature dialogue between ourselves and the Trust. This relationship has enabled us to collaborate in co-producing an agreed set of measures of improvements in quality for 2010/2011.

We welcome and support the priorities that the Trust has identified for the forthcoming year.

How we have Delivered our Priorities in 2010/2011

This part of the quality account details our achievements in 2009/2010 commencing with an update report on our 2008/2009 key priorities and a detailed report of our three top priorities for 2009/2010. At the end of Part Three there is an overview of other quality measures which are in place and a commentary to support these metrics.

Moving forward into 2009/2010

In 2008/2009 our priorities were as follows:

Priority 1: To reduce the number of MRSA bacteraemia cases to less than thirteen in 2008/09 (32% reduction).

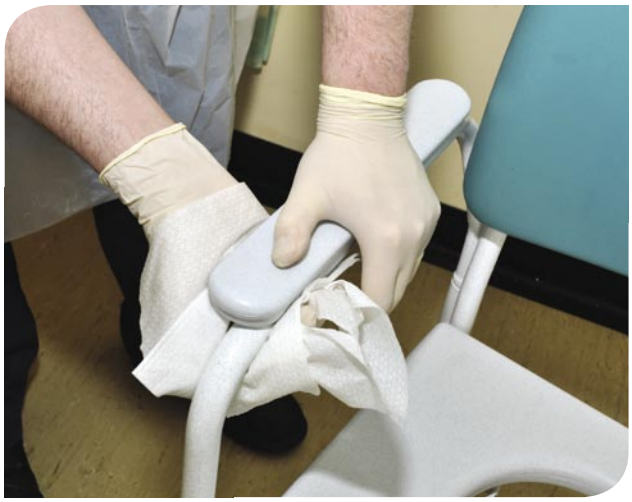
Update report: This continues to be improved in 2009/10 with four post 48 hour cases during the year and two patients with a bacteraemia detected on admission.

Priority 2: To make significant progress in year to reduce the number of Clostridium difficile cases by 49.5% by March 2011.

Update report: This continues to be improved in 2009/10 with the final number achieved as sixty six post 48 hour cases to March 2010 end against a target of 181 cases.

Priority 3: To improve our percentage ventilator bundle compliance to 95% to reduce the complications associated with ventilation in critical care. The ventilator bundle is a care pathway of best practice for a patient on a ventilator which is a form of life support to assist with breathing.

Update report: The bundle of care remains in place but we are not currently recording this measure as it is embedded in every day practice on the critical care unit.



Our priorities for 2009/2010

These were chosen with the following considerations:

- Our patient and public feedback based on engagement events driven by our Board of Governors
- Results of our inpatient survey data taken on a month by month basis and from the annual inpatient survey
- Our staff via our transformation programme focus groups Utilising the three domains of quality

Areas for consideration in 2009/2010 were identified from the following issues raised:

- Access to services in a timely manner
- Care and treatment of the older person
- Improving communication to patients

In line with our three key priorities we also worked to improve a number of other quality measures across the three domains of quality. A sample of these can be viewed later in Part Three.

Priority 1: Patient Safety

To prevent falls in hospital and reduce the level of harm to patients who do fall demonstrating a sustained reduction in the impact category

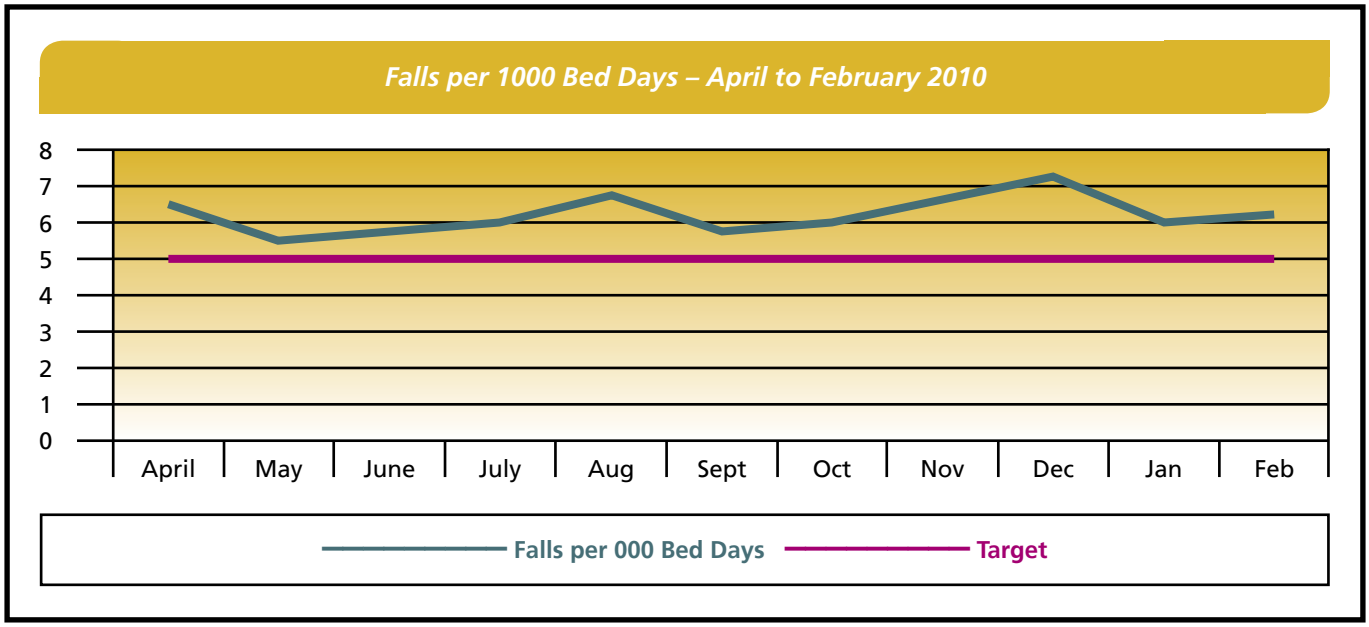
Description of the issues and rationale for prioritising

A patient falling whilst in hospital is the most commonly reported patient safety incident the National Reporting and Learning Services (NRLS) receives. The National Patient Safety Agency (NPSA) estimates that each year 530 patients sustain a hip fracture, following a fall in hospital. A further 440 patients are estimated as sustaining other fractures which are falls related. There will always be a risk of falling in hospital due to the very nature of the patients that are admitted for treatment. However, there are many things that can be done to reduce the risk of falls allowing patients freedom and mobilisation. Many falls may result in no actual harm however may still result in a loss of confidence and increased length of stay. There is also an increased likelihood that a patient may not return home and may be discharged to residential or nursing home care following an admission where a fall occurred (NPSA 2007).

At the Trust we recognise the importance of good assessment and risk prevention and have identified that we can improve our practices to reduce falls.

Aim

- To reduce inpatient falls per 1000 bed days to less than 5
- To achieve a sustained reduction in falls categorised as moderate to catastrophic
- To reduce the numbers of patients who fall more than once



Current Status

As can be seen from the graph above we did not manage to reduce our falls incidence to less than 5 per 1000 bed days. However we have made a significant reduction in the number of falls categorised within the moderate to severe category of harm. We have also reduced the number of falls a patient may have during their admission through ensuring that a more robust process of assessment and appropriate action is taken.

Further planned improvements for 2010/2011:

- Continue to strive to reduce our falls incidence
- Introduction of a new assessment tool across the organisation

Priority 2: Clinical Effectiveness

To improve the outcome of Patients who have sustained a fractured neck of femur by timely access to theatre for repair where medically optimised and able to do so

Description of the issues and rationale for prioritising

Fractured neck of femur is the most serious consequence of patient falls amongst older people, with a mortality rate of 10% at one month post fall, 20% at four months post fall and 30% at one year after. Many of those who recover suffer loss of mobility and independence. The average age of patients with a fractured neck of femur is over 80 years with 75% being female. Many patients also have significant co-morbidities which may delay surgery and their subsequent recovery. To optimise the recovery of this patient group, inappropriate delays must be avoided (NHS Institute of Health Improvement 2009).

This priority linked well to other elements of our quality strategy as follows:

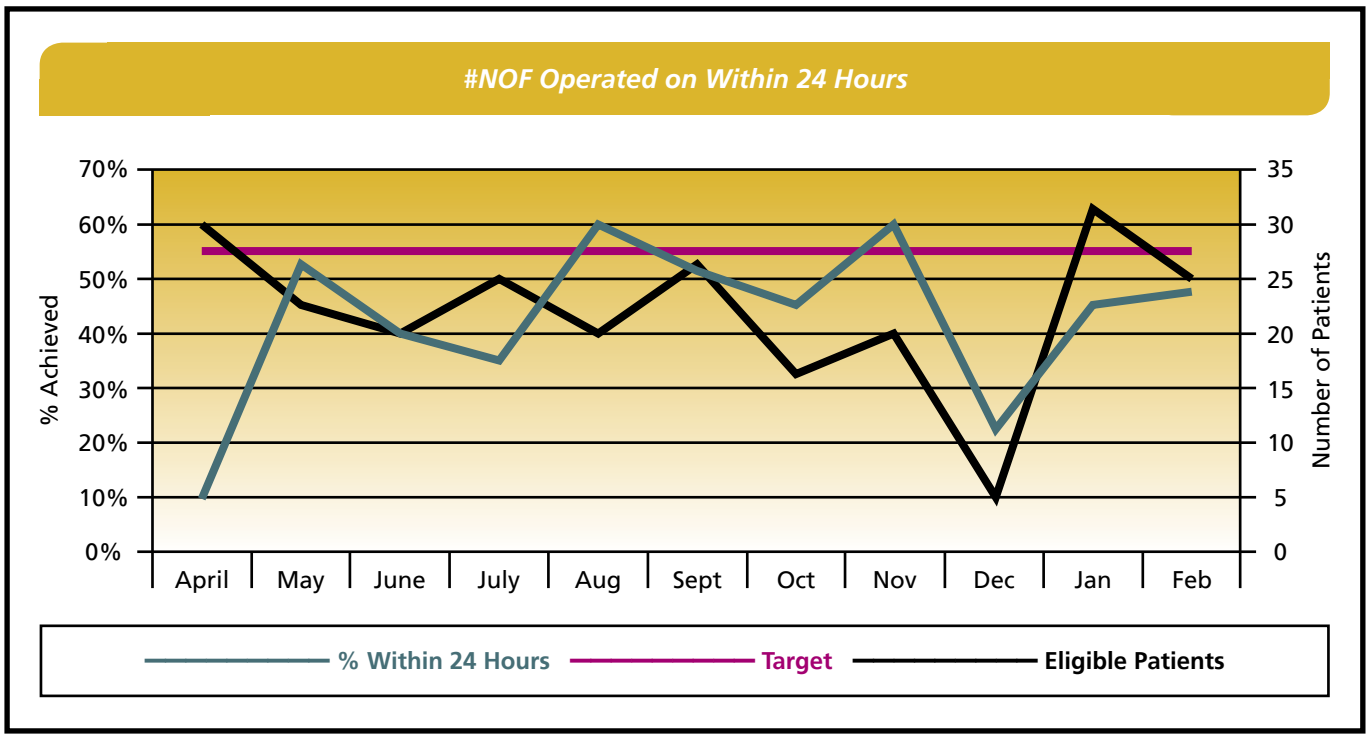
- Reducing inpatient falls (see above)
- As a CQUIN which aimed at detecting and treating osteoporosis in all patients attending the trust with a fracture of any type

Aim

- All medically optimised patients to achieve an admission to theatre time of within 48 hrs
- Achievement of a stretch target of 55% of patients to get to theatre within 24 hrs

Current status

Throughout the year performance regarding the 48 hour measure has been consistent with 100% of patients achieving the measure for 6 months out of 11. There have been occasions where a patient has been delayed due to the prioritisation of other trauma cases. This has placed the year end achievement at 89% to February end.



The stretch target of 55% (see graph above) has been a challenge and we only achieved this target 3 times in 11 months. However we exceeded it in two months and in our worst performing months we achieved all patients getting to surgery within 48 hours.

Both measures have been monitored via our PCT contract and reported to the Trust Board.

Further planned improvements for 2010/2011:

- Theatre scheduling review to ensure that capacity and demand can be met for both trauma and elective cases
- Redesign of the planned and urgent care pathways to ensure that no patient group is effected to their detriment in times of increased workload
- Further stretch to the 24 hour measure up to 70% and additional measures relating to length of stay and % of patients receiving a surgical intervention

Priority 3: Patient Experience

To improve the choice of information patients receive when attending a clinical appointment by offering the option to receive a copy of their GP letter from which they are kept informed regarding their consultation and future treatment plan and have more ownership of their care pathway

Description of the issues and rationale for prioritising

The NHS plan (paragraph 10.3) made a commitment that patients should receive a copy of letters sent to other health professionals about their care. At the Trust there are many areas of good practice but no formalised commitment to ensuring that, where appropriate, patients are offered an opportunity to receive a copy of the letter sent to their General Practitioner.

As a general rule, and where a patient wishes, letters written by one health professional to another about a patient should be copied to the patient or where appropriate, their parent or legal guardian. The general principle being that all letters that help to improve a patient's understanding of their health and the care they are receiving should be copied to them as a right if they wish to receive it.

In many cases the health professional may choose to write a separate letter to the patient if this is deemed to be more appropriate and this practice should be encouraged. The decision to copy a letter to a patient should be via a discussion with the health professional and the patient as to whether receiving the letter will improve the communication and involvement in their care. There are exclusions where a patient may not wish to receive a letter or where the information may be too sensitive or complex at that point in the patient's journey. There are also exclusions regarding safeguarding children (Department of Health 2002).

As an organisation we recognise this is an issue related to patient experience which is reflected negatively in our patient survey feedback. It is also a commissioning requirement which we have been fully committed to.

Aim

To have a fully operational system that enables the Trust to comply with copy letters to patients when requested by April 2010.

Current status

The process began to achieve this priority, by the development of an electronic system to enable a letter to be generated to the patient after their consultation. Further work followed in developing a process and standard operating procedure for all clinicians to use to ensure that the process was implemented in a standardised way.

The main challenge has been working with clinicians in improving the standard of letter writing and overcoming the concerns relating to letter content. Following much consultation and process review the system was implemented during April 2010.

Over the year a variety of status reports have been received and progress monitored via the PCT contract and the Trust Board.

Further planned improvements for 2010/2011:

- Robust audit of the process will be carried out following the first quarter
- A CQUIN relating to real time patient experience in gynaecology outpatients asks a specific question regarding whether a copy letter was offered

Other Quality Improvements in 2010/2011

Delivering Same Sex Accommodation Peer Review

We had a successful and informative peer review visit by the Strategic Health Authority, our local Commissioners and the Department of Health in association with our colleagues from Pennine Acute. Following this assessment and the work the organisation has undertaken to deliver care in a virtually same sex environment we are pleased to report that we have made a statement of virtual compliance with regards to the delivery of same sex accommodation. This can be viewed from the following link. http://www.coch.nhs.uk/absolute/en/templateOrange.aspx?articleid=662&zoneid=2

Patient Safety First Campaign

The Trust has signed up to the Patient Safety First Campaign and has at its heart a vision of an NHS with no avoidable death and no avoidable harm. The Trust has received a certificate from the campaigns organisers which demonstrates the trust's progress and commitment to the campaign.

Risk Management

The Trust continues to report incidents via the National Patient Safety Agency National Reporting and Learning Service. In the latest report for the period April 2009 to September 2009 the Trust is in the top two organisations (relating to medium sized district General Hospitals) reporting the highest number of incidents. In general, the higher the rate of incidents, the stronger the reporting culture in that organisation. However, improvements can always be made and learning from our incidents is a key element of our quality strategy and PCT quality contract for 2010/2011.

'The Countess Way' 2009/2010

The transformation team and work stream owners have worked alongside Unipart Expert Practices to deliver the Countess Way Transformation programme which was developed to create more efficient ways of

working, through utilising lean techniques to reduce waste, focusing on quality and to streamline pathways with our patients at the heart of all we do.

2009/2010 highlights include the implementation of three tools to eliminate waste and drive action:

- **5S (sort and shine)** – Creating highly organised and visible areas where everything has a place and can be found easily when not in use
- **Communications Cells** – Standardised daily meetings of the team where 'People, Performance and Continuous Improvement' are discussed and actions driven
- **Quality Control Boards** – Visual management tools to help flag any issues easily and help policies and targets to be met

There are four Ward areas utilising these tools plus the appointments hotline, stores & transformation team.

The emergency respiratory pathway was the first area where transformation was implemented through our Respiratory Ward (Ward 51) prior to rollout across Medicine. One goal has been to reduce the Trust average length of stay, which on Ward 51 has exceeded its equivalent reduction through Transformation and other initiatives.

The elective orthopaedic pathway is undergoing transformation and taking forward the developments from the emergency pathway of criteria led discharge, optimised ward rounds and estimated dates of discharge.

The Trust absence rate has reduced significantly through the application of the new Attendance Policy, and delivery through the management skills work stream; resulting in March 2010 having the lowest ever recorded absence figure of 3.29% which is significantly lower than the Trust target of 3.65%.

Cancer Peer Review

In 2009/2010 the Trust underwent a cancer peer review as part of the National Cancer Peer Review programme. This is a quality assurance programme for cancer services.

The Multidisciplinary teams reviewed were:

- Breast
- Lung
- Gynaecology
- Urology
- Upper Gastroenterology
- Skin

All the teams carried out a self-assessment of their services with urology, upper GI and skin subject to an external visit.

We are pleased to report that overall the reviews went extremely well. One risk was identified relating to where there was occasional need to perform upper GI surgery at the Countess of Chester Hospital NHS Foundation Trust. These procedures are no longer performed within the Trust and any procedures of this nature are carried out in Wrexham Maelor Hospital which is the designated centre.

Quality Metrics

Indicator	Method of Monitoring / Measure	Q1	Q2	Q3	Q4	09/10	08/09 Comparison
SAFETY							
Reduction in MRSA bacteraemia	10 post 48 hour	1	0	2	1	4	9
Reduction in MRSA bacteraemia	2 pre 48 hour	1	0	0	1	2	3
Reduction in Clostridium difficile	181 (2010/11 – 131)	11	17	19	19	66	173 (Target 282)
Trust-wide Hand Hygiene	Sustained improvement: compliance at greater than 95%	86%	86%	91%	92%	92%	89% (3 quarters)
WHO surgical site checklist implementation	Sustained improvement: monthly audit (Feb onwards)	Monitoring commenced in Feb 2009			93%	NA	NA

Data is 4 /5 months behind so monthly data reported for these 4 measures		April	May	June	July	Aug	Sept	Oct
Nurses always or sometimes washed or cleaned their hands between touching patients	Monthly reporting Sustained improvement Nat average 73%	77%	73%	78%	70%	70%	72%	Not asked
Overall they were treated with respect and dignity whilst in hospital	Monthly reporting Sustained improvement Nat average 80%	83%	84%	74%	79%	75%	73%	83%
Did not have to use the same bathroom or shower area as patients of the opposite sex	Monthly reporting Sustained improvement Nat average 65%	70%	68%	50%	63%	65%	67%	65%

Indicator	*Method of Monitoring / Measure*	*Q1*	*Q2*	*Q3*	*Q4*	*09/10*	*08/09 Comparison*	
EFFECTIVENESS								
Reduce smoking in pregnancy rates by 1% each year	1% improvement on the 08/09 target i.e. 12% at year end	14%	11.6%	15.6%	10.5%	12.7%	12.65 (target 13%)	
Data is 5 months behind so monthly data reported for these 4 measures		*April*	*May*	*June*	*July*	*Aug*	*Sept*	*Oct*
Participation in reporting performance level against the four Advancing Quality pathways: **1) Acute Myocardial Infarction** **2) Heart Failure** **3) Pneumonia and** **4) Hip and Knee Replacement**	Baseline performance figures against perfect process measures derived from the Quality Measuring Report (QMR) data. (Performance rating based on top scoring trusts in previous quarter)							
	Hip and Knee Threshold Amber 92% Green 96%	54.84%	56.08%	56.69%	57.27%	48.09%	61.24%	85.63%
	Community Acquired Pneumonia Threshold Amber 76% Green 81%	86.36%	54.39%	74.47%	69.86%	69.49%	67.74%	79.2%
	Heart Failure Threshold Amber 54% Green 72%	61.22%	68.42%	53.19%	78.57%	76.32%	79.25%	72.9%
	Acute MI Threshold Amber 92% Green 98%	58.49%	63.04%	66.13%	87.5%	83.87%	98.21%	98.89%

Quality Metrics Report

Safety

We are pleased to report that our levels of MRSA bacteraemia are well within our trajectory this year with 4 cases occurring after admission and 2 cases detected at admission. Clostridium Difficile management has also been excellent with reductions maintained consistently month on month.

We continue to monitor hand hygiene performance against a national compliance tool on a monthly basis. The compliance scores have improved over the year and are demonstrated in the significant improvements in infection control.

The World Health Organisation safer surgery checklist was implemented at the start of 2010 and audited in February 2010. We are pleased to report the first audit of compliance at 93% and will be continuing to audi- progress on a monthly basis.

Clinical Effectiveness

Smoking during pregnancy and at delivery has presented the organisation with a continuing challenge. Every opportunity is taken to ensure that mothers to be are given advice and support in giving up smoking and sustaining this during pregnancy in order to protect both themselves and the unborn child. We are pleased to report that for the majority of the year this important target has been achieved and we are hoping it will be met at year end.

Advancing Quality is a Northwest initiative to improve the care of patients across 4 disease specific pathways. The Trust began this journey in October 2008 however; as the monitoring is carried out retrospectively the data is approximately 5 months behind the period the care was received. This explains why the data within this report is only up to October 2009. We are pleased to report that after a slow start our data in September and October 2009 has improved with 2 care pathways benchmarking well regionally (Acute Heart Attack and Heart Failure). Community Acquired Pneumonia is improving and hip and knee replacement demonstrated a significant improvement in October 2009 following a number of step changes in the care pathway.

Experience

We have chosen to monitor areas where our patient survey demonstrates a need for improvement. The data is taken following discharge from hospital so there is a delay in the information of up to 5 months. Unfortunately these scores have fluctuated across the reporting period and it has been difficult to ascertain the rationale for this. We have made significant improvements to the patient pathway to ensure that care is delivered in a virtually same sex environment and hope to see improvements in the patient experience to reflect this in the coming months.

We continue to monitor hand hygiene across the organisation which is currently demonstrating a good performance as previously noted within the report; however we will endeavour to improve this further.

We recognise that ensuring patients experience privacy and dignity is an essential aspect of our organisational culture and we strive to ensure that our patients 'feel that they matter' throughout the time that they spend with us. In order to improve this we have undertaken a privacy and dignity review in partnership with Age Concern during March 2010. There will be a full action plan from this which will be implemented and monitored in 2010/2011.

Performance Against National Targets

Monitor Compliance and CQC Targets 2009/10

Target – Infection Control	Threshold	Monitoring Period	Q1	Q2	Oct	Nov	Dec	Q3	Jan	Feb	Mar	Year
Clostridium difficile year on year reduction	181	Quarterly	11	17	7	8	4	19	5	8	6	66
MRSA	12	Quarterly	2	0	1	1	0	2	0	1	1	6
Screening of all elective in-patients for MRSA	100%	Quarterly	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Target – Waiting Times	Threshold	Monitoring Period	Q1	Q2	Oct	Nov	Dec	Q3	Jan	Feb	Mar	Year
For admitted patients, max wait time of 18 weeks from point of referral to treatment	90%	Quarterly	92.63%	92.56%	92.69%	92.51%	91.23%	92.17%	91.58%	92.09%	91.05%	92.23%
For non-admitted patients, max wait time of 18 weeks from point of referral to treatment	95%	Quarterly	97.15%	97.04%	96.77%	97.74%	97.61%	97.34%	97.79%	98.47%	98.56%	97.45%
Data completeness assesment for admitted patients on 18 week RTT pathway	90% – 110%	Quarterly	103.6%	103.5%	97.7%	93.8%	94.9%	95.47%	97.5%	95.9%	95.7%	98.61%
Data completeness assesment for non-admitted patients on 18 week RTT pathway	90% – 110%	Quarterly	95.47%	92.47%	96.9%	95.8%	96.1%	96.27%	90.4%	91%	93.4%	93.17%
For Audiology patients, max wait time of 18 weeks from point of referral to treatment	95%	Quarterly	100%	100%	98.86%	100%	100%	99.62%	100%	96%	97.8%	99%
Data completeness assesment for Audiology patient on 18 week RTT pathway	90% – 110%	Quarterly	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Maximum wait time of four hours in A&E from arrival to admission, transfer or discharge	98%	Quarterly	98.4%	98.5%	98.1%	98.5%	97.7%	98.1%	97.1%	98.6%	97.9%	98.2%
People suffering heart attack to receive thrombolysis within 60 mins of call (*revision)	68%	Quarterly	89%	89%	50%	100%	66%	72%	80%	100%	71%	80%

Quality

Account

2009/2010

Performance Against National Targets

Cancer Performance (English and Welsh) 2009/10

Cancer Target	*Q1*	*Q2*	*Q3*	*Jan 10*	*Feb 10*	*Mar 10*	*Q4*	*Year end*
14 Days (target 93%)	95.8%	96.7%	97.5%	89.6%	97.9%	94.8%	94.1%	***96%***
14 Days Breast Symptomatic (target 93%)*	93%	58%	77.4%	96.2%	93.8%	95.8%	95.2%	***81%***
31 Days – 1st Treatment (target 96%)*	99%	97%	96.6%	98.1%	100%	100%	99.6%	***98.1%***
31 Days – subsequent SURGICAL (94%)	93%	100%	100%	100%	100%	100%	100%	***97.4%***
31 Days – subsequent NON SURGICAL (98%)	100%	100%	100%	100%	100%	100%	100%	***100%***
62 Days (target 85%)	89.6%	88.2%	89.9%	81.4%	89.2%	92.4%	88.3%	***88.9%***
62 Days – screening (target 90%)	100%	73.7%	50%	100%	0%	100%	90%	***79.3%***
Number of Patients (Deminimus 20)	2	11	2				5	***20***
62 Days – upgrades (target TBC)	100%	93.5%	91.3%	100%	88.9%	100%	96.4%	***95%***
31 Days – rare (target 96%)	100%	100%	100%	100%	100%	100%	100%	***100%***

*** Full reporting only from January 2010**

Written Statements by Other Bodies

Health & Wellbeing Select Panel

22.4.2010

Members accepted that performance and quality data were necessary and helped improve performance for any NHS organisation. However, with regard to the Quality Accounts, the Panel were not clear of the value of a number of the statistics.

For example, the NHS and General Medical Practice Code of Validity Statistics for admitted patient care, outpatient care and accident and emergency care.

In addition, certain targets would be very difficult for the Trust to reach as they were difficult to influence.

A prime example of this would be the reduction to national government levels of the number of women smoking during pregnancy.

This Panel welcome the Hospital Trust's efforts to continually reduce the number of hospital borne infections, falls and the progress on its dignity proposals.

No other commentary was received.

Appendix 1 - Glossary and Abbreviations

Term	Abbreviation	Description
Advancing Quality	AQ	A programme which reward hospitals which improve care in a number of key areas – heart attacks, pneumonia, hip and knee replacements, heart failure and heart bypass surgery – when compared to research which identifies what best care constitutes.
Care Quality Commission	CQC	The independent regulator of health and social care in England. It's aim is to make sure better care is provided for everyone, whether that's in hospital, in care homes, in people's own homes, or elsewhere. The CQC replaces the Healthcare Commission.
Clostridium Difficile	C-diff	A naturally occurring bacterium that does not cause any problems in healthy people. However, some antibiotics that are used to treat other health conditions can interfere with the balance of 'good' bacteria in the gut. When this happens,C-diff bacteria can multiply and cause symptoms such as diarrhoea and fever.
Commissioning for Quality and Innovations	CQUINs	CQUIN is a payment framework developed to ensure that a proportion of a providers' income is determined by their work towards quality and innovation. The scheme was introduced in detail, from implementation to function, in High Quality Care For All to encourage organizations to see quality improvement and innovation as a motivator towards a better service for their patients.
Early Warning Score	EWS	This is a patient observations scoring system which detects deterioration dependent on e.g. the patients blood pressure temperature and a number of other vital sign recordings. Clinical Staff have a series of actions to undertake if this early warning score identifies a problem or deterioration in a patient's condition.
Healthcare Associated Infections	HCAI	A generic name to cover infections like MRSA and C-diff.
High Impact Nursing Interventions		A large group of experienced nurses and midwives have identified the eight high impact actions which are set to improve nursing practice across the country. Each high impact action sets out the scale of the challenge and the potential opportunity in terms of improvements to quality and patient experience and reduction in cost to the NHS. Examples of the areas are infection prevention and control, pressure ulcer management, no delays on the day of discharge.
Hospital Episode Statistics	HES	This is the national statistical data warehouse for England of the care provided by NHS hospitals and for NHS hospital patients treated elsewhere. HES is the data source for a wide range of healthcare analysis for the NHS, government and many other organisations and individuals.
Global Trigger Tool		This is a tool that is used to review a patient medical record and establish whether any harm events occurred during the patient's care and treatment in hospital. From an analysis of a large number of records the hospital can measure its rate of harm and work towards reducing this.
Methicillin-Resistant Staphylococcus Aureus	MRSA	Staphylococcus aureus is a bacterium which is often found on the skin and in the nose of about 3 in 10 healthy people. An infection occurs when the bacterium enters the body through a break in the skin. A strain of this bacterium has become resistant to antibiotic treatment and this is often referred to as MRSA.
Monitor		This is the regulator of NHS Foundation Trusts. It is an independent body detached from central government and directly accountable to Parliament.

Term	Abbreviation	Description
National Patient Survey		Co-ordinated by the Care Quality Commission, it gathers feedback from patients on different aspects of their experience of care they have recently received, across a variety of services/settings: Inpatients, Outpatients, Emergency care, Maternity care, Mental health services, primary care services and Ambulance services.
Patient Recorded Outcome Measures	PROMs	A programme in which patients complete a questionnaire on their health before and after their operation. The results of the two questionnaires can be compared to see if the operation has improved the health of the patient. Any improvement is measured from the patient's perspective as opposed to the clinicians.
Quality Account		This is a statutory annual report of quality which provides assurance to external bodies that the Trust Board has assessed quality across the totality of services and is driving continuous improvement.
Safer Patients Initiative	SPI	This was a two year national programme which brought together a number of projects to improve patient safety.
Secondary Users Service		This is the NHS data system for recording all NHS patient activity. It enables correct payments by commissioners, for care provided by all provider services including acute trusts.
Statement of Purpose		This is a care Quality Commission requirement of registration and described the aims and objectives of the service provider in carrying on the regulated activity. It describes the kinds of services provided for the purposes of the carrying on of the regulated activity and the range of service users' needs which those services are intended to meet.
Stretch Target		This is a performance measure that may be set locally or by the government to place a challenge to an organisation to further improve the care it currently offers.
Venous Thrombo-embolism	VTE	This is a blood clot developing when a person is in hospital and may not be as mobile as they are usually or following surgery. The blood clot itself is not usually life threatening, but if it comes loose it can be carried in your blood to another part of your body where it can cause problems – this is called a Venous Thromboembolism (VTE). If the clot travels to the lungs it is called a pulmonary embolus (PE) and it can be fatal. Even if a blood clot does not come loose, it can still cause long-term damage to your veins.

ACPGBI	Association of Upper Gastrointestinal Surgeons, British Society of Gastroenterology
BAEM	British Association for Emergency Medicine
CEMACH	Confidential Enquiry into Maternal & Child Health
DAHNO	Data for Head & Neck Oncology
HQIP	Healthcare Quality Improvement Programme
ICNARC	Intensive Care National Audit & Research Centre
MINAP	Myocardial Infarction National Audit Project
NCEPOD	National Confidential Enquiry into Patient Outcome & Death
NJR	National Joint Registry
RCGP	Royal College of General Practitioners
RCO	Royal College of Ophthalmologists
RCOG	Royal College of Obstetrics & Gynaecologists
RCP	Royal College of Physicians
RCS	Royal College of Surgeons
RTT	Referral to Treatment
TARN	Trauma Audit & Research Network
UKOSS	UK Obstetric Surveillance System

Quality Account

2009/2010

The Countess of Chester Hospital NHS Foundation Trust

Annual Accounts

for the year ended 31 March 2010

Annual
Accounts
2009/2010

Contents

Statement of Accounting Officer's Responsibilities

The National Health Service Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the Accounting Officer's Memorandum issued by the Independent Regulator of the NHS Foundation Trusts ("Monitor").

Under the National Health Service Act 2006, Monitor has directed the Countess of Chester Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Countess of Chester Hospital NHS Foundation Trust and of its Income and Expenditure, Total Recognised Gains and Losses and Cash Flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS Foundation Trust Annual Reporting Manual and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust, and to enable him 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.

The annual accounts are prepared by the Directors of the Countess of Chester Hospital NHS Foundation Trust and are reviewed by the Audit Committee. The Board of Directors adopts the accounts following recommendation by the Audit Committee and once it is satisfied that the accounts give a true and fair view of the Trust's state of affairs, the Board of Directors also considers going concern and signs the Management Representation letter.

After making enquiries, the Directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.

1st June 2010
Peter Herring – Chief Executive

Statement of Internal Control

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 the Countess of Chester Hospital 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 the Countess of Chester Hospital NHS Foundation Trust for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

As Accounting Officer, supported by Board members, I have responsibility for the overall direction of the risk management systems and processes within the NHS Foundation Trust.

These accountability arrangements are documented in the NHS Foundation Trust's Risk Management Strategy. The Executive Risk Review Group, Quality Board, Management and Patient Safety Board, Risk and Health and Safety Operational Group and other sub groups support the Directors in the management of risk. The Audit Committee operates independently to obtain and evaluate assurances about the systems of internal control. The Director of Nursing, Quality and Environment is the Executive Lead for Risk, Emergency Planning and Business Continuity and is accountable for the management and development of the infrastructure on which the process is based.

There are close working links between Divisional Governance Facilitators and Service Line Managers at an operational level to ensure that corporate risk management and operational priorities are aligned. The key functions of risk management are supported by specialist risk advisors within health and safety, fire safety, security, emergency planning and business continuity and manual handling.

The roles and responsibilities of staff in relation to the identification and management of risk are clearly identified within the Risk Management Strategy and other risk management related policies, for example "Incident Reporting" and "Reporting of Serious Untoward Incidents".

The NHS Foundation Trust provides training and guidance to ensure that risk management is integrated into all policy and procedures to:

- Raise awareness of incident reporting and near misses;
- Ensure compliance with professional registration requirements;
- Provide a consistent approach to the management of risk; and
- Develop systems and processes which have the capacity to manage and mitigate risk.

The Risk and Control Framework

Good practice and lessons learnt are widely shared through mechanisms such as the Quality Board, Divisional Governance meetings, the Risk and Health and Safety Operational Group, Team Brief, E-Team Brief, and the Pulse. The NHS Foundation Trust has also signed up to the NHS Institute of Innovation and Improvement – Leading in Patient Safety Programme

Developments from this programme include:

- Patient safety "walkarounds" are completed to discuss patients with clinicians, promoting near miss and incident reporting;
- Use of the Global Trigger Tool – A process which takes a random sample of health records and reviews them for harmful events and potential change; and
- Improvements to the presentation of the NHS Foundation Trust's quality and risk reporting.

The Board of Directors has approved the Risk Management Strategy which is underpinned by the policy and procedure for risk management. These policies are reviewed annually and endorsed by the Board of Directors.

Risk management requires commitment and collaboration from all staff within the Trust. The process starts with the systematic identification of risk throughout the organisation which is then documented on Operational Assurance Frameworks.

The risk evaluation and treatment model is based on a grading of impact and likelihood. Risks are then scored and either managed locally or raised to the strategic Board Assurance Framework. The Risk Management Strategy defines acceptable risk together with the description of the 5 by 5 matrix and classifications for impact and likelihood. The classifications follow the National Patient Safety Agency (NPSA) guidance.

Operational Assurance Frameworks are regularly reviewed to ensure that risks are being managed effectively. Where appropriate, risk escalation is managed through the completion of a Situation, Background, Assessment and Recommendation (SBAR) process via the Executive Risk Review Group.

The NHS Foundation Trust maintains a Board Assurance Framework. This identifies the key risks facing the Trust in the achievement of corporate objectives. The controls and assurances in respect of strategic risks are reviewed on a regular basis via the Executive Risk Review Group.

The Board of Directors also reviews the Board Assurance Framework. In year the Board developed mitigation plans in conjunction with partner organisations to manage the flu pandemic and the ability of the NHS Foundation Trust to deliver "normal" service to the local population.

Information governance risks are managed as part of the integrated Risk Management Strategy and assessed three times a year using the Information Governance Toolkit. The NHS Foundation Trust continues to be rated "green" with a score of 74% for 2009/10. In year there were no data security issues that required reporting to the Information Commissioner.

Risk management is further embedded within the NHS Foundation Trust through:

- An integrated risk management system (DATIX) that is utilised to record incidents, complaints, claims and PALS issues, which enable management to have access to incidents in their own area of responsibility;
- Risk is managed as part of the normal service line management responsibilities and the business planning process;
- Quarterly divisional governance reports, which are submitted to the Risk and Clinical Governance Manager and Risk and Health and Safety Operational Group;
- Business continuity plans within each operational area; this was subject to internal audit in year and received Significant Assurance;
- Risk assessments are completed on existing, new and proposed activities/changes; and
- Use of internal and external audit and other independent and regulatory bodies to provide assurance that risk is being managed appropriately.

Public awareness of risk management is addressed through presentation at open Board meetings and feedback to the Board of Governors.

Furthermore, the public and patients are involved in identifying risk and bringing this to the attention of the NHS Foundation Trust in a variety of ways:

- NHS Foundation Trust membership and Board of Governors;
- Patient satisfaction surveys;
- Complaints, claims and Patient Advice and Liaison (PALS) concerns; and
- The Board of Governors Strategy Group review the draft Standards for Better Health Declaration and input is obtained from the Overview and Scrutiny Committee and other patient/public forums.

The system of internal control is strengthened by compliance with the Code of Governance and Compliance Framework established by Monitor. The NHS Foundation Trust is fully compliant with the core Standards for Better Health. The NHS Foundation Trust has an unconditional registration with the Care Quality Commission and received an unannounced hygiene code inspection in January 2010 which confirmed full compliance with the regulations.

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 to 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 all the NHS Foundation Trust's obligations under equality, diversity and human rights legislation are in place. In December 2009 (on Human Rights Day) the NHS Foundation Trust held a showcase event which launched the "Local Equality Champions Staff Network", working with NHS Western Cheshire.

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

Review of Economy, Efficiency and Effectiveness of the Use of Resources

The NHS Foundation Trust has well established systems and processes to manage its resources. Objectives and targets are set on a strategic and annual basis. The financial strategy outlines income and expenditure forecasts, investment plans and efficiency requirements.

The Board of Directors receive regular integrated performance reports which provide data in respect of financial, clinical and national targets and objectives. Any areas of risk are highlighted through the use of a Red, Amber and Green (RAG) rating system.

On a quarterly basis the financial performance of the NHS Foundation Trust is reviewed by the Finance Committee, which is a formal Committee of the Board. This is underpinned by a sound financial governance framework and monthly reporting systems to monitor budgets and financial performance. The NHS Foundation Trust was an early implementer of service line management and budgetary control systems and delegation to service line managers is well established.

The Board of Directors receive monthly reports of key HR statistics, for example staff sickness, staff in post, and professional registrations checks, which are included within the monthly performance report.

A detailed internal audit plan is approved by the Audit Committee on an annual basis; this includes assurances in respect of the internal control environment and the use of NHS Foundation Trust resources. Findings and recommendations are monitored and reported through the Audit Committee.

The Board of Directors has also received assurances on the use of resources from Monitor, the Independent Regulator of Foundation Trusts. The NHS Foundation Trust has achieved a financial risk rating of 4 as planned.

The NHS Foundation Trust is committed to ensuring value for money and efficiency, examples include the following:

- The NHS Foundation Trust has embarked on a long term programme of service transformation and is engaged with staff and patients in the redesign of key systems, patient pathways and processes to maximise efficiency within operations. The NHS Foundation Trust is also moving away from a speciality model of delivery and has commenced reorganisation of the management structure into two key patient pathways of planned and unplanned care. The primary aim of this is to improve the efficient design and delivery of patient care;
- Subscription to national benchmarking that provides comparative information analysis on patient activity and clinical indicators; and
- The NHS Foundation Trust is engaged with local health economy partners to drive forward the Quality, Innovation, Productivity and Prevention programmes across the local and national footprint.

Review of Effectiveness

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

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Audit Committee, The Management and Patient Safety Board, and Executive team meetings and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Head of Internal Audit provides me with an opinion which is substantially derived from the conduct of risk based reviews generated from a robust and organisation led assurance framework. The Head of Internal Audit Opinion for 2009/10 provides significant assurance that there is generally a sound system of internal control. I also receive internal audit assurance in respect of the systems and processes underpinning the Board Assurance Framework and the Standards for Better Health mid year Declaration.

The External Auditors provide progress reports to the Audit Committee and the annual report and accounts are presented to the Finance Committee, Audit Committee and the Board of Directors for approval. The Annual Opinion is presented to the Board of Governors.

My review is also informed by:

- The results of a Care Quality Commission unannounced Hygiene Code compliance inspection;
- The NHS Foundation Trust's unconditional registration with the Care Quality Commission;
- Successful implementation of the World Health Organisation Safer Surgery Checklist;
- Assurances received through the organisational committee structure; and
- The deployment of successful risk mitigation strategies with partner organisations to manage the flu pandemic in year.

No significant control issues were identified during the year 1 April 2009 to 31 March 2010; however the following issues were identified during the year and robust action plans put in place to address them:

- Performance against the Accident and Emergency targets;
- Specialty-specific performance in 18-week pathway;
- Improving performance against national cancer targets; and
- Reducing the levels of cancelled operations.

Action plans to improve the controls in all of the above risk areas is ongoing.

Future short term and current risks are identified and assessed through the Executive Risk Review Group and Board Assurance Framework. The annual planning process assesses risks over a one to three year period and identifies mitigating strategies accordingly.

The key future risks are summarised as follows:

- PCT quality, innovation, performance and productivity plans and service reconfiguration which may require significant reductions in service;
- 'One Wales' policy to provide care in Welsh hospitals may see patient focus change;
- Change to PbR and business rules which could limit and reduce payments and/or tariffs;
- Quality related payments;
- Economic outlook is likely to result in reductions in funding levels;
- Demographic change resulting in higher numbers of elderly patients with complex needs; and
- Changes in Government policy leading to a revised operating framework and policies.

Our response to each potential risk will be a reorganisation and/or reduction in our operating resources combined with potentially higher levels of cost reduction and provision over a wider health footprint.

Annual Quality Report

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual. The Trust Board has reviewed the Quality Accounts and is assured that the Accounts present a balanced view.

This has been achieved through the in year quality reporting and assurance mechanisms which include the following:

- A dedicated executive lead for quality;
- The introduction of a Quality Board in year to drive forward the quality agenda;
- A clear and proactive focus on the Trust's Quality Improvement Programme with regular programme updates included within the monthly quality reports to Board;
- Monthly quality reports which include performance against targets and areas for improvement;
- The achievement of an unconditional registration with the Care Quality Commission; and
- Participation in the North West Advancing Quality Scheme.

The Trust has a number of systems and controls to ensure the accuracy of data which includes:

- Policies and procedures are in place to ensure data quality such as Clinical Coding Policy, the IM&T Strategy and the Risk Management Strategy;
- Staff responsible for managing data are appropriately trained and skilled according to their level of responsibility; and
- A developing audit programme which will provide assurance of metrics on a rolling basis. To date this has focused on national indicators.

The Board has received assurance in respect of data quality and the accuracy of data.

This has included:

- The Trust score for 2009/10 for information quality and records management assessed using the information governance toolkit was 74%. Records management assessment was above 2 on the tools scale in all areas.
- The Trust was subject to the payment of results clinical coding audit during the reporting period by the Audit Commission and the error rates reported in the latest published audit for that period for diagnoses and treatment coding were 5% and 6.4% respectively.

Review of Effectiveness

As Accounting Officer I have reviewed the effectiveness of the systems of internal control in relation to the Quality Report. The Countess of Chester Hospital NHS Foundation Trust strives to continuously improve and sustain the quality of its services for patients, putting quality and patient safety, at the heart of everything it does. Our intent is to deliver care with commitment and our vision is underpinned by our corporate objectives.

The Trust worked with PCT commissioning partners, to deliver a new quality contract with a number of stretch targets and were successful in the development of four commissioning for quality and innovations (CQUIN's) to drive forward quality at the heart of local health care. A rigorous quality monitoring process underpins the Trust's key contract with NHS Western Cheshire and assurances in respect of the Quality Strategy, targets and metrics are received by the Board on a monthly basis.

The Trust has a significant number of quality and safety improvement initiatives underway, relating to its quality improvement programme, which will continue to progress into 2010/11.

Conclusion

In summary, the Trust has a sound system of internal control in place, which is designed to manage the key organisational objectives and minimise the Trust's exposure to risk. The Board of Directors is committed to continuous improvement and enhancement of the systems of internal control.

1st June 2010
Peter Herring – Chief Executive

Independent Auditors' Report to the Board of Governors of Countess of Chester Hospital NHS Foundation Trust

We have audited the financial statements of Countess of Chester Hospital NHS Foundation Trust for the year ended 31 March 2010 under the National Health Service Act 2006. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies relevant to NHS Foundation Trusts set out therein.

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

Respective Responsibilities of Directors and Auditors

As described on page 3 the Accounting Officer is responsible for the preparation of the financial statements in accordance with directions issued by Monitor. Our responsibilities, as independent auditors, are established by statute, the Code of Audit Practice issued by Monitor and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs of the Trust and its income and expenditure for the year ended 31 March 2010.

We review whether the statement on internal control on pages 4 to 8 reflects compliance with Monitor's guidance issued in the NHS Foundation Trust Annual Reporting Manual. We report if it does not meet the requirements specified by Monitor or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements.

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We are not required to consider, nor have we considered, whether the directors' statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose. We read the information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of Audit Opinion

We conducted our audit in accordance with the National Health Service Act 2006 and the Code of Audit Practice issued by Monitor, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of Countess of Chester Hospital NHS Foundation Trust as at 31 March 2010 and of its income and expenditure for the year then ended.

Certificate

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

Tim Cutler
Senior Statutory Auditor for and on behalf of
KPMG LLP Chartered Accountants
St James' Square, Manchester
1st June 2010

Foreword to the Accounts

These accounts for the year ended 31 March 2010 have been prepared by the Countess of Chester Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 in the form which Monitor, the Independent Regulator of NHS Foundation Trusts has, with the approval of the Treasury directed.

1st June 2010
Peter Herring – Chief Executive

Statement of Comprehensive Income for the Year Ended 31 March 2010

	NOTE	Before exceptional items 2009/10 £000	Exceptional items 2009/10 £000	Total 2009/10 £000	Before exceptional items 2008/09 £000	Exceptional items 2008/09 £000	Total 2008/09 £000
Operating Income from Continuing Operations	2	**171,902**	**-**	**171,902**	158,437	-	158,437
Operating Expenses of Continuing Operations	3	**(165,082)**	**(4,715)**	**(169,797)**	(154,722)	(10,195)	(164,917)
Operating Surplus		**6,820**	**(4,715)**	**2,105**	3,715	(10,195)	(6,480)
Finance Costs:							
Finance Income	7.1	**185**	**-**	**185**	1,313	-	1,313
Finance Expense – Financial Liabilities	7.2	**(175)**	**-**	**(175)**	(168)	-	(168)
PDC Dividends payable		**(2,022)**	**-**	**(2,022)**	(2,687)	-	(2,687)
Net Finance Costs		**(2,012)**	**-**	**(2,012)**	(1,542)	-	(1,542)
SURPLUS FOR THE YEAR		**4,808**	**(4,715)**	**93**	2,173	(10,195)	(8,022)
Other Comprehensive Income:							
Revaluation gains/(losses) and impairment losses property, plant and equipment	1.6	**-**	**(4,492)**	**(4,492)**	-	(7,526)	(7,526)
Increase in the donated asset reserve due to receipt of donated assets		**100**	**-**	**100**	518	-	518
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets		**(259)**	**-**	**(259)**	(210)	-	(210)
Additions/(reduction) in Other Reserves		**-**	**-**	**-**	(402)	-	(402)
TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR		**4,649**	**(9,207)**	**(4,558)**	2,079	(17,721)	(15,642)

Exceptional items included in operating expenses of continuing operations include the charge for the impairment of property, plant and equipment of 2009/10 £2,662,000 (2008/09 £10,195,000) and re-organisational costs including termination benefits, 2009/10 £2,053,000 (2008/09 £nil).

The notes on pages 17 to 43 form part of these financial statements

Statement of Financial Position as at 31 March 2010

	NOTE	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
NON-CURRENT ASSETS:				
Property plant and equipment	8	**76,530**	82,518	92,050
Total Non-Current Assets		**76,530**	82,518	92,050
CURRENT ASSETS:				
Inventories	10	**2,123**	2,175	1,798
Trade and other receivables	11	**5,341**	3,786	5,102
Cash and cash equivalents		**17,406**	15,125	19,936
Total Current Assets		**24,870**	21,086	26,836
CURRENT LIABILITIES:				
Trade and other payables		**(12,590)**	(13,157)	(12,973)
Borrowings	12	**(45)**	(67)	(54)
Provisions	13	**(2,920)**	(1,203)	(1,444)
Tax payables	14	**(2,167)**	(2,080)	(2,050)
Other liabilities		**(648)**	(1,610)	(2,318)
Total Current Liabilities	12.1	**(18,370)**	(18,117)	(18,839)
Total Assets less Current Liabilities		**83,030**	85,487	100,047
NON-CURRENT LIABILITIES:				
Borrowings		**(4,604)**	(2,649)	(2,716)
Provisions	13	**(1,174)**	(941)	(808)
Other liabilities	14	**(2,976)**	(3,137)	(3,297)
Total Non-Current Liabilities	12.1	**(8,754)**	(6,727)	(6,821)
Total Assets Employed		**74,276**	78,760	93,226
TAXPAYERS' EQUITY:				
Public dividend capital		**61,859**	61,785	60,609
Revaluation reserve		**6,231**	10,629	19,585
Other reserves		**112**	112	514
Donated asset reserve		**2,452**	2,705	2,092
Income and expenditure reserve		**3,622**	3,529	10,426
TOTAL TAXPAYERS' EQUITY		**74,276**	78,760	93,226

The notes on pages 17 to 43 form part of these financial statements

Signed

Peter Herring – Chief Executive
Date: 1st June 2010

Statement of Changes in Taxpayers Equity

	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Donated Asset Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000
Taxpayers' Equity at 1 April 2009	78,760	61,785	10,629	2,705	112	3,529
Changes in taxpayers' equity for 2009/10						
Surplus for the year	93	-	-	-	-	93
Revaluation gains/(losses) and impairment losses property, plant and equipment	(4,492)	-	(4,398)	(94)	-	-
Increase in the donated asset reserve due to receipt of donated assets	100	-	-	100	-	-
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets	(259)	-	-	(259)	-	-
Public Dividend Capital Received	74	74	-	-	-	-
Movement on other reserves	-	-	-	-	-	-
Taxpayers Equity at 31 March 2010	74,276	61,859	6,231	2,452	112	3,622

The notes on pages 17 to 43 form part of these financial statements

Statement of Changes in Taxpayers Equity

	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Donated Asset Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000
Taxpayers' Equity at 1 April 2008 – as previously stated	93,791	60,609	17,060	2,092	514	13,516
Prior Period Adjustment – Restatement to IFRS	(565)	-	2,525	-	-	(3,090)
Taxpayers' Equity at 31 March 2008 – restated	93,226	60,609	19,585	2,092	514	10,426
Changes in taxpayers' equity for 2008/09						
Surplus for the year	(8,022)	-	-	-	-	(8,022)
Revaluation gains / (losses) and impairment losses property, plant and equipment	(7,526)	-	(7,831)	305	-	-
Increase in the donated asset reserve due to receipt of donated assets	518	-	-	518	-	-
Reduction in the donated asset reserve in respect of depreciation, impairment, and / or disposal of donated assets	(210)	-	-	(210)	-	-
Public Dividend Capital Received	1,176	1,176	-	-	-	-
Movement on other reserves	(402)	-	(1,125)	-	(402)	1,125
Taxpayers Equity at 31 March 2009	**78,760**	**61,785**	**10,629**	**2,705**	**112**	**3,529**

The notes on pages 17 to 43 form part of these financial statements

Statement of Cash Flows for the Year Ended 31 March 2010

	2009/10 £000	2008/09 £000
Cash flows from operating activities:		
Operating surplus from continuing operations	**2,105**	(6,480)
Operating surplus	**2,105**	(6,480)
Non-cash income and expense:		
Depreciation and amortisation	**4,934**	4,843
Impairments	**2,662**	10,195
Transfer from donated asset reserve	**(259)**	(210)
Amortisation of government grants	**(94)**	(94)
Amortisation of PPP credit	**(66)**	(66)
(Increase)/Decrease in Trade and Other Receivables	**(1,539)**	1,316
(Increase)/Decrease in Inventories	**52**	(377)
Increase/(Decrease) in Trade and Other Payables	**1,420**	(1,091)
Increase/(Decrease) in Other Liabilities	**(962)**	(708)
Increase/(Decrease) in Provisions	**1,950**	(108)
Other movements in operating cashflows	**37**	98
Net cash generated from/(used in) operations	**10,240**	7,318
Cash flows from investing activities:		
Interest Received	**185**	1,313
Purchase of Property, Plant and Equipment	**(7,940)**	(11,736)
Net cash generated from/(used in) investing activities	**(7,755)**	(10,423)
Cash flows from financing activities:		
Public dividend capital received	**74**	1,176
Loans received	**2,000**	-
Capital element of Public Private Parnership obligations	**(67)**	(54)
Interest element of Public Private Parnership obligations	**(175)**	(168)
PDC Dividend paid	**(2,038)**	(2,687)
Cash flows from (used in) other financing activities	**2**	27
Net cash generated from/(used in) financing activities	**(204)**	(1,706)
Increase/(decrease) in cash and cash equivalents	**2,281**	(4,811)
Cash and Cash equivalents at 1 April	**15,125**	19,936
Cash and Cash equivalents at 31 March	**17,406**	15,125

The notes on pages 17 to 43 form part of these financial statements

Notes to the Accounts

1 Accounting Policies

Monitor has directed that the financial statements of the NHS Foundation Trust shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2009/10 issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Consolidation

These accounts are for The Countess of Chester Hospital NHS Foundation Trust alone.

The Trust is the Corporate Trustee of the Countess of Chester Hospital NHS Charitable Funds which under IAS 27 potentially could be considered a subsidiary and require consolidation. However the application of IAS 27 relating to the consolidation of charitable funds has been deferred by Monitor until the financial year 2011/12.

1.2 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable in the normal course of business. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

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

1.3 Expenditure on Employee Benefits

Short-Term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement which is 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.

Termination Benefits

Termination benefits are recognised as an expense when the Trust is committed demonstrably, without realistic possibility of withdrawl, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide termination benefits as the result of an offer made to encourage voluntary resignations. Termination benefits for voluntary resignations are recognised as an expense if the Trust has made an offer of voluntary resignation, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than twelve months after the reporting period, then they are discounted to their present value.

Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS emloyers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the NHS Foundation Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employers pension costs 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.

1.4 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.

1.5 Exceptional items

Exceptional items are those significant items which are seperately disclosed by virtue of their size or incidence to enable a full understanding of the Trust's financial performance.

1.6 Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised where;

- it is held for use in delivering services or for an administrative purpose;
- it is probable that future economic benefits will flow to, or service potential be provided to the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- individually have a cost of at least £5,000; or
- form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control: or
- form part of the initial equipping and setting up cost of a new building, or refurbishment of a ward or unit irrespective of their individual or collective cost.

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 economic lives.

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. Thereafter they are stated at cost less accumulated depreciation and any recognised impairment loss. All assets are measured subsequently at fair value

Subsequent to their initial recognition, property, plant and equipment are carried at revalued amounts. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards. These valuations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the balance sheet date.

Fair values are determined as follows:

Land and non specialised operational property – market value for existing use
Specialised operational property – depreciated replacement cost

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been valued on the basis of an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The last full asset valuation was undertaken as at 31 March 2009, with an interim valuation undertaken as at 31 March 2010.

As a result of the revaluations, the Trust has recognised an impairment of £2,662,000 (2008/09 £10,195,000) (operating expenses note 3) and charged a revaluation loss of £4,492,000 (2008/09 £7,526,000) to the revaluation reserve (Statement of comprehensive income).

Fixtures and equipment are carried at depreciated historic cost, as this is not considered to be materially different from fair value.

Subsequent expenditure

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

Depreciation

Items of Property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Depreciation is charged using the straight-line method. 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' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS Foundation Trust's Professional Valuers.

Plant and Equipment are depreciated evenly over the estimated life of the asset, as follows:

- Plant and Equipment – 5 to 15 years
- Transport Equipment – 5 to 7 years
- Information Technology – 5 to 10 years
- Furniture & Fittings – 5 to 10 years

Disposals

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Revaluation and impairment

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

Decreases in asset values and impairments 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'.

De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.;
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

1.7 Donated Assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the donated asset reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the statement of comprehensive income. Similarly, any impairment on donated assets charged to the the statement of comprehensive income is matched by a transfer fom the donated asset reserve. On sale of donated assets, the net book value on the donated asset is transferred from the donated asset reserve to the income and expenditure reserve.

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1.8 Research and Development

Expenditure on research is not capitalised.

Expenditure on development is capitalised if it meets all the following criteria:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during the development.

There was no such expenditure requiring capitalisation at the Statement of Financial Position date. Expenditure which does meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. NHS Foundation Trusts disclose the total amount of research and development expenditure charged in the Statement of Comprehensive Income separately.

However, where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

1.9 Public Private Partnership (PPP) Transactions

PPP 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. The underlying assets are recognised as property, plant and equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

Where a significant part of the operators income derives from charges to users rather than payments from the Trust a deferred income credit is established and released to the Statement of Comphrehensive Income over the life of the agreement.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

1.10 Intangible Assets

Intangible assts 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 and where the cost of the asset can be measured reliably.

Software which is integral to the operation of hardware e.g. 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 e.g. 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 fair value. Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income. Decreases in asset values and impairments 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'.

1.11 Government Grants

Government grants are grants from Government bodies other than income from Primary Care Trusts or NHS Trusts for the provision of services. Grants from the Department of Health, including those for achieving three star status, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Governement grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

Where the grant is used to fund capital expenditure the grant is held as deferred income and released to operating income over the life of the asset in a manner consistent with the depreciation charge for that asset.

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value.

1.13 Financial Assets and Financial Liabilities

Recognition

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

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

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

De-recognition

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

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

Classification and Measurement

Financial assets are all categorised as loans and receivables.

Financial liabilities are all classified as Other Financial Liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. The Trust's loans and receivables comprise cash and cash equivalents, trade receivables, accrued income and other receivables. Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Cash and Cash Equivalents

Cash, bank and overdraft balances are recorded at the current values of these balances in the NHS Foundation Trust's cash book. These balances exclude monies held in the NHS Foundation Trust's bank account belonging to patients (see 'third party assets' note 17). Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed in borrowings. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in periods to which they relate. Bank charges are recorded as "operating expenditure" in the periods to which they relate.

Financial Liabilities

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

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

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the costs of those assets.

Fair value is determined from market prices, independent appraisals and discounted cashflow analysis as appropriate to the financial asset or liability. Where required, cashflows are discounted at the Treasury's discount rate of 2.2%, except for finance leases and on-Statement of Financial Position PPP transactions, which use the interest rate implicit in the agreement.

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Impairment of Financial Assets

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

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

1.14 Leases

Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The 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 inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating Leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of Land and Buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

1.15 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 14.1.

Non-Clinical Risk Pooling

The NHS Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.16 Contingencies

Contingent liabilities are not recognised in the accounts, but are disclosed in note 14, unless the probability of a transfer of economic benefit 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 benefit will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.17 Public Dividend Capital (PDC)

Public Dividend Capital (PDC) is a type of public sector equity finance based on the excesses of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General and the Government Banking Service.

1.18 Value Added Tax

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

1.19 Corporation Tax

The Countess of Chester Hospital NHS Foundation Trust is a Health Service body within the meaning of s519AICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the exemption in relation to the specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the scope of Corporation Tax but there is no tax liability arising in respect of the current financial year.

1.20 Foreign Exchange

The functional and presentational currencies of the Trust are 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 (other than financial instruments measured at 'fair value through income and expenditure') 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.

1.21 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's Annual Reporting Manual.

1.22 Critical Accounting Estimates and Judgements

The preparation of financial statements under IFRS requires the Trust to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The main areas which require the exercise of judgement are in accounting for fixed assets and provisions.

1.23 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC but are not yet required to be adopted:

Effective for the next financial year ending 31 March 2011:

IFRS 3 (amendment) Business combinations (revised 2008) – various amendments	(effective 1 July 2009)
IAS 27 (amendment) Consolidated and separate financial statements – changes to reflect accounting for non-controlling (previously minority) interests	(effective 1 July 2009)
IAS 39 (amendment) Financial Instruments: Recognition and Measurement – amendments relating to eligible hedged items, embedded derivatives when reclassifying financial instruments	(effective 1 July 2009)
IFRIC 17 Distributions of non-cash assets to owners – guidance	(effective 1 July 2009)
IFRS 5 (amendment) Non-current assets held for sale and discontinued operations – various amendments	(effective 1 July 2009)
IFRS 1 (amendment) First time adoption of IFRS – improvements to structure. No changes to technical content.	(effective 1 July 2009)
IFRS 2 (amendment) Share-based payments – improvements to clarify changes relating to IFRS 3	(effective 1 July 2009)
IAS 38 (amendment) Intangible assets – various amendments	(effective 1 July 2009)
IFRIC 9 (amendment) Reassessment of embedded derivatives – improvements to clarify changes relating to IFRS 3	(effective 1 July 2009)
IFRIC 16 (amendment) Hedges of a net investment in a foreign operation – removal of the restriction that prevented a hedging instrument from being held by a foreign operation that itself is being hedged.	(effective 1 July 2009)
IFRS 5 (amendment) Non-current assets held for sale and discontinued operations – clarification of disclosures	(effective 1 January 2010)
IFRS 8 (amendment) Operating segments – clarification that segment information in relation to total assets is only required if such information is reported to the chief operating decision maker	(effective 1 January 2010)
IAS 1 (amendment) Presentation of financial statements – clarifications	(effective 1 January 2010)
IAS 7 (amendment) Statement of cash flows – clarification that only expenditure that results in the recognition of an asset can be classified as a cash flow from investing activities	(effective 1 January 2010)
IAS 17 (amendment) Leases – clarification of treatment of leases containing a land element	(effective 1 January 2010)
IAS 36 (amendment) Impairment of assets – clarification of largest unit to which goodwill should be allocated	(effective 1 January 2010)
IAS 39 (amendment) Financial instruments: Recognition and measurement – additional guidance and clarification	(effective 1 January 2010)
IFRS 1 (amendment) First time adoption of IFRS – additional exemptions for first time adopters	(effective 1 January 2010)
IFRS 2 (amendment) Share-based payments – clarification of group cash-settled share-based payment transactions	(effective 1 January 2010)
IAS 32 (amendment) Financial instruments: Presentation – clarification of rights issues	(effective 1 February 2010)

Efffective for future financial years:

IFRIC 19 Extinguishing financial liabilities with equity instruments	(effective 1 July 2010)
IFRS 1 (amendment) First time adoption of IFRS – limited exemptions for first time adopters in relation to IFRS 7 disclosures	(effective 1 July 2010)
IAS 24 (amendment) Related party transactions – revised definition of a related party and amendment to disclosure requirements for government-related bodies.	(effective 1 January 2011)
IFRIC 14 (amendment) IAS 19 The limit on a defined benefit asset, minimum funding requirement and their interaction – removal of the unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement	(effective 1 January 2011)
IFRS 9 Financial instruments – replacement of IAS 39	(effective 1 January 2013)

The Trust has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Trust or that they would not have a significant impact on the Trust's financial statements, apart from some additional disclosures.

1.24 Accounting Standards, Amendments and Interpretations Issued That Have Been Adopted Early

The Trust has not early adopted any new accounting standards, amendments or interpretations.

2 Income

2.1 Segmental Reporting

All of the Foundation Trust's activities are in the provision of healthcare, which is an aggregate of all the individual speciality components included therein, and the very large majority of the healthcare services provided occur at the one geographical main site.

Similarly, the large majority of the Foundation Trust's revenue originates with the UK Government. The majority of expenses incurred are payroll expenditure on staff involved in the production or support of healthcare activities generally across the Trust together with the related supplies and overheads needed to establish this service. The business activities which earn revenue and incur expenses are therefore of one broad combined nature and therefore on this basis one segment of 'Healthcare' is deemed appropriate.

The operating results of the Foundation Trust are reviewed monthly or more frequently by the Trust's chief operating decision maker which is the overall Foundation Trust Board and which includes senior professional non-executive directors. The Trust Board review the financial position of the Foundation Trust as a whole in their decision making process, rather than individual components included in the totals, in terms of allocating resources. This process again implies a single operating segment under IFRS 8.

The finance report considered monthly by the Trust Board contains summary figures for the whole Trust together with graphical line and bar charts relating to different total income activity levels, and directorate expense budgets with their cost improvement positions. Likewise only total balance sheet positions and cashflow forecasts are considered for the whole Foundation Trust. The Board as chief operating decision maker therefore only considers one segment of healthcare in its decision-making process.

The single segment of 'Healthcare' has therefore been identified as consistent with the core principle of IFRS 8 which is to enable users of the financial statements to evaluate the nature and financial effects of business activities and economic environments.

2.2 Total Income from Activities

	NOTE	2009/10 £000	2008/09 £000
Income from activities	2.2	**159,051**	146,571
Other operating income	2.4	**12,851**	11,866
Operating Income from Continuing Operations		**171,902**	158,437

2.2 Income from Activities Comprises:

	2009/10 £000	2008/09 £000
Elective income	**29,297**	28,129
Non elective income	**59,042**	53,235
Outpatient income	**28,500**	27,532
Other type of activity income	**36,304**	31,731
A&E income	**5,424**	5,508
Total income	**158,567**	146,135
PBR clawback	**-**	-
Income from activities - protected services	**158,567**	146,135
Private patient income	**484**	436
Income from activities	**159,051**	146,571

As an NHS Foundation Trust, the majority of income in respect of patient care is received under Payment by Results (PBR), which is intended to re-imburse Trusts based on the actual activity delivered using the National Tariff of procedure prices. The Terms of Authorisation set out the mandatory goods and services that the Trust is required to provide (protected services). All of the income from activities before private patient income shown above is derived from the provision of protected services. All other income arises from non-mandatory services.

2.3 Private Patient Income

	Base Year 2002/03 £000	2009/10 £000	2008/09 £000
Private Patient Income	520	**484**	436
Total Patient Related Income	89,454	**159,051**	146,571
Proportion (as a percentage)	0.6%	**0.3%**	0.3%

Section 44 of the National Health Service Act 2006, requires that the proportion of private patient income to the total patient related income of NHS Foundation Trusts should not exceed its proportion whilst the body was an NHS Trust in 2002/03. The note above shows that the Trust was compliant for 2009-10.

2.4 Other Operating Income

	2009/10 £000	2008/09 £000
Research and development	**498**	328
Education and training	**6,937**	6,241
Charitable contributions to expenditure	**264**	232
Amortisation of Government Grants	**94**	94
Transfers from donated asset reserve	**259**	210
Non-patient care services to other bodies	**1,319**	1,253
Car parking	**1,138**	1,072
Catering	**1,274**	1,213
Other income	**1,002**	1,157
Amortisation of PPP deferred credits	**66**	66
Total	**12,851**	11,866

3 Operating expenses

	2009/10 £000	2008/09 £000
Operating expenses comprise:		
Services from NHS Foundation Trusts	**1,043**	838
Services from NHS Trusts	**737**	824
Services from other NHS bodies	**530**	412
Purchase of healthcare from non NHS bodies	**501**	531
Directors' costs	**965**	764
Staff costs - before exceptional item	**114,324**	107,742
Exceptional staff costs - re-organisation including termination benefits (note 14.1)	**2,053**	-
Drug Costs	**10,487**	8,802
Supplies and services (excluding drug costs)		
■ clinical	**14,237**	13,346
■ general	**3,032**	2,667
Establishment	**1,743**	1,855
Transport	**142**	138
Premises	**6,350**	6,953
Depreciation & Amortisation	**4,935**	4,843
Increase in bad debt provision	**103**	196
Audit fees - statutory audit	**51**	48
Other Auditors Remuneration	**138**	9
Clinical negligence	**2,800**	2,055
Support for business transformation	**971**	968
Training courses	**648**	563
Insurance	**241**	218
Exceptional impairment of property, plant and equipment (note 1.6)	**2,662**	10,195
Losses and special payments	**67**	43
Other	**1,000**	809
Loss on disposal of protected property, plant and equipment	**-**	19
Loss on disposal of other non-protected property, plant and equipment	**37**	79
Total	**169,797**	164,917

4 Arrangements Containing Operating Leases

	2009/10 £000	2008/09 £000
Minimum lease payments	**1,267**	1,579
Total	**1,267**	1,579

4.1 Total Future Minimum Operating Lease Payments

	2009/10 £000	2008/09 £000
Payable:		
not later than one year;	**650**	607
later than one year and not later than five years;	**2,147**	3,092
later than five years.	**1,586**	2,643
Total	**4,383**	6,342

The Trust has short term operating leases for various types of equipment usually on a short term basis and the payments for these are included in the minimum lease payments for the financial year.

The Trust is also committed under contract for three managed service contracts which provide equipment as part of the contract. These contracts are for up to 10 years. Also included are a number of lease cars. These leases are for a period of three years.

5 Employee Expenses and Numbers

5.1 Employee Expenses

	Total 2009/10 £000	Permanently Employed £000	Other £000	Total 2008/09 £000
Short term employee benefits – salaries and wages	**97,758**	82,755	15,003	90,951
Post employee benefits social security costs	**6,853**	6,306	547	6,458
Post employee benefits employer contributions to NHS Pensions Agency	**10,442**	9,609	833	9,788
Termination Benefits	**702**	702	-	-
Agency/contract staff	**1,469**	-	1,469	1,191
Total	**117,224**	99,372	17,852	108,388

5.2 Average number of persons employed

	Total 2009/10	Permanently Employed	Other	Total 2008/09
Medical and dental	**354**	154	200	346
Administration and estates	**642**	599	43	624
Healthcare assistants & other support staff	**680**	651	29	664
Nursing, midwifery & health visiting staff	**797**	734	63	768
Nursing, midwifery & health visiting learners	**4**	4	-	11
Scientific, therapeutic and technical staff	**495**	468	27	475
Total	**2,972**	2,610	362	2,888

5.3 Retirements Due to Ill-health

During 2009/10 (prior year 2008/09) there were 6 (4) early retirement from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £367,000 (£152,000). The cost of these ill-health retirements will be borne by the NHS Pensions Agency. These retirements represented 1.62 per 1,000 active scheme members. This information was supplied by NHS Pensions Agency.

5.4 Directors' Remuneration

	Total 2009/10 £000	Total 2008/09 £000
Directors' Remuneration	**783**	625
Employer contributions for national insurance	**86**	67
Employer contributions to the pension scheme	**96**	72

There is a total of six Directors to whom benefits are accruing under defined benefit pension schemes.

6 Pension Costs

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

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

a) Full actuarial (funding) valuation

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

The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay.

On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation. Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data. The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

The scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

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

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

The scheme provides the opportunity to members to increase their benefits through money purchase additional voluntary contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

7 Net Financing Costs

7.1 Finance Income

	2009/10 £000	2008/09 £000
Interest on loans and receivables	**185**	1,313

7.2 Finance Costs

	2009/10 £000	2008/09 £000
Interest on obligations under PPP contracts:		
■ finance cost	**141**	143
■ contingent finance cost	**34**	25
Total	**175**	168

8 Property, Plant and Equipment 2009/10

Fixed Asset Movement 2009/10

	Land £000	Buildings Excluding Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000	Total 31 March 2010 £000
Cost or valuation									
At 1 April 2009	4,210	55,927	2,591	6,294	21,119	23	4,397	2,149	**96,710**
Additions – purchased	-	688	-	3,150	1,696	20	431	53	**6,038**
Additions – donated	-	-	-	-	100	-	-	-	**100**
Reclassifications	-	6,350	-	(8,480)	1,526	-	-	604	**-**
Other in year revaluation	-	(9,134)	-	-	-	-	-	-	**(9,134)**
Disposals	-	-	-	-	(1,028)	-	-	-	**(1,028)**
At 31 March 2010	**4,210**	**53,831**	**2,591**	**964**	**23,413**	**43**	**4,828**	**2,806**	**92,686**
Accumulated depreciation									
At 1 April 2009	-	-	62	-	11,523	16	1,819	772	**14,192**
Other in year revaluation	-	(1,980)	-	-	-	-	-	-	**(1,980)**
Disposals	-	-	-	-	(991)	-	-	-	**(991)**
Provided during the year	-	1,980	62	-	1,936	4	686	267	**4,935**
At 31 March 2010	**-**	**-**	**124**	**-**	**12,468**	**20**	**2,505**	**1,039**	**16,156**
Net book value									
Purchased at 1 April 2009	3,100	54,612	-	6,294	8,206	7	2,578	1,377	**76,174**
PPP Obligations at 1 April 2009	1,110	-	2,529	-	-	-	-	-	**3,639**
Donated at 1 April 2009	-	1,315	-	-	1,390	-	-	-	**2,705**
Total at 1 April 2009	**4,210**	**55,927**	**2,529**	**6,294**	**9,596**	**7**	**2,578**	**1,377**	**82,518**
Net book value									
Purchased at 31 March 2010	3,100	52,659	-	964	9,665	23	2,323	1,767	**70,501**
PPP Obligations at 31 March 2010	1,110	-	2,467	-	-	-	-	-	**3,577**
Donated at 31 March 2010	-	1,172	-	-	1,280	-	-	-	**2,452**
Total at 31 March 2010	**4,210**	**53,831**	**2,467**	**964**	**10,945**	**23**	**2,323**	**1,767**	**76,530**
Analysis of property, plant and equipment at 31 March 2010									
Net book value									
NBV - Protected assets at 31 March 2010	3,100	53,831	-	-	-	-	-	-	**56,931**
NBV - Unprotected assets at 31 March 2010	1,110	-	2,467	964	10,945	23	2,323	1,767	**19,599**
Total at 31 March 2010	**4,210**	**53,831**	**2,467**	**964**	**10,945**	**23**	**2,323**	**1,767**	**76,530**

8.1 Property Plant and Equipment 2008/09

Fixed Asset Movement 2008/09

	Land £000	Buildings Excluding Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000	Total 31 March 2009 £000
Cost or valuation									
At 1 April 2008 as previously stated	9,730	62,337	-	2,707	23,240	26	3,850	1,890	**103,780**
Prior Period Adjustment	178	-	4,993	-	-	-	-	-	**5,171**
Cost or valuation as restated	**9,908**	**62,337**	**4,993**	**2,707**	**23,240**	**26**	**3,850**	**1,890**	**108,951**
Additions – purchased	-	2,579	-	7,545	2,240	-	170	78	**12,612**
Additions – donated	-	-	-	-	518	-	-	-	**518**
Reclassifications	-	3,279	-	(3,958)	86	-	403	190	**-**
Other in year revaluation	(5,698)	(12,247)	(2,402)	-	(2,088)	(3)	(26)	(9)	**(22,473)**
Disposals	-	(21)	-	-	(2,877)	-	-	-	**(2,898)**
At 31 March 2009	**4,210**	**55,927**	**2,591**	**6,294**	**21,119**	**23**	**4,397**	**2,149**	**96,710**
Accumulated depreciation									
At 1 April 2008 as previously stated	-	-	-	-	14,760	19	1,221	569	**16,569**
Prior Period Adjustment	-	-	332	-	-	-	-	-	**332**
Accumulated depreciation as restated	**-**	**-**	**332**	**-**	**14,760**	**19**	**1,221**	**569**	**16,901**
Other in year revaluation	**-**	(2,369)	(332)	-	(2,013)	(5)	(26)	(7)	**(4,752)**
Disposals	-	(2)	-	-	(2,798)	-	-	-	**(2,800)**
Provided during the year	-	2,371	62	-	1,574	2	624	210	**4,843**
At 31 March 2009	**-**	**-**	**62**	**-**	**11,523**	**16**	**1,819**	**772**	**14,192**
Net book value									
Purchased at 1 April 2008	9,730	61,286	-	2,707	7,438	7	2,629	1,321	**85,118**
PPP Obligations at 1 April 2008	178	-	4,661	-	-	-	-	-	**4,839**
Donated at 1 April 2008	-	1,051	-	-	1,042	-	-	-	**2,093**
Total at 1 April 2008 as restated	**9,908**	**62,337**	**4,661**	**2,707**	**8,480**	**7**	**2,629**	**1,321**	**92,050**
Net book value									
Purchased at 31 March 2009	3,100	54,612	-	6,294	8,206	7	2,578	1,377	**76,174**
PPP Obligations at 31 March 2009	1,110	-	2,529	-	-	-	-	-	**3,639**
Donated at 31 March 2009	-	1,315	-	-	1,390	-	-	-	**2,705**
Total at 31 March 2009	**4,210**	**55,927**	**2,529**	**6,294**	**9,596**	**7**	**2,578**	**1,377**	**82,518**
Analysis of property, plant and equipment at 31 March 2009									
Net book value									
NBV – Protected assets at 31 March 2009	3,100	55,927	-	-	-	-	-	-	**59,027**
NBV – Unprotected assets at 31 March 2009	1,110	-	2,529	6,294	9,596	7	2,578	1,377	**23,491**
Total at 31 March 2009	**4,210**	**55,927**	**2,529**	**6,294**	**9,596**	**7**	**2,578**	**1,377**	**82,518**

8.2 Net Book Value of Assets Held Under PPP Obligations

PPP Arrangements

	2009/10 £000	2008/09 £000
PPP Cost or valuation at 1 April as previously stated	4,033	-
Prior period adjustment	-	5,171
Cost or valuation at 1 April as restated	4,033	5,171
Impairments charged to revaluation reserve	-	(2,070)
Revaluation surpluses	-	932
Cost or valuation at 31 March	4,033	4,033

	2009/10 £000	**2008/09 £000**
PPP Depreciation at 1 April as previously stated	394	-
Prior period adjustment	-	332
Accumulated depreciation at 1 April as restated	394	332
Provided during the year	62	62
Accumulated depreciation at 31 March	456	394
Net Book Value under PPP obligations at 31 March	3,577	3,639

In 2005/06, the Trust entered into a Public Private Partnership with Frontis Homes Limited, a registered social landlord, to provide our staff accommodation and on-call facilities. The £5.9m scheme has significantly improved the quality of the previous accommodation, and increased the ability of the Trust to continue to attract the best staff. The Trust will contribute annually toward the cost of the rent and services to be provided for the on-call facility. The term of the agreement is 40 years.

9 Gross PPP Obligations

	31 March 2010 £000	31 March 2009 £000
Gross PPP Liabilities	**4,959**	5,167
of which liabilities are due		
Not later than one year	**182**	208
Between one and five years	**781**	755
After five years	**3,996**	4,204
Finance charges allocated to future periods	**(2,310)**	(2,451)
Net PPP Liabilities	**2,649**	2,716
Not later than one year	**45**	67
Between one and five years	**263**	225
After five years	**2,341**	2,424
	2,649	2,716

The Trust is committed to make the following payments for PPP obligations during the next year in which the commitment expires:

	31 March 2010 £000	31 March 2009 £000
Within one year	**345**	336
2nd to 5th years (inclusive)	**1,467**	1,431
6th to 10th years (inclusive)	**2,049**	1,999
11th to 15th years (inclusive)	**2,319**	2,262
16th to 20th years (inclusive)	**2,623**	2,559
21st to 25th years (inclusive)	**2,668**	2,896
26th to 30th years (inclusive)	**1,741**	1,698
31st to 35th years (inclusive)	**1,556**	1,921

10 Inventories

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Materials	**2,123**	2,175	1,798

	31 March 2010 £000	31 March 2009 £000
Inventories recognised in expenses	12,836	13,102
Write-down of inventories recognised as an expense	38	17
Total Inventories recognised in expenses	**12,874**	13,119

11 Trade and Other Receivables

Current Receivables

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Trade receivables due from related parties	1,891	1,295	1,780
Other receivables due from related parties	505	124	318
Prepayments	974	594	1,288
Accrued Income	397	388	449
PDC Receivable	16	-	-
Amounts due under the NHS Injury Scheme	1,014	996	821
Other trade receivables	387	216	67
Other receivables	157	173	379
Total Current Trade and Other Receivables	**5,341**	3,786	5,102

There are no non-current trade receivables. The carrying values of trade receivables, accrued income and other receivables approximate to their fair value. The majority of trade is with other NHS organisations, which are funded by government, therefore no credit scoring of them is considered necessary. Trade receivables is stated net of an estimate for irrecoverable amounts. The movement in the year was as follows:

11.1 Receivables Past Their Due Date But Not Impaired

	Gross 31 March 2010 £000	Impairment 31 March 2010 £000	Gross 31 March 2009 £000	Impairment 31 March 2009 £000	Gross 31 March 2008 £000	Impairment 31 March 2008 £000
Not past due date	**980**	-	1,389	-	1,538	-
Up to 3 months	**1,298**	-	295	-	670	-
over 3 months	**473**	**473**	500	**500**	492	474
Total	**2,751**	**473**	2,184	**500**	2,700	474

11.2 Provision for Impairment of Receivables

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Balance at April	**500**	474	618
Increase in allowance recognised in income statement	**431**	355	354
Amount written off during the year	**(130)**	(170)	(199)
Amount recovered during the year	**(328)**	(159)	(299)
At 31 March	**473**	500	474

12 Trade and Other Payables

	Current			Non-current		
	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000	**31 March 2010 £000**	31 March 2009 £000	31 March 2008 £000
Trade payables due to related parties	**3,670**	2,847	4,151	**-**	-	-
Other payables due to related parties	**1,305**	1,252	1,323	**-**	-	-
Accruals	**1,416**	1,278	812	**-**	-	-
Other Trade payables	**4,955**	6,694	5,796	**-**	-	-
Other Payables	**1,244**	1,086	891	**-**	-	-
Total	**12,590**	13,157	12,973	**-**	-	-

The carrying values of trade payables, accruals and other payables approximate to their fair value. The date of settlement for all payables will be in accordance with agreed payment terms.

12.1 Other Liabilities

	Current			Non-current		
	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000	**31 March 2010 £000**	31 March 2009 £000	31 March 2008 £000
Deferred Income	**488**	1,450	2,158	**-**	-	-
Deferred PPP Credits	**66**	66	66	**2,188**	2,254	2,320
Deferred Government Grant	**94**	94	94	**788**	883	977
Total	**648**	1,610	2,318	**2,976**	3,137	3,297

13 Borrowings

	Current			Non-current		
	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000	**31 March 2010 £000**	31 March 2009 £000	31 March 2008 £000
Loans from Foundation Trust Financing Facility	-	-	-	2,000	-	-
Obligations under PPP Contracts	45	67	54	2,604	2,649	2,716
Total	45	67	54	4,604	2,649	2,716

The NHS Foundation Trust is required to comply and remain within a prudential borrowing limit. This is made up of two elements:

- The maximum cumulative amount of long-term borrowing. This is set by reference to the four ratio tests set out in Monitor's Prudential Borrowing Code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit.
- The amount of any working capital facility approved by Monitor.

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

In March 2010 the Trust signed a loan agreement with the Foundation Trust Financing Facility. The loan is for £6,000,000 at 3.09%, of which £2,000,000 has been drawn down in the current year. The remaining £4,000,000 will be drawn down during the next financial year. The loan is repayable over 10 years by 18 bi-annual installments commencing in September 2011. The fair value of borrowings approximate to their carrying value.

13.1 Prudential Borrowing Limit

	Limit set by Monitor			Actual Borrowing Approved		
	31 March 2010	31 March 2009	31 March 2008	**31 March 2010**	31 March 2009	31 March 2008
	£000	£000	£000	**£000**	£000	£000
Total Long Term Borrowing Limit set by Monitor	37,400	33,900	31,300	6,000	-	-
Working Capital Facility agreed by Monitor	12,500	10,000	10,000	12,500	10,000	10,000
Total Prudential Borrowing Limit	49,900	43,900	41,300	18,500	10,000	10,000

13.2 Monitor Four Ratio Test

The four ratio tests and the Trust's performance against them is set out below:

	Actual 2009/10	**Approved 2009/10**	Actual 2008/09	Approved 2008/09
Minimum Dividend Cover	**5**	**1**	4	1
Minimum Interest Cover	**57**	**3**	59	3
Minimum Debt Service Cover	**41**	**2**	45	2
Maximum Debt Service to Revenue	**0.14%**	**2.5%**	0.14%	2.5%

The Trust was within the approved limit.

14 Provisions

	Current 31 March 2010 £000	Non Current 31 March 2010 £000	Current 31 March 2009 £000	Non Current 31 March 2009 £000	Current 31 March 2008 £000	Non Current 31 March 2008 £000
Pensions relating to other staff	**19**	**325**	18	321	17	197
Legal Claims	**446**	**-**	415	-	332	-
Backdated pay provision	**406**	**-**	747	-	1,072	-
Restructuring Costs	**2,020**	**-**	-	-	-	-
Permanent Injury Benefit	**29**	**849**	23	620	23	611
Total	**2,920**	**1,174**	1,203	941	1,444	808

	Pensions Relating to Other Staff	Legal Claims	Backdated pay provision	Restructuring	Permanent injury benefit	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2008	214	332	1,072	-	634	2,252
Arising during the year	143	352	429	-	14	938
Utilised during the year	(18)	(106)	(385)	-	(5)	(514)
Reversed unused	-	(163)	(369)	-	-	(532)
At 1 April 2009	339	415	747	-	643	**2,144**
Arising during the year	24	393	331	2,020	241	**3,009**
Utilised during the year	(19)	(133)	(205)	-	(6)	**(363)**
Reversed unused	-	(229)	(467)	-	-	**(696)**
At 31 March 2010	**344**	**446**	**406**	**2,020**	**878**	**4,094**
Expected timing of cashflows:						
not later than one year	19	446	406	2,020	29	**2,920**
later than one year and not later than five years	75	-	-	-	146	**221**
later than five years	250	-	-	-	703	**953**
Total	**344**	**446**	**406**	**2,020**	**878**	**4,094**

14.1 Provisions

Pensions relating to other staff
Provisions for capitalised pension benefits are based on tables provided by the Office for National Statistics, reflecting years to normal retirement age and the additional pension costs associated with early retirement. No further capitalisations of pension benefits have been applied during the financial year. This provision relates to three former employees.

Legal claims
Legal claims consist of amounts due as a result of third party and employee liability claims. The values are based on information provided by the Trust's solicitors and the NHS Litigation Authority.

Backdated Pay Provision
The backdated pay provision relates to outstanding pay reform assimilations and changes in legislation.

Restructuring
The Trust is currently implementing a reorganisation of its internal management structures in order to improve the efficiency of the delivery of patient care. The costs of the restructure including termination benefits are provided for.

Permanent Injury Benefits
Permanent Injury Benefits are payable to eligible individuals, and are calculated in the same way as capitalised pension benefits. The calculations are based on current payments in relation to expected life tables as issued by the Office for National Statistics. These are discounted using the Treasury discount rate of 2.2%.

£20,700,000 is included in the provisions of the NHS Litigation Authority at 31 March 2010 in respect of clinical negligence liabilities for the Trust (31 March 2009 £24,101,000). The provisions for legal claims are calculated by reference to expected cash flows discounted back at the Treasury discount rate of 2.2%.

15 Cash and Cash Equivalents

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Bank balances at 1 April	**15,125**	19,936	13,789
Net change in year	**2,281**	(4,811)	6,147
Cash and cash equivalents in the statement of cash flows at 31 March	**17,406**	15,125	19,936

Cash and cash equivalents at 31 March 2010 is held in instant access bank accounts. Current asset investments comprise short-term money market investments and other deposit accounts denominated in sterling. Both attract interest at rates based on LIBOR or equivalent market or public sector rates. The carrying amounts are equivalent to their fair values.

16 Capital Commitments

Contractual Capital Commitments at 31 March not otherwise included in these financial statements

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Property, Plant and Equipment	**2,441**	2,237	2,488

16.1 Events After the Reporting Date

On 6th April 2010, the Board of Directors approved that the Trust proceed with the proposed transfer of staff and services in respect of Ellesmere Port Hospital from Community Care Western Cheshire (the provider arm of Western Cheshire PCT), subject to the resolution of a number of issues around finance and risk transfer. The value of the services transfered is expected to be in the region of £5m, and is planned to take place on 1 July 2010.

17 Third Party Assets

The Trust held £367 In the Bank (2008/09 £61) which relates to monies held by the NHS Foundation Trust on behalf of patients.

Related Party Transactions

The Countess of Chester Hospital NHS Foundation Trust is a public interest body authorised by Monitor the Independent Regulator for NHS Foundation Trusts. The Trust has received £264,000 revenue (2008/09 £231,000) and £97,765 capital (2008/09 £117,000) payments from a number of charitable funds for which the Trust acts as Corporate Trustee.

Other main NHS entities with which the Countess of Chester Hospital NHS Foundation Trust interacts are regarded as related parties. The transactions are in the normal course of business and are on an arms length basis. During the year the Countess of Chester Hospital NHS Foundation Trust had a number of material transactions with other NHS entities which are listed below. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Material Related Party Transactions

	Income 2009/10 £000	Expenditure 2009/10 £000	Current receivables 2009/10 £000	Current payables 2009/10 £000	Bad/Doubtful Debt Provision 2009/10 £000
Transactions with Key Management Personnel					
Short term employee benefits	-	882	-	-	-
Post-employment benefits – Pension and social security employer contributions	-	206	-	-	-
Department of Health	102	-	22	-	-
Other NHS Bodies	138,843	17,809	3,795	3,935	432
Other	26,678	7,909	1,775	3,069	-
The transactions with Board members shown above were in relation to their salaries only.					
Transacations with Other NHS Bodies					
Alder Hey Children's NHS Foundation Trust	-	714	-	34	-
Cheshire and Wirral Partnership NHS Foundation Trust	727	325	40	74	1
Liverpool Women's NHS Foundation Trust	8	1,083	-	215	-
Warrington and Halton Hospitals NHS Foundation Trust	3	2,480	1	190	-
Wirral University Teaching Hospital NHS Foundation Trust	2,521	2,692	114	39	-
Royal Liverpool and Broadgreen University Hospital NHS Trust	413	1,820	54	423	9
North West Strategic Health Authority	6,461	14	-	5	-
Central & Eastern Cheshire PCT	3,135	-	3	80	44
Halton & St Helens PCT	1,839	-	278	-	-
Western Cheshire PCT	118,308	682	862	400	139
Wirral PCT	2,030	1	18	357	3
NHS Litigation Authority	-	2,903	-	249	-
NHS Purchasing & Supply Agency	6	3,534	-	159	-
National Blood Authority	-	1,101	27	-	-
National Heath Service Pension Scheme	-	10,466	-	1,350	-
HMRC	-	6,856	505	1,189	-
Welsh Health Bodies	26,377	184	294	851	-

18 Reconciliation of Accounts for Transition to IFRS

Reconciliation of Income and Expenditure to Statement of Comprehensive Income

	Previous GAAP 2008/09 £000	Effect of transition to IFRS PPP 2008/09 £000	Effect of transition to IFRS MEAV 2008/09 £000	Effect of transition to IFRS Other 2008/09 £000	IFRS 2008/09 £000
Income from Activities					
Continuing operations	146,571	66	-	11,800	158,437
Other Operating Income					
Continuing operations	11,800	-	-	(11,800)	-
Operating Expenses					
Continuing operations	(154,778)	160	(10,195)	(104)	(164,917)
Operating Surplus	3,593	226	(10,195)	(104)	(6,480)
Loss on Disposal of Fixed Assets	(98)	-	-	98	-
Surplus Before Interest	3,495	226	(10,195)	(6)	(6,480)
Finance Income – Interest on Loans and Receivables	1,313	-	-	-	1,313
Finance Expense – Financial Liabilities	-	(168)	-	-	(168)
Surplus for the Financial Year	4,808	58	(10,195)	(6)	(5,335)
Public Dividend Capital dividends payable	(2,687)	-	-	-	(2,687)
Surplus for the Financial Year	2,121	58	(10,195)	(6)	(8,022)
Revaluation gains/(losses) and impairment losses property, plant and equipment	-	-	(7,526)	-	(7,526)
Increase in the donated asset reserve due to receipt of donated assets	518	-	-	-	518
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets	(210)	-	-	-	(210)
Additions in 'Other reserves'	(402)	-	-	-	(402)
Total Comprehensive Income/(Expense) for the period	2,027	58	(17,721)	(6)	(15,642)

18.1 Reconciliation of Accounts for Transition to IFRS

	Previous GAAP £000	Effect of transition to IFRS PPP £000	Effect of transition to IFRS MEAV £000	Effect of transition to IFRS Other £000	IFRS 30 March 2009 £000	Previous GAAP £000	Effect of transition to IFRS PPP £000	Effect of transition to IFRS Other £000	IFRS 30 March 2008 £000
Non Current Assets:									
Property, plant and equipment	95,387	3,638	(16,507)	-	82,518	87,211	4,839	-	92,050
Current Assets:									
Inventories	2,175	-	-	-	2,175	1,798	-	-	1,798
Trade and other receivables	3,662	-	-	-	3,662	4,784	-	-	4,784
Tax receivable	124	-	-	-	124	318	-	-	318
Cash and cash equivalents	15,125	-	-	-	15,125	19,936	-	-	19,936
Total Current Assets	21,086	-	-	-	21,086	26,836	-	-	26,836
Current Liabilities:									
Trade and other payables	(12,903)	-	-	(254)	(13,157)	(12,725)	-	(248)	(12,973)
Borrowings	-	(67)	-	-	(67)	-	(54)	-	(54)
Provisions	(1,203)	-	-	-	(1,203)	(1,444)	-	-	(1,444)
Tax liabilities	(2,080)	-	-	-	(2,080)	(2,050)	-	-	(2,050)
Other liabilities	(1,544)	(66)	-	-	(1,610)	(2,252)	(66)	-	(2,318)
Total Current Liabilities	(17,730)	(133)	-	(254)	(18,117)	(18,471)	(120)	(248)	(18,839)
Non Current Liabilities:									
Borrowings	-	(2,649)	-	-	(2,649)	-	(2,716)	-	(2,716)
Provisions	(941)	-	-	-	(941)	(808)	-	-	(808)
Other liabilities	(883)	(2,254)	-	-	(3,137)	(977)	(2,320)	-	(3,297)
Total Non Current Liabilities	(1,824)	(4,903)	-	-	(6,727)	(1,785)	(5,036)	-	(6,821)
Total Assets Employed	96,919	(1,398)	(16,507)	(254)	78,760	93,791	(317)	(248)	93,226
Taxpayers' equity									
Public dividend capital	61,785	-	-	-	61,785	60,609	-	-	60,609
Revaluation reserve	16,701	932	(8,693)	1,689	10,629	17,060	-	2,525	19,585
Other reserves	112	-	-	-	112	514	-	-	514
Donated asset reserve	2,396	-	309	-	2,705	2,092	-	-	2,092
Income and expenditure reserve	15,925	(2,330)	(8,123)	(1,943)	3,529	13,516	(317)	(2,773)	10,426
TOTAL TAXPAYERS' EQUITY	96,919	(1,398)	(16,507)	(254)	78,760	93,791	(317)	(248)	93,226

18.2 Service Consession Arrangement – Public Private Partnership with Frontis Homes Limited

In 2005/06 the Trust entered into a public private partnership with Frontis Homes Limited, a registered social landlord, to provide our staff accommodation and on-call facilities.

Under IFRIC 12 'Service Consession Arrangements' the agreement is treated as an 'on-Statement of Financial Position' transaction. This means that the staff accommodation is recognised as a non current asset of the Trust and two liabilities are recognised in respect of the amounts due to Frontis Homes Limited and the amounts recoverable from the tenants over the period of the agreement.

Under UK GAAP the agreement was accounted for as an off balance sheet transaction and the charges payable to Frontis Homes Limited were included within operating expenses. Under IFRIC 12, the Statement of Comprehensive Income is charged with depreciation in respect of the non current asset and interest payable in respect of the liability to Frontis Homes Limited.

Employee Benefits

Under IAS 19

Under IAS 19 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.

Modern Equivalent Asset Valuation

The Trust has revalued its land and buildings excluding dwellings on a modern equivalent asset basis as at 31st March 2009. This has given rise to an impairment of £10,195,000 through the Statement of Comprehensive Income. Further details are given in note 1.6.

19 Financial Instruments

Disclosure is required under International Accounting Standards of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Countess of Chester Hospital NHS Foundation Trust actively seeks to minimise its financial risks. In line with this policy, the Trust neither buys nor sells financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Market Risk

Interest-Rate Risk

All of the Trust's financial liabilites carry nil or fixed rates of interest. In addition, the only element of the Trust's assets that are subject to a variable rate are short term cash investments. The Trust is not, therefore, exposed to significant interest-rate risk. Interest rate profiles of the Trust's relevent financial assets and liabilities are shown in notes 12 and 15.

Foreign Currency Risk

The Trust has negligible foreign currrency income or expenditure.

Credit Risk

The Trust operates primarily within the NHS market and receives the majority of its income from other NHS organisations, as disclosed in note 17. There is therefore little risk that one party will fail to discharge its obligation with the other. Disputes can arise, however, around how the amounts owed are calculated, particularly due to the complex nature of the Payment by Results regime. For this reason the Trust makes a provision for irrecoverable amounts based on historic patterns and the best information available at the time the accounts are prepared. The Trust does not hold any collateral as security.

Liquidity Risk

The Trust's net operating costs are incurred under three year agency purchase contracts with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust receives such contract income in accordance with Payment by Results (PBR), which is intended to match the income received in year to the activity delivered in that year by reference to the National Tariff procedure cost. The Trust received cash each month based on an annually agreed level of contract activity and there are quarterly payments made to adjust for the actual income due under PBR. This means that in periods of significant variance against contracts there can be a significant cash-flow impact. To alleviate this issue the Trust has continued to put in place a working capital facility of £12,500,000 (2008/09 £10,000,000) with its current bankers, which it has yet to draw on.

The Trust finances it's capital expenditure from internally generated funds or funds made available from Government, in the form of additional Public Dividend Capital, under an agreed limit. In addition, the Trust has borrowed from the Department of Health Financing Facility and may also borrow commercially in order to finance capital schemes. Financing is drawn down to match the capital spend profile of the scheme concerned and the Trust is not, therefore exposed to significant liquidity risks in this area.

Annual Accounts

2009/2010

The Countess of Chester Hospital NHS Charitable Funds

Annual Report and Financial Statements

for the year ended 31 March 2010

Charitable
Funds
2009/2010

Contents

Structure, Governance and Management

Introduction

The Corporate Trustee presents the Charitable Funds Annual Report together with the Audited Financial Statements for the year ended 31 March 2010.

The Charity's Annual Report and Accounts for the year ended 31 March 2010 have been prepared by the Corporate Trustee in accordance with the Charities Act 1993 and the Charities (Accounts and Reports) Regulations 2005. The Charity's report and accounts include all the individual funds which are registered as Designated Funds and Restricted Funds for which the Countess of Chester Hospital NHS Foundation Trust is the sole beneficiary. They do not, by themselves, constitute charities for accounts purposes and do not need to be separately registered.

Governing Document

The Countess of Chester Hospital NHS Charitable Funds, registered Charity Number 1050015, was created under Trust Deed executed on 19 April 1995 in accordance with the Charities Act 1993.

The Countess of Chester Hospital NHS Trust gained Foundation Trust status in April 2004 following the official passing through Parliament of the relevant statutory instrument. Prior to the creation of the Countess of Chester Hospital NHS Trust, Chester Health Authority administered the various charitable funds as part of a pooling arrangement under the provision of the NHS Act 1973. The charitable monies were transferred to the Trust by Statutory Instrument 1994 No. 1301 which came into effect on 9th June 1994. The Countess of Chester Hospital NHS Foundation Trust is legally recognised by the Charity

Commission as Sole Corporate Trustee for all its funds held for the benefit of staff and patients. It is empowered to hold and administer funds for Charitable Health purposes within the scope for the National Health Service Act 2006.

Appointment of Corporate Trustee, Induction and Training

The Countess of Chester Hospital NHS Foundation Trust is the Corporate Trustee of the Charitable Funds. The role of Corporate Trustee is therefore carried out by the Board of Directors of the Foundation Trust, the Board being appointed in accordance with the Constitution of the Foundation Trust.

A statement of eligibility to Act as a Trustee is signed by members of the Board of Directors.

Induction and Training Policy

The Countess of Chester NHS Hospital Foundation Trust has an Induction Policy for all staff, which is delivered at two levels. Corporate, providing Trust wide information, and local, providing the detail for their department and individual role.

Newly appointed members of the NHS Foundation Trust Board are also given additional information about their responsibilities as the Corporate Trustee which includes the Charity Commission booklet CC3 - Responsibilities of Charity Trustees.

Financial Awareness Training for Charitable Funds provides ongoing training for members of the Corporate Trustee and for Fund signatories.

Reference of Administrative Information

The members of the NHS Foundation Trust Board who served during the financial year were as follows:

Executive Directors

Mr Peter Herring –
Chief Executive
Mrs Jane Tomkinson –
Deputy Chief Executive and Director of Finance and Compliance
Dr Virginia Clough –
Medical Director
Mrs Gaynor Hales –
Director of Nursing, Quality and Environment
Mr Tim Lynch –
Director of Operational Services
Mrs Debbie Fryer –
Director of Human Resources

Non-Executive Directors

Sir James Sharples QPM DL –
Chairman
Mrs Samantha Dixon –
Non-Executive Director
Mr Alastair Findlay –
Non-Executive Director
Mrs Sarah Jane Goulbourne –
Non-Executive Director
Dr Gerald Levy –
Non-Executive Director
Mrs Wendy Williams –
Non-Executive Director

The members of the Charitable Funds Committee who served during the financial year were as follows:

Sir James Sharples QPM DL –
Chairman
Mr Peter Herring –
Chief Executive
Mrs Jane Tomkinson –
Deputy Chief Executive and Director of Finance and Compliance
Dr Virginia Clough –
Medical Director
Mr Alastair Findlay –
Non-Executive Director

Principal Office:

The principal office for the charity is:
Executive Office
The Countess of Chester Hospital NHS Foundation Trust,
Countess of Chester Health Park,
Liverpool Road,
Chester CH2 1UL

Principal Professional Advisers

Bankers for the period under review in these accounts:

Lloyds TSB Bank Plc (Chester Branch)
8 Foregate Street,
Chester CH1 1XP

Investment Fund Managers:

M & G Charities
PO Box 9038,
Chelmsford CM99 2XF

Auditors:

KPMG LLP
St James Square,
Manchester M2 6DS

Charitable
Funds
2009/2010

Objectives and Strategy

Mission Statement

The Charity aims to use the charitable income it receives to enhance and improve the patient experience at our hospital, focusing on areas not covered or fully supported by NHS funds. The charity aims to generate income for general purposes and specific projects, and administers all donations in a manner that is both professional and sensitive to the needs of the donor.

Objectives

The charity has NHS wide objectives as follows:

"The Trustees shall hold the Trust Fund upon Trust to apply the income, and at their discretion, so far as may be permissible, the capital for charitable purposes relating to the general or any specific purposes of the Countess of Chester Hospital NHS Foundation Trust or to purposes relating to the health service".

When seeking to proactively raise funds for a specific project, the agreed strategy is to consider the various methods of fundraising and then decide upon the most appropriate way of securing funding based on the requirements of each individual project. These methods include: community fundraising, event organisation, grant applications, Trust fundraising, corporate fundraising and direct donor mailings.

For larger or 'major' appeals, the charity sets up a Fundraising Committee incorporating members of the fundraising team, medical staff, plus internal and external volunteers. The Committees are usually chaired by an external volunteer who is often a high profile member of the business community.

Partnership Working and Networks

The Countess of Chester Hospital NHS Foundation Trust is the main beneficiary of the charity and is a related party by virtue of being Corporate Trustee of the charity. By working in partnership with the Trust, the charitable funds are used to best effect for the benefit of the public served by the Trust. When deciding upon the most beneficial way to use charitable funds, the Corporate Trustee has regard to the main objectives, strategies and plans of the Trust.

We remain indebted to a large number of fundraising volunteers, Trust staff and charitable organisations, including the Chester Heart Support Group, the Lions Club of Chester and local Masonic Lodges who regularly support our fundraising activities.

Throughout the year, many of our patients and their families have actively undertaken fundraising for us which is very much appreciated. We are equally grateful to the local business community including Cruise, M&S Money, Shell and Bank of America for their support. We are also grateful for the financial support of various Charitable Trusts.

Financial Review

A Review of Our Finances and Performance

The net assets of the Charitable Funds as at 31st March 2010 were £1,160,000 (2008/09 £1,090,000), an increase of £70,000 during the financial year.

Total incoming resources this year totalled £535,000 (2008/09 £477,000). Of which, £27,000 was raised through donations to the annual Moonlight walk and £48,000 was raised through a ball held in aid of the Relative Comfort Appeal.

Of the total expenditure of £563,000 (2008/09 £511,000), charitable expenditure on direct charitable grants was £410,000 (2008/09 £397,000), and expenditure on support costs was £48,000 (2008/09 £49,000).

Performance of Investments

Since July 2003 The Countess of Chester NHS Charitable Funds has invested with M&G's Charities Investment Managers Ltd, in a unit trust fund called Charifund. This is designed to provide a high and growing income for charities, whilst at the same time protecting their capital from the erosive effect of inflation. The investment remains for the long term, and we would expect the value of our investment to grow and recover from the losses seen in previous years.

These investments do not have a maturity date. Investment income received from M&G was £22,000 before deducting management fees. The gain in the valuation of our unrealised investments with M&G was £98,000 (2008/09 loss of £167,000).

In addition to the long term investments, short term deposits are invested with nominated Commercial Clearing Banks. The investment income received from this amounted to £9,000. The reduction in interest receivable is the result of significantly lower interest rates and lower returns from M&G.

Purchase of New Equipment, New Building and Refurbishment

Out of the expenditure on direct charitable grants the total spent on additional medical equipment for the Trust was £170,000 (2008/09 £181,000). A further £14,000 (2008/09 £15,000) was spent on computer equipment and £12,000 (2008/09 £17,000) on furniture and fittings.

Staff Education and Welfare

Each ward has its own staff amenities fund. Donations made specifically to these funds are then utilised for the benefit of the staff. During the year £18,000 (2008/09 £17,000) was spent on staff amenities. In addition, funds also enable consultants and staff to attend additional courses not funded by the NHS, which allows them to keep up to date on new ideas and modern techniques in their individual specialties. A total of £15,000 (2008/09 £18,000) was spent on staff attending external training courses. These figures are shown in the accounts in Grant Funded Activity.

Patient Education and Welfare

The total spend on direct patient welfare amounted to £27,000 (2008/09 £27,000), expenditure included Christmas gifts, mastectomy bras and excursions for children. This is in addition to the equipment stated above.

Funds Administered on Behalf of Western Cheshire PCT

The Countess of Chester Hospital NHS Charitable Funds also administers funds for Western Cheshire PCT. The purposes of these funds have the same overall objectives as the funds held for the benefit of the Countess of Chester NHS Foundation Trust, and they are held in separately identifiable designated funds. These funds are earmarked for the use of Western Cheshire PCT only.

Activities and Future Plans

How Our Activities Deliver Public Benefit

At the core of every charity is the requirement to provide benefit to the public. This is the foundation of their charitable status, and each charity must demonstrate how this requirement is met through their aims and activities.

The focus of our activities as described below are to benefit the public who utilise the services of the Countess of Chester Hospital NHS Foundation Trust. This hospital mainly serves the community of Chester and its surrounding rural areas, all of which have equal access to its facilities. Charitable expenditure is made by way of direct grants to the Countess of Chester Hospital NHS Foundation Trust to enhance the patient care already provided.

The Trustee refers to Charity Commission guidance on achieving public benefit when reviewing the aims and objectives of the charity, and in the planning of future activities.

Our Activities

During the year the funds continued to provide a wide range of charitable and health related activities to benefit patients, staff and the wider community. Funds are generally used to purchase the varied additional goods and services that the NHS is unable to provide. This includes medical and other equipment, furniture and fittings to enhance the patient environment.

In addition to the designated funds listed on p20-22, each ward has individual staff and patient charitable funds, and donations can be made specifically to the wards that the donors would like to acknowledge. The funds can then be used for charitable activities to benefit the staff and patients on that ward, including allowing consultants and other staff to attend courses to help update them on the new ideas and modern techniques in their individual specialties.

Items purchased with the aid of the charitable funds this year include:

- A VAC pump machine – this machine is used in our Plastic Surgery department and can help speed up the healing time for wounds caused by traffic accidents and other trauma wounds.
- An incubator to be used on the Special Care Baby Unit which supports over 100 babies and their families every year.

▶

Charitable Funds

2009/2010

▶ Throughout the year we continued to promote our major appeal – Relative Comfort – and hosted a variety of events to support this appeal including our annual Ladies Moonlight Walk, a Chester races day collection, a ladies lunch in Chester and a Christmas carol concert. We also ran, for the second year, our 5km Santa Stroll aimed at families, with over 250 people taking part on the day. The First Royal Welsh Fusiliers once again supported the event and provided refreshments and music on site.

Relative Comfort was chosen as the Charity of Choice in 2009 for the Shell Chester Half Marathon and as Cruise nightclub's charity of the year. Cruise staff carried out collections and events to raise money for the appeal.

Our 'Golden Age of Travel' Fundraising Ball for Relative Comfort was held at M&S Money in Chester and 400 guests attended including many local businesses, members of Cheshire West Council and the University of Chester. The event had excellent press coverage and helped to raise the profile of the appeal within the local community.

Our annual Trees of Light Appeal took place in December 2009 with over £8,000 received in donations and Gift Aid. Funds from this appeal are used to improve the care and support offered to patients' families at the time of bereavement.

We continued to support many individuals and groups fundraising for our Charitable Funds by providing volunteers, prizes, support and advice. Some examples of these fundraising events include:

- Ladies fashion show held in Chester to support the Kisiizi Appeal
- Eaton Hall Open day to support the Human Milk Bank Appeal
- Sponsored walk to raise funds for the Peter McFerran Appeal

The popular Sunday Car Boot Sales continue to provide a valuable source of income for the charity, the proceeds of which have been used to purchase equipment for many different wards and departments. We are extremely grateful to all the volunteers who regularly give up their time to run these popular sales.

Our Future Plans

A sustainable charity relies upon receiving income from a variety of funding sources, so that if one area of income falls then income can be generated from elsewhere. Reducing dependence on a single source or type of income minimises financial risk, but income diversification is a complex and time-consuming process that can carry some risks for a fundraising team.

We are continuing to explore increasing our income from charitable trusts and foundations and with the development of the Major Appeal we are aiming for significant growth in this area. We are also hoping to explore the potential for corporate support and different ways to engage local businesses through volunteering and sponsorship.

We will be continually evaluating our Fundraising Strategy and reviewing ways of increasing our charitable income, particularly in the current financial climate.

Our current major appeal, Relative Comfort was launched in October 2008 and is a £500,000 appeal to provide relatives' accommodation and counselling rooms for the Critical Care Unit. The need for this unit emerged after consultation with patients, their families, loved ones and hospital staff who all highlighted the urgent need for a facility of this kind to help keep families close by in a 'home from home' environment.

A fundraising strategy and a financial forecast have been produced to outline how the fundraising team aim to achieve this goal, with a focus upon expanding the fundraising remit to include a wider variety of fundraising.

Over the coming year we are looking to build on the success of this year's Relative Comfort Ball by hosting another fundraising ball in December, sponsored by Chester Racecourse.

We are also lucky enough to have been chosen by the Duke of Westminster's Estate to be one of the chosen charities to benefit from this year's Garden Open Days, for which we are very grateful.

The annual Moonlight Walk is scheduled to take place on Saturday 19th June 2010. In December we will also be running the annual Santa Stroll and the Trees of Light event. During the year we are planning on introducing new events including a Candlelight Carol Concert and a fashion show.

We could not continue to hold and support so many fundraising events without the support of our volunteers and supporters, so a special thank you must go to them. On behalf of the patients and staff who have benefited from improved services provided as a result of donations and legacies we have received this year, the Corporate Trustee would like to thank everybody, including patients, relatives and staff for their generous and kind support of the charity.

Organisational Structure

The Countess of Chester Hospital NHS Foundation Trust Board approves the Corporate Governance Manual which comprises the documents for the regulation and proceedings of business.

These include:

- Standing Orders
- Standing Financial Instructions
- Scheme of Delegation

These documents set the framework within which all Directors and employees of the Trust must operate. These documents apply equally to the Trust's Charitable Funds as to the Foundation Trust. The Board considers that these arrangements ensure that the activities of the Charity are considered and applied in accordance with the strategic and operational objectives of the Corporate Trustee, thus ensuring that the same consistency and openness is applied to all the Trust's funds.

The NHS Foundation Trust Board has devolved responsibility for the on-going management of funds to the Charitable Funds Committee which administers the Funds on behalf of the Corporate Trustee. This Committee has specific terms of reference approved by the Trust Board and the membership comprises the Chair and nominated Executive and Non-Executive Directors of the Trust.

During the Financial Year the Charitable Funds Committee usually meets at least six times, on a two monthly basis to monitor the overall appropriateness of expenditure from the funds. The minutes of these meetings are submitted to a full Trust Board.

The Director of Finance is the Executive Director nominated by the Board to have prime responsibility for the administration of the Trust's Charitable Fund activities. All expenditure over £10,000 is reported to the Charitable Funds Committee.

Acting for the Corporate Trustee, the Charitable Funds Committee is responsible for the overall management of the Charitable Funds. The committee is required to:

- Ensure the Charitable Funds of the Trust are invested in accordance with the Charitable Funds Registration lodged with the Charity Commission;
- If required to appoint an Investment Adviser qualified within the meaning of the Trustee Investments Act 1961, provide them with guidance and to annually review their performance;
- To monitor the management and performance of the Charitable Funds;
- To make recommendations to the Board of Directors on the nature and frequency of major appeals and to monitor performance;
- To approve the annual Charitable Funds Accounts and
- To ensure adequate processes are in place to approve amendments to the schedule of approved Charitable Funds and to monitor the activity of Charitable Funds in accordance with the Trust's Standing Orders and Standing Financial Instructions and the approved purpose of the individual fund.

The Foundation Trust Finance Department, located at the Principal Office maintains the application process, records all financial transactions and provides a management information service to Fund signatories. The financial records are kept on the main Foundation Trust financial system and Fund signatories receive quarterly fund statements.

The Corporate Trustee fulfils its legal duty by ensuring that funds are spent in accordance with the objects of each fund, and by designating funds the Trustee respects the wishes of our generous donors to benefit patient care and advance the good health and welfare of patients, carers and staff. Where funds have been received which have specific restrictions set by the donors, a restricted fund has been established. A full list of funds is on Pages 18 to 22.

Employees

The Charity does not directly employ any members of staff, however the Charity does incur staffing costs for fundraising and administration. These staffing contracts are held by the NHS Foundation Trust and a recharge is made to the Charity for the costs incurred relating solely to the Charitable Funds Activity. The Directors do not receive remuneration or expenses from the Charity.

Financial Policies

Risk Management

The major risks to which the charity is exposed, as identified by the Corporate Trustee, have been reviewed and systems have been established to manage those risks. Due to the close relationship between the charity and the Countess of Chester Hospital NHS Foundation Trust itself, the charity benefits from the risk and control framework in place at the Foundation Trust.

A specific Charitable Funds risk register categorises risks facing the charitable funds and considers the actions taken to mitigate the risk. The risk policy, and the risks and controls are reviewed by the Charitable Funds Committee on an annual basis.

Reserves Policy

The Trustee is under a legal duty to apply charity funds within a reasonable time of receiving them. In order to comply with this duty, the Trustee has developed a reserves policy to explain the level of reserves held and set out how they will be managed.

The reserves policy applies to unrestricted funds, and states that the level of reserves should be sufficient to:

- Ensure stability of grant funding,
- Cover between one and three years administration, fund-raising and support costs, and
- Maintain the level of investments at its current level in order to mitigate against significant fluctuations in the levels of donations.

Therefore, the Trustee considers it prudent that the target range of unrestricted reserves is between £400k and £1.2m to ensure that the charity can run efficiently and meet the needs of its beneficiaries. The Balance Sheet shows that the unrestricted reserves of £761k at the end of the financial year are within the range required by the policy.

Restricted funds are excluded from this policy, in accordance with Charity Commission guidance, as they are subject to specific trusts and are not freely expendable at the discretion of the Trustee.

On an annual basis, the funds will be examined to ensure compliance with this reserves policy

Investment Powers and Policy

The Trustee's investment powers are governed by the Trust Deed, which permits the charity's funds to be invested in any security listed on the Stock Exchange.

The Investment Policy's aim is to generate a steady income stream to maximise contribution towards the costs of central overheads, while protecting the real value of capital. The policy seeks to obtain the best financial return from the charity's investments, through investing consistently and with commercial prudence. The Trustee is duty bound to act with prudence, and shall not make speculative or hazardous investments. The Trustee should also ensure that there is adequate diversity of investment to minimise the risk of individual institutions performing poorly.

The Trustee should decline to invest in a particular company if its activities are directly contrary to the charitable purposes.

The charity's investments have continued to be managed in line with our Investment Policy and the Trust Deed. The Investment Policy is reviewed on an annual basis.

The main aims of the Policy are:

- That the underlying level of funds available for investment should be split between long term and short term investments.
- The net income from the investments are distributed over all the funds on an average fund balance basis.

The portfolio of investments are monitored by the Charitable Funds Committee on a bi-monthly basis.

Statement of Trustee's Responsibilities in Respect of the Trustee's Report and the Financial Statements

Under the Trust Deed of the charity and charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the Trust Deed, subject to any material departures disclosed and explained in the financial statements;
- and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are required to act in accordance with the Trust Deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 42(1) of the Charities Act 1993, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

By Order of the Corporate Trustee

Signed:

Chairman
6th July 2010
Sir James Sharples QPM DL

Deputy Chief Executive and
Director of Finance and Compliance
6th July 2010
Mrs Jane Tomkinson

Charitable
Funds
2009/2010

Independent Auditors' Report to the Trustees

Independent Auditors' Report to the Trustees of the Countess of Chester Hospital NHS Charitable Funds

We have audited the financial statements of the Countess of Chester Hospital NHS Charitable Funds for the year ended 31 March 2010 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's Trustees as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The Trustees' responsibilities for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on page 9. We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Tim Cutler, Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants, St James' Square, Manchester
6th July 2010

Statement of Financial Activities for the year ended 31 March 2010

	Note	Unrestricted Funds £000	Restricted Funds £000	**2009-10 Total Funds £000**	2008-09 Total Funds £000
Incoming resources	2				
Incoming resources from generated funds:					
Voluntary income:	2.1				
Donations		219	71	**290**	239
Grants Received		-	10	**10**	-
Legacies		-	1	**1**	25
Fundraising Events	2.2	47	156	**203**	135
Investment income	6.3	22	9	**31**	78
Total incoming resources		288	247	**535**	477
Resources expended					
Costs of Generating Funds:					
Costs of generating voluntary income		8	3	**11**	11
Fundraising trading costs	3.3	29	60	**89**	45
Investment Management Costs	6.4	1	1	**2**	2
Charitable activities:					
Grant Funded Activity	3.3	288	165	**453**	444
Governance costs	3.1	6	2	**8**	9
Total resources expended		332	231	**563**	511
Net incoming/(outgoing) resources					
Net incoming/(outgoing) resources		(44)	16	**(28)**	(34)
Gain/(Loss) on revaluation of investment assets		65	33	**98**	(167)
Net movement in funds		21	49	**70**	(201)
Reconciliation of Funds					
Fund balances brought forward at 31 March 2009		750	340	**1,090**	1,291
Transfers between classifications of funds	2.3	(10)	10	**-**	-
		740	350	**1,090**	1,291
Net movement in funds		21	49	**70**	(201)
Fund balances carried forward at 31 March 2010		761	399	**1,160**	1,090

Charitable
Funds
2009/2010

Balance Sheet as at 31 March 2010

	Notes	Unrestricted Funds £000	Restricted Funds £000	**Total at 31 Mar 2010 £000**	Total at 31 Mar 2009 £000
Fixed Assets					
Investments	6.2	251	127	**378**	280
Total Fixed Assets		251	127	**378**	280
Current Assets					
Debtors	7	3	11	**14**	12
Short term investments and deposits		532	268	**800**	800
Cash at bank and in hand		62	31	**93**	60
Total Current Assets		597	310	**907**	872
Liabilities					
Creditors: Amounts falling due within one year	8	87	38	**125**	62
Net Current Assets		510	272	**782**	810
Total Net Assets		761	399	**1,160**	1,090
Funds of the Charity					
Restricted Income Funds		-	399	**399**	340
Unrestricted Income Funds		761	-	**761**	750
Total Funds		761	399	**1,160**	1,090

Full details of the individual fund balances are shown on pages 18 to 22.

The notes at pages 13 to 17 form part of this account.

Approved by the Chairman of the Board on 6th July 2010.

Signed:

Sir James Sharples QPM DL

Notes to the Accounts

1 Accounting Policies

1.1 Basis of Preparation

The Financial Statements have been prepared under the historic cost convention, with the exception of investments which are included at market value at the Balance Sheet date. The Financial Statements have been prepared in accordance with applicable United Kingdom Accounting Standards and Policies, the Charities Act 2006 and Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued by the Charity Commission. There has been no change in the basis of accounting during the year.

1.2 Funds Structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

Funds where the capital is held to generate income for charitable purposes and cannot itself be spent are accounted for as endowment funds. The Countess of Chester Hospital NHS Charitable Funds has seventeen Restricted Funds, but no endowment funds.

Unrestricted income funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds earmarked by Trustees, where the donor has made known their non-binding wishes, as outlined explicitly on the donation receipt form.

Transfers between funds are approved in line with agreed expenditure procedures and in accordance with the Standing Financial Instructions.

Details of all the funds are shown on pages 18-22.

1.3 Incoming Resources

a) All incoming resources are included in full in the Statement of Financial Activities as soon as the following three factors can be met:

i) entitlement – arises when a particular resource is receivable or the charity's right becomes legally enforceable;
ii) certainty – when there is reasonable certainty that the incoming resource will be received;
iii) measurement – when the monetary value of the incoming resources can be measured with sufficient reliability.

b) Legacies
Legacies are accounted for as incoming resources once the receipt of the legacy becomes reasonably certain and quantifiable. This will generally be once confirmation has been received from the representatives of the estates that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled.

1.4 Resources Expended

All expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party.

a) Fundraising Costs
Fundraising Costs are the costs associated with generating income for the Charitable Funds.

b) Costs of Generating Voluntary Income
Costs of Generating Voluntary Income reflects the time spent by the Fundraising Manager on general promotion for the benefit of all funds.

c) Charitable activities
Grants payable are payments made to third parties (predominantly NHS bodies) in the furtherance of the charitable objectives. They are accounted for on an accruals basis where the conditions for their payment have been met or where a third party has a reasonable expectation that they will receive the grant. This includes grants paid to NHS bodies.

d) Governance Costs
These are accounted for on an accruals basis and are all costs incurred in the governance of the charity. These costs include costs related to statutory audit, together with an apportionment of overhead and support costs from the Countess of Chester Hospital NHS Foundation Trust.

e) Allocation of overhead and support costs
Overhead and support costs have been allocated as a direct cost or apportioned on an appropriate basis (refer to note 3) between Charitable Activities and Governance Costs. Once allocation and/or apportionment of overhead and support costs has been made between Charitable Activities and Governance Costs, the costs attributable to Charitable Activities are apportioned across those activities in proportion to actual spend.

1.5 Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.6 Investment Fixed Assets

Investment fixed assets are shown at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation during the year.

The Investment Fund Units are included in the Balance Sheet at the closing valuation at 31 March 2010.

Investment income and central costs, including governance costs are apportioned across all funds quarterly.

1.9 Gains and Losses

All realised gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or date of purchase if later). Unrealised gains and losses are calculated as the difference between market value at the year end and opening market value (or date of purchase if later).

1.10 Pensions Contributions

The cost of employer pensions contributions to the NHS Superannuation and other schemes is charged to the Statement of Financial Activities.

The pension contributions relate to staff employed by the Countess of Chester Hospital NHS Foundation Trust who are engaged in furtherance of charitable objectives who are members of the NHS Pension Fund (details of which are in the Foundation Trust Accounts, a copy of which can be obtained from the Principal Office, detailed on page 3).

2 Incoming Resources

2.1 Analysis of Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2009-10 £000	Total 2008-09 £000
Donations	219	71	**290**	239
Grants Received	-	10	**10**	-
Legacies	-	1	**1**	25
Total	219	82	**301**	264

2.2 Incoming Resources from Fundraising

	Unrestricted Funds £000	Restricted Funds £000	Total 2009-10 £000	Total 2008-09
Income from Fundraising	47	156	**203**	135

2.3 Transfers Between Funds

During the financial year there was a transfer of £7,000 from the Trees of Light fund (restricted) to the Relative Comfort Appeal (restricted). These funds were to help refurbish the counselling rooms for the Critical Care Unit to benefit the families of patients in the unit. The Appeals Fund (unrestricted) also transferred £10,000 towards the Relative Comfort Appeal (restricted). There were a few other low value transfers between unrestricted funds.

3 Resources Expended

3.1 Allocation of Support Costs and Overheads

	Total 2009-10 £000	Allocated to Governance 2009-10 £000	Residual for apportionment to Charitable Activity 2009-10 £000	Basis of apportionment
Financial Services	**16**	1	15	Proportionate to expenditure
Salaries and related costs	**31**	-	31	Proportionate to expenditure
External Audit	**7**	7	-	Governance
Central Fundraising Costs	**2**	-	2	Proportionate to expenditure
Total	**56**	8	48	

Included in governance costs as Financial Services are the cost of Corporate Trustee meetings.

3.2 Apportionment of Support Costs across Charitable Activities

	Fundraising 2009-10 £000	Purchase of New Equipment 2009-10 £000	Training Costs 2009-10 £000	Other Grants including Building 2009-10 £000	Support Costs 2009-10 £000
	2	1	7	1	5
Financial Services	3	1	14	2	10
Salaries and related costs	-	-	1	-	1
Central Fundraising Costs	5	2	22	3	16

3.3 Analysis of Charitable Expenditure

	Grant Funded Activity Unrestricted 2009-10 £000	Grant Funded Activity Restricted 2009-10 £000	Support Costs Unrestricted 2009-10 £000	Support Costs Restricted 2009-10 £000	Total 2009-10 £000
Fundraising Trading Costs	28	57	1	3	89
Purchase of New Equipment	153	43	19	3	218
Training Costs	13	2	2	-	17
Building Costs	17	14	2	1	34
Other Grants	73	95	9	7	184
Total	256	154	32	11	453

3.4 Analysis of Charitable Activity

The vast majority of grants are made to the Countess of Chester Hospital NHS Foundation Trust. The Corporate Trustee operates a scheme of delegation, through which all grant funded activity is managed by Fund Signatories. Signatories are responsible for the day to day disbursements on their projects in accordance with the directions set out by the Trustees. The Trustee does not make grants to individuals. Included in Grant funded activity is amounts paid from staff and patient amenities funds. The Charitable Funds also administers eight funds for Western Cheshire PCT. Total grants paid during the financial year on their behalf amounted to £4,089. These funds have the same overall objectives as the Countess of Chester Hospital NHS Charitable Funds, and they are held in separately identifiable designated funds.

4 Analysis of Staff Costs

	Total 2009-10 £000	Total 2008-09 £000
Salaries and wages	**57**	54
Social security costs	**5**	5
Other pension costs	**8**	7
Total	**70**	66
Average monthly number of staff in the year:	**3**	3

Staff costs relate to employees of the Countess of Chester Hospital NHS Foundation Trust.

5 Auditor Remuneration

The auditor's remuneration of £7,050 (2008/09 £7,800) related solely to the audit with no other additional work undertaken.

6 Analysis of Fixed Asset Investments

6.1 Fixed Asset Investments:

	31 March 2010 Total £000	31 March 2009 Total £000
Market value brought forward	**280**	448
Net (loss)/gain on revaluation	**98**	(168)
Market value at 31 March	**378**	280
Historic cost at 31 March	**353**	353

6.2 Market Value:

	Held in UK £000	31 March 2010 Total £000	31 March 2009 Total £000
Investments in a Common Investment Fund	378	**378**	280
Total	378	**378**	280

6.3 Investment Income:

	Unrestricted Funds £000	Restricted Funds £000	Total 2009-10 £000	Total 2008-09 £000
Bank Investment Income	-	9	**9**	51
Unit Trust Fund Income	22	-	**22**	27
Total	22	9	**31**	78

6.4 Investment Management Costs

The investments in the M&G unit trust fund incurs an annual charge of 0.46% of the average balance of the funds held by them.

7 Analysis of Debtors

Amounts falling due within one year:	31 March 2010 £000	31 March 2009 £000
Accrued income:	**14**	12
Total debtors falling due within one year	**14**	12

8 Analysis of Creditors

Amounts falling due within one year:	31 March 2010 £000	31 March 2009 £000
Other creditors	**72**	31
Accrual	**53**	31
Total creditors falling due within one year	**125**	62

Other creditors represent sums owed at the year end by the charity to a related party, the Countess of Chester Hospital NHS Foundation Trust.

9 Related Party Transactions

The Charitable Funds have made direct revenue and capital grant payments of £410,000 including amounts for staff and patient amenities (2008/09 £397,000) to the Corporate Trustee, the Countess of Chester Hospital NHS Foundation Trust.

Charitable
Funds
2009/2010

Fund Statements and Objectives

Type of Fund

	31 Mar 2010 £	31 Mar 2009 £	Details on Page
General Purpose Fund	**62,019**	83,739	18
Restricted Funds	**430,247**	404,722	19
Designated Funds	**790,240**	822,470	20-22
Unrealised (Loss) / Gain on investments	**(122,634)**	(221,012)	
Total	**1,159,872**	1,089,919	

The unrealised loss on investments has been allocated between restricted and unrestricted funds on a percentage of the total balance at the 31st March 2010 as shown on the Balance Sheet in Total Funds.

General Purpose Funds

Held by the Countess of Chester NHS Charitable Funds

The General Purpose Fund income is generally available for the benefit of patients, their families and staff.

Name of Fund	Purpose	Fund Balance 31 Mar 2010 £	Fund Balance 31 Mar 2009 £
Countess General Fund	General purposes / Long Service Awards / Career Development Awards	**62,019**	83,739
Total		**62,019**	83,739

Restricted Funds

Held by the Countess of Chester NHS Charitable Funds

Name of Fund	Purpose	Fund Balance 31 Mar 2010 £	Fund Balance 31 Mar 2009 £
Chapel Refurbishment Fund	To refurbish the Chapel area – Multi Faith Centre	**144**	148
Sensory Garden Fund	Provide sensory garden for people with disabilities	**2,391**	2,465
Tree Of Lights	To improve bereavement care	**12,808**	27,089
Chester Human Milk Bank Appeal	Purchase equipment/provide a pasteurising room. Support costs	**207,062**	248,426
Bladder Scanner Appeal	Purchase bladder scanner for ward 45	**2,852**	2,940
The Dale Jones Fund	Purchase a VAC Machine	**11,177**	10,913
SCBU Incubator Appeal	Purchase an incubator for SCBU.	**13,379**	13,258
Peter McFerran Incubator Appeal	Purchase an incubator for SCBU.	**7,276**	14,932
Relative Comfort	Provide day & overnight facilities for patients' families in Critical Care	**143,380**	60,326
Lose 1000 Pounds Fund	To fundraise for the winning team's nominated beneficiary	**2**	2
Coronary Care Unit	Equipment & staff training	**12,015**	13,296
Haematology & Oncology	To be used to benefit the Haematology & Oncology Suite	**-**	1,000
Palliative Care	For the ongoing improvement of Palliative Care	**5,806**	6,998
Intensive Care / Therapy	To be used to benefit Intensive care / therapy	**1,000**	-
Occupational Therapy	To purchase equipment and other items to benefit the department	**-**	942
Kisiizi Hospital Project	To fund visits to Kisiizi and purchase equipment	**10,372**	-
WCPCT Home Support Fund	To be used within Community Care Western Cheshire.	**583**	1,987
Total		**430,247**	404,722

Restricted Funds

The restricted funds have arisen as they are appeals funds and therefore the donors have an expectation that the funds will be spent in the way advertised in the fundraising literature. Once the appeal targets have been reached the remaining funds will be unrestricted to enable the Trustees to utilise the funds in accordance with the objectives of the charitable funds.

Restricted funds also arise when a legacy bequest is received, and the legator wished the funds to be used for a specific purpose. These funds are held as restricted funds until the legacy is fully expended.

Funds Held and Administered on Behalf of Western Cheshire PCT

There are eight funds as shown on page 19-22 which are held on behalf of Western Cheshire PCT (previously Cheshire West PCT). These are accounted for in separate designated funds, the balance of these being £6,578 (2008/09 £8,586) at 31 March 2010.

Designated Funds

The funds detailed below are all Designated Funds in that there are usually particular objectives to be achieved. Income is earmarked for particular projects to the ultimate benefit of patients and their families.

Name of Fund	Purpose	31 Mar 2010 £	31 Mar 2009 £
Accident Prevention Prog for Schools	To provide a budget for a regional co-ordinator, trainers & resource books	454	469
Accident & Emergency	To support the A&E department's patients, relatives and staff	6,643	5,397
Angela Gildea Breast Equipment	Equipment for breast screening and treatment of cancers	32,305	30,189
Anna Williams Fund	Respiratory equipment & courses	6,885	6,563
Antenatal Outpatient Services	Purchase equipment to improve services for women	225	232
Appeals Fund	Open to application from wards and depts	13,041	11,063
Audiology	Staff training, books & equip in department	107	2,937
Back Service/Spinal Research	Spinal research to support requirements of spinal service	11,244	8,860
Breastcare Trust Fund	Research, education & training. Staff and patient amenities	32,228	29,151
Breastcare Unit Equipment & Education	Equipment used in breastcare, ongoing costs. Training/education. Patient facilities	29,850	78,663
Cancer Educ for Nurses & AHPs	To support training for nurses and AHPs	587	605
Car Boot Fund	Purchase medical & surgical equipment for the Hospital	20,051	21,326
Cardiac Catheter Lab Fund	To purchase equipment, provide training and materials. Patient amenities.	759	783
Cardiac Equipment Fund	Purchase equipment and improve Cardiology Unit	35,034	34,564
Cardiac Rehabilitation Fund	Cardiac monitoring equipment, improve coronary care and cardiac rehab	10,008	7,423
Catering Equipment	Small catering equipment. Staff amenities	77	1,253
CC Arts Group	To improve the visual environment of the Hospital	323	333
Chapel	Improve facilities and cover ongoing costs in the Chapel. Staff training.	1,687	1,746
Chest Clinic	To purchase equipment for the clinic	6,618	6,499
Chester Activity And Ageing	Books/equipment for the care of the elderly. Support training in dept.	2,146	803
Chester Assisted Conception	Support & develop assisted conception service. Staff amenities	685	555
Chester Cardiac Fund	Cardiorespiratory services & staff amenities	11,026	10,981
Chester Eye Fund	Ophthalmic equipment and benefit of patients	967	932
Chester Rheumatology Fund	Staff & patient education, information and development. Equipment	6,244	764
Chester Urology Fund	Equipment and training	6,764	6,606
Children's Community Nurses Fund	Fund activities and equipment for children with chronic illness and support staff	4,279	5,496
Children's Playground Fund	Enable redesign and refurbish outside play area	870	987
Coronary Care Unit	Equipment & staff training	38,871	34,942
Dermatology	Equipment, materials, leaflets & training in the department	254	170
Diabetes and Endocrinology	Improvements in diagnosis, treatment & management of diabetes	25,508	28,849
Dietetics	Used for purchases not covered by Dietetic budget	1,697	2,281
E.N.T. Fund	Benefit of E.N.T. patients and staff	5,829	5,549
Endovascular Graft	Endovascular graft procedures	7,399	7,628
Environmental Spend	Improve the environment of wards	137	1,100
		320,802	355,699

Name of Fund	Purpose	31 Mar 2010 £	31 Mar 2009 £
Carried forward		**320,802**	355,699
Eye Library Fund	Purchase equipment and support education	**44**	46
Financial Services	Improve facilities & support training. Staff amenities	**1,252**	550
Gastroenterology Research	Gastroenterology research	**561**	456
General Theatres	Training & development of staff in the department & staff amenities	**924**	953
G.U.Medicine	Medical & patient education and training. Support research by funding work	**932**	961
Gynaecology Cancer Fund	Benefit of cancer patients & staff, related training expenses	**258**	266
Haematology and Oncology Suite	To benefit the haematology and oncology suite and provide patient amenities	**60,066**	55,529
Haemo Dialysis Fund	Provide a patients room. Other purchases to benefit patients	**35,876**	37,781
HDU Equipment Fund	HDU equipment & staff training. Patient & staff amenities	**3,367**	4,796
Heart Equipment Fund	Purchase equipment & support the dept. Staff and patient amenities	**13,738**	14,163
Heart Failure Fund	Equipment and staff training & support department	**2,449**	489
Improving The Environment-Art	Finance contracts for artists for Arts Strategy plus materials	**316**	326
Infant Feeding & Parent Education	Infant feeding study days. Equipment & training for parents	**32**	33
Infection Control	Infection control projects & staff amenities	**862**	1,081
Intensive Care / Therapy	Intensive care / therapy	**12,300**	10,323
Intravenous Therapy Fund	Education for staff involved within service	**11**	11
Kisiizi Hospital Project	To fund visits to Kisiizi and purchase equipment	**374**	4,486
Laparoscopic Upper GI Equipment Fund	To further care of patients with upper GI diseases.	**3,911**	5,959
Lipid Clinic Research Fund	Biochemistry department research and support lipid clinic	**1,004**	1,030
Maxillo-Facial	To fund education & research in department	**255**	263
Neonatal Fund	Funds for the purpose of the neonatal unit	**72,798**	65,772
Nephrology Education Fund	Educational support for Nephrology personnel	**1,956**	2,017
Nursing Development Fund	Nurses further education	**3,070**	3,322
O & G Course Fund	Equipment, books, educational, tutor fees & expenses	**11,625**	12,730
Occupational Therapy	Equipment & training in the department	**2,163**	2,400
Orthopaedic Teaching & Research	Orthopaedic teaching & research	**4,734**	4,629
Orthoptic Post-Diploma Training	Training of orthoptists employed in department	**931**	853
Osteoporosis Research Fund	Osteoporosis research	**1,845**	1,902
Out Patient Leg Ulcer	Equipment & training in the department	**1,411**	1,429
Paediatric Fund	Wards 29, 30, & paediatric outpatients	**12,479**	13,942
Palliative Care	For the ongoing improvement including education and research	**7,640**	10,155
Parent Accommodation	Provide parent accommodation & support ongoing costs	**5,427**	5,595
Pathology	Books, equipment etc. in department	**54**	56
Patients' Amenities	Benefit of patients at Countess of Chester Hospital	**58,302**	55,922
Pharmacy Fund	Support pharmacy department & staff	**7,704**	7,943
Physiotherapy Trust Fund	Equipment and educational purposes within physiotherapy	**5,115**	5,850
Plastic Surgery	Books, equipment, support training and research	**1,358**	1,339
Play Staff Training	Equipment & training for play staff	**542**	558
Prenatal Diagnosis Fund	Equipment and training. Staff amenities	**3,041**	3,267
Prostate Cancer Fund	To support development of an improved service for patients	**2,652**	2,482
Radiology Educational Courses	Administer courses & other projects	**4,951**	486
Radiology Research	Educational material for staff training. Staff & patient amenities	**462**	769
		669,594	698,619

Charitable Funds

2009/2010

Name of Fund	Purpose	31 Mar 2010 £	31 Mar 2009 £
Carried forward		**669,594**	698,619
Renal Dialysis Unit Fund	Purchase of equipment. Staff and Patient amenities	**6,002**	2,534
Rheum Spec Nurse Education	Finance study days/conferences for rheumatology nurses	**423**	502
SNAPS	Equipment for nursery. Educational material and courses.	**8,212**	8,135
Staff Amenities	Benefit of staff at Countess of Chester Hospital	**32,148**	31,976
Stoma Care	Equipment/training for colorectal disease	**3,843**	3,964
Stork Parents Support Group	Extra facilities and equipment for benefit of parents on the unit	**4,826**	3,537
Stroke Area Fund	To upgrade ASSA where and when needed. Staff training	**4,891**	7,965
Surgery Research	To purchase equipment & training within department	**393**	405
The Matthew Jones Fund	Purchase of baxter pumps for ITU	**202**	208
The Pain Service Trust Fund	Equipment and education/finance research projects	**13,312**	13,615
Tissue Viability	Equipment and support training within department	**4,065**	5,381
Ultrasound Fund	Educational material for staff training. Staff & patient amenities	**1,360**	1,493
Undergraduate Education	To support education infrastructure	**2,621**	3,058
Urology Nurse Training	Nurse training within Urology department	**1,610**	1,362
Vascular Education	Staff education and training	**21,742**	23,415
Vascular Surgery	Research expenses & audit	**8,582**	9,265
Ward 44 Staff Education Fund	Support training for nurses in department	**269**	278
Ward 55 Equipment Fund	Purchase teaching equipment, books etc	**151**	156
Western Cheshire PCT Acquired Brain Injury	Purchase equipment & tools for direct patient intervention, enhance delivery	**275**	358
Western Cheshire PCT Breast Feeding Support	To provide equipment and resources for the service.	**267**	339
Western Cheshire PCT Comm Heart Failure Nurses	To fund study days and further education	**263**	271
Western Cheshire PCT COPD Fund	To provide equipment and support.	**1,682**	2,604
Western Cheshire PCT Home Support Fund	To be used within Community Care Western Cheshire.	**20**	-
Western Cheshire PCT Physiotherapy	Equipment for physiotherapy department	**535**	552
Western Cheshire PCT Tarporley District Nurses	To purchase equipment to benefit patients, support staff training	**2,952**	2,478
Total		**790,240**	822,470

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