

Annual Report & Accounts
2008/2009



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

Countess of Chester Hospital NHS Foundation Trust
Annual Report and Accounts – 2008/2009

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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.

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Chairman's statement

"This was our fifth year as an NHS Foundation Trust and I believe that we made excellent progress in the year in progressing our key strategic aims."

Welcome to the Annual Report of the Countess of Chester Hospital NHS Foundation Trust for the year 2008/9.

This was our fifth year as an NHS Foundation Trust and I believe that we made excellent progress during the year in progressing our key strategic aims.

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

Enormous strides were made in the year in our fight against hospital acquired infection and we were assessed as achieving full and unconditional compliance with the Healthcare Commission's Hygiene Code.

In common with experience elsewhere in the country, in December 2008 and January 2009 in particular the Trust experienced significant increases in A & E attendances and emergency admissions. This created enormous pressures in managing the admission and discharge of patients but staff coped extremely well under very difficult conditions.

The ability of the Trust to deal with such peaks in activity and minimise elective patient cancellations is severely constrained by the high volume of patients who are deemed medically fit but who cannot be discharged from the Hospital due to the lack of appropriate capacity in community provision. Whilst some progress was made with PCT and social service colleagues in improving the position, this lack of capacity remains a key issue for the local health economy to resolve.



All other key English and Welsh waiting time and cancer targets were met, and the Trust anticipates obtaining a 'good' rating in the new Care Quality Commission's annual healthcheck.

The financial performance of the Trust was sound with a £2.1m surplus achieved to support future investment in the Trust.

Our programme of modernising the older parts of the Hospital continued with further ward refurbishments including the paediatric wards, replacing and introducing new equipment including digital radiography and building a combined heat and power plant to reduce energy costs and improve our carbon footprint.

In January 2009, 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 to build a motivated workforce who engage in continuous improvement in the way we deliver services. This programme will form a key component in the delivery of our strategic objectives.

The Board of Governors and the Board of Directors continued to work closely together during the year, we now have just over 10,000 members and taking into account members leaving we increased public membership in net terms by 25%.

The commitment of our staff to delivering high quality services remains central to all we achieve and over the last year our staff have again risen to the significant challenges of dealing with extremely high levels of emergency presentations and generally high levels of patient activity whilst

improving the way we work to ensure safe and effective patient care.

We can be proud of our achievements last year whilst recognising that there is still much to do in our journey to further improve the experience of our patients.



Sir James Sharples

Chairman

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“More than 425,000 patients attend the hospital for treatment every year – ranging from a simple outpatient appointment to major cancer surgery.”

The Countess N

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 Flintshire 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



of Chester Hospital HS Foundation Trust

- Oral surgery
- Orthodontics
- Pain Management (Anaesthesia)
- Plastic surgery
- Urology
- Vascular surgery.
- Within Medical subspecialties we offer services in Endocrinology, Cardiology, Respiratory Medicine, Gastroenterology, 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 Hospitals NHS 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 Wirral and Cheshire Partnership NHS Trust. Outreach clinics are, however, provided in five other locations in acute and community settings across a wide range of specialties.



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*“The Countess of
Chester Hospital
NHS Foundation
Trust was one of
the very first ten
Foundation Trusts
to be established
in April 2004 as
a public-benefit
corporation
independent of
government control.”*

Directors’ report

The Board of Directors

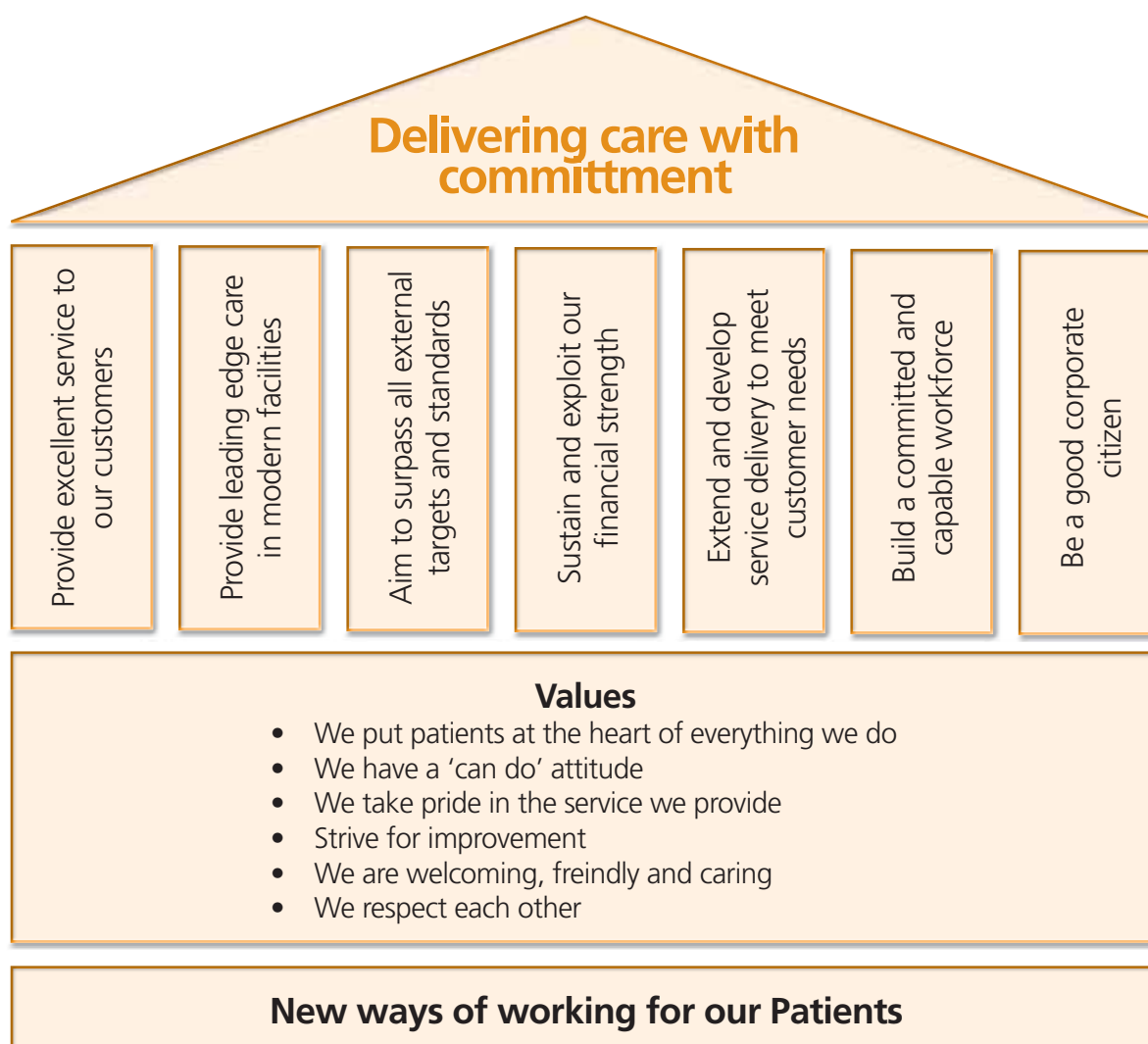
Sir James Sharples	Chairman
Alastair Findlay	Vice Chairman and Senior Independent Director
Samantha Dixon	Non-Executive Director
Dr Gerald Levy	Non-Executive Director
Wendy Williams	Non-Executive Director
Sarah Jane Goulbourne	Non-Executive Director
Peter Herring	Chief Executive
Jane Tomkinson	Deputy Chief Executive and Director of Finance and Compliance
Gaynor Hales	Director of Nursing, Quality and Environment
Dr Virginia Clough	Medical Director
Carole Spencer	Director of Planning and Development (to 27 July 2008)
David Wood	Director of Human Resources (to 22 June 2008)
Tim Lynch	Director of Operational Services (from 6th October 2008)



Strategic aims

The Countess of Chester Hospital NHS Foundation Trust was one of the very 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.

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Business review for 20

The Trust made excellent progress in taking forward our objectives during 2008/9 and achieved its governance, financial, membership and mandatory service requirements. In summary in 2008/9 the Trust

- Treated 4.4% (18000) more patients than in 2007/8
- Reduced average waiting times for both English and Welsh residents by 7 days, a 12% reduction

- Achieved a surplus of 2.1m
- Invested £2m in increasing capacity and £1m in quality improvements
- Achieved the Top 40 Hospitals award for clinical outcomes for the ninth consecutive year, one of only 5 trusts in the country to have done so
- Reduced the incidence of MRSA by 37% and of Clostridium Difficile by 47% and achieved full and unconditional compliance with the Healthcare Commission's Hygiene Code.
- Introduced new services on-site for cardiac pacing and age-related macular degeneration
- Completed the major refurbishment of two general wards and the paediatric ward and undertook further equipment and estate investments of £13m
- A combined heat and power plant to reduce energy costs and improve our carbon footprint was constructed during the year.
- Key national targets and standards were largely met and a 'green' rating on governance is anticipated for the year.
- Increased public membership by 25% to over 10,000 members

During 2008/9 our primary commissioners NHS Western Cheshire enjoyed further levels of growth and restored its financial position from one of turnaround in the previous period. Further investments were made as payment by results income increased with patient numbers and joint workstreams were developed further. During the second half of 2008/9 the PCT did initiate a number of demand management initiatives to reduce the numbers of patients presenting for treatment; these



08/09

did not materially impact on numbers in year but in the longer term may limit the impact of the demographic change.

We continue to provide care to the residents of North Wales through a service level agreement with Flintshire Local Health Board. The agreement was based on historic funding levels but will move to mirror the English tariff based system from 1st April 2009 thus addressing imbalances in funding experienced over many years.

2008/9 was our fifth year as a Foundation Trust; over previous years, a strong financial position has been consolidated into year on year surpluses, investments in service, quality and the estate and low levels of risk.

The aim of the 2008/9 financial strategy was to build on our underlying financial strength, driving out further efficiency whilst continuing to invest in enhanced patient care and the hospital environment through the following objectives:

Objective	Outcome
Risk rating of 4	Risk rating of 4
Delivering 2.1m surplus	£2.121m surplus
Investing in capacity	£2m invested
Investing in quality and safety	£1m invested
Saving 1% on our cost base	£1.4m saved
Income growth	New services in Ophthalmology and Cardiology; a twilight shift in renal dialysis and growth in many specialities

The Trust experienced another year of income growth and generated a surplus in line with our financial plan.

	2005/6 £m	2006/7 £m	2007/8 £m	2008/9 £m
Income	132.8	137.6	148.8	158.4
Expenses	(125.2)	(129.0)	(138.5)	(150.0)
EBITDA	7.6	8.6	10.3	8.4
Interest, Depreciation, Dividend	(5.0)	(5.9)	(5.8)	(6.3)
Net Operating Surplus	2.6	2.7	4.5	2.1

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Operational review

Improving the quality of our services

The Trust made significant improvements in 2008/9 in the fight against hospital acquired infection and in progressing a number of quality and safety related initiatives. These are described in depth in the Quality Report later in the document.

Service growth

Emergency activity increased substantially in December 2008 and in particular in January 2009 with 17% more admissions than in January 2008. This created operational difficulties in maintaining the 98% A & E target and a number of planned operations had to be cancelled as a result. Overall however, the Trust treated more outpatients and undertook a higher proportion of its elective work as daycases than in previous years. Outpatient work increased substantially to support the significant reduction in waiting time required to deliver commissioners targets.

Patients treated	2007/8	2008/9	% variation
Emergency patients	36,641	37,362	+1.97%
Elective inpatients	6,158	5,888	-4.4%
Daycase procedures	23,603	25,583	+8.4%
New outpatients	89,833	91,704	+2.1%
Review outpatients	186,489	198,219	+6.3%
A & E attendances	66,648	68,432	+2.7%
All patients	409,372	427,188	+4.4%

Overall the Trust treated nearly 18,000 (4.4%) more patients, the income associated with which contributed significantly to the delivery of the financial surplus.

The increased trend in emergency activity has continued in the early months of 2009/10 with a 5% increase in A & E attendances.

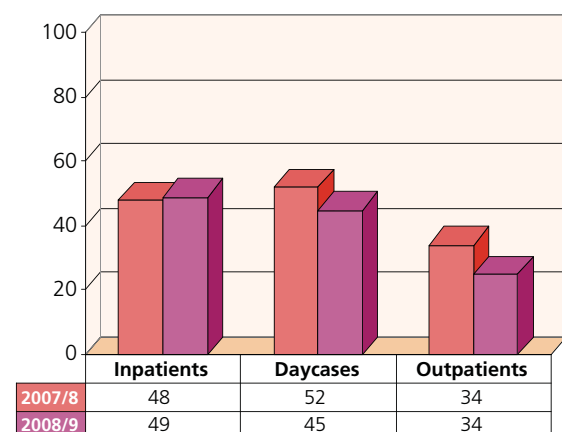


Improving waiting times for patients

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 and delivery of the target led to a further overall reduction in average waiting times from those achieved in earlier years.

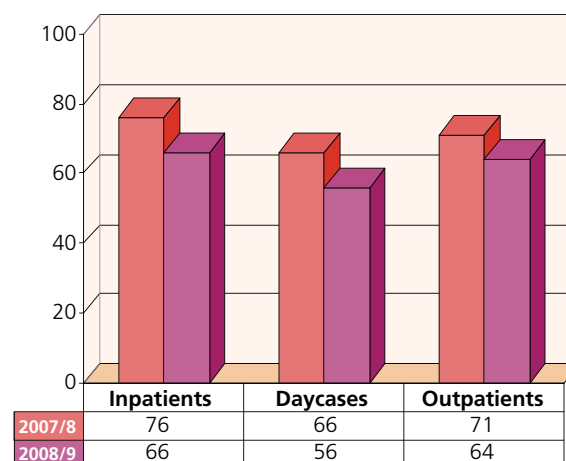
Average waiting times for English residents (days)



Waiting times - Welsh residents

Welsh Assembly waiting time targets are different from those in England and by the end of the year the Trust achieved the targets set of a maximum wait of 10 weeks for an outpatient appointment, 14 weeks for an inpatient or daycase, 8 weeks for diagnostics, and 14 weeks for therapy to be achieved by 31 march 2009. Average waiting times for an inpatient, daycase procedure or outpatient appointment were all reduced.

Average waiting times for Welsh residents (days)



Delivering new services

During the year we introduced two new services to our portfolio of care with the introduction of cardiac pacing services in the Trust. Previously local residents had been required to travel to Liverpool for this service. In addition towards the end of the year a new service for the treatment of Age-related Macular Degeneration (AMD) was introduced for people suffering from 'wet' blindness. This service will continue to expand over the next few years and new facilities are being constructed to support provision of the service.

Modernising our Hospital and facilities

In 2008/9 we continued the programme of improvements designed to refurbish the older parts of the hospital and bring them up to modern conditions with improved functionality and energy efficiency. Specifically in 2008/9 we:

- Refurbished and modernised two general wards;
- Refurbished and modernised the paediatric wards and paediatric outpatients;
- Constructed a combined heat and power plant which generates electricity for the site by means of a gas turbine power plant. This is a much more efficient use of resources, and allows the Trust to sell surplus electricity back into the national grid when available.
- Invested in new digital radiography equipment and installed a new CT scanner;
- A new equipment store and decontamination facility was completed in year.
- A variety of other smaller schemes and projects were completed during 2008-09.
- A Robotic Pharmacy Dispensing unit was installed.

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- £1.5m of new and replacement equipment was purchased and a variety of Information technology projects initiated.

Trust performance against compliance targets

2008/9 was an extremely challenging year as extraordinary weather conditions in the final quarter tested the Trust to its limits. Despite this, performance against our key targets was good with all fully achieved with the exception of the A&E 4 hour target where a very minor under performance occurred. The table below summarises our performance against the Foundation Trust regulator's (Monitor) compliance framework which forms a major part of our Terms of Authorisation.

In common with experience elsewhere in the country, in December 2008 and January 2009 the Trust experienced significant increases in A & E attendances and emergency admissions, with a 17% increase in January 2009 compared to the same month in the previous year. This created enormous pressures in managing the admission and discharge of patients, and in the last two quarters of the year the Trust narrowly missed the target of treating 98% of all patients attending A & E within 4 hours, achieving 97.77% across the year. Increased numbers of patient cancellations also resulted during this period in particular.

The ability of the Trust to deal with such peaks in activity and minimise elective patient cancellations is severely constrained by the high volume of patients who are deemed medically fit but who cannot be discharged from the Hospital due to the lack of appropriate capacity in community and social provision. The percentage of delayed discharges averaged 5.3% for the year, one of the worst levels in the country. Whilst some progress was made with PCT and social service colleagues in improving the position, this lack of capacity remains a key issue for the local health economy to resolve.

Throughout the year, performance was monitored by the Board of Directors and Board of Governors, with areas of concern highlighted, debated and actioned. These core targets were complemented by the development and reporting of key performance indicators which monitor quality, efficiency workforce and finance on a service line basis; driving ownership and improvement in care at the front line.

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

In October 2008 the Healthcare Commission published its ratings of Trusts based on performance against a range of indicators in 2007/8. The Trust was rated 'good' on the quality of service and 'excellent' on the use of resources;

		Target	Actual
INFECTION	Clostridium Difficile	282	173
	MRSA	13	12
CANCER	31 days diagnosis to treatment – all cancers *	98%	99.6%
	62 days urgent referral to treat – all cancers *	95%	96.2%
	14 days urgent GP referral to first outpatient *	98%	99.5%
WAIT TIMES	18 weeks referral to treatment – admitted	90%	92%
	18 weeks referral to treatment – non admitted	95%	96%
	60 mins call to needle thrombolysis	68%	90%
	4 Hours A&E	98%	97.8%
National Core Standards		All achieved	

* new thresholds relating to new counting rules are still to be finalised



we anticipate maintaining these ratings in the 2009 publication but as yet have not been informed of the final thresholds. In addition to the compliance regime, we are subject to much external independence and scrutiny and review on many aspects of our services including:

- Primary Care Trusts through performance clauses in the legally binding contract
- Welsh Local Health Boards through the service level agreement
- Healthcare Commission
- Independent patient and staff surveys
- The NHS Litigation Authority
- CHKS Benchmarking
- PEAT review of food quality and hospital cleanliness
- Audit Commission
- Hygiene Code Assessment
- CEPOD Reviews
- External Audit
- CPA and ISO Assessments

■ IIP Assessments

The results of these independent assessments are reviewed by the Board with areas of concern discussed, and robust action plans produced and implemented.

Listening and talking to our patients and stakeholders

During 2008/9 the Trust introduced regular monthly patient surveys to supplement the national annual survey undertaken each year. This has allowed us to identify areas where we need to do more and to monitor the effect of action plans to improve patient satisfaction more regularly.

In the year we received 207 formal complaints about our service, 98% of which were answered within the national standard of 25 days. This is a very small number in relation to 404,000 patient contacts we have – a ratio of only 0.51 per 1000 contacts - but we do ensure that we learn from

Business transformation – The Countess Way

The Board recognises that in order 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 is designed to radically change 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 systems strategies to drive benefits in quality, safety, performance, efficiency and productivity.

Over time we will develop our unique 'Countess Way' of doing things and from the beginning of 2009 we have been working with Unipart Expert Practices to develop our plans for this business transformation.





these complaints and a number of improvements have been made.

Patient and public communication has been enhanced through a much improved website, regular newsletters to households, availability of videocasts and innovative use of social networking. Indeed, our communications team won an award for the best use of new media in the NHS Communicate 08 Awards.

Our regular newsletter, 'Foundation Feedback' provides a means of specifically keeping our members informed and engaged.

Keeping staff informed

Staff are kept regularly informed of issues and developments in the Trust through electronic team briefings, regular issues of Countess Bulletins, the inhouse newsletter 'Pulse', the Chief Executives blog and cascading of information through the management structure as well as various ad hoc communication events.

During the year employees and governors were kept regularly up to date with the key financial and governance issues through the budgetary and performance management frameworks and team briefing. This was supplemented by regular face to face briefings by the Chief Executive and Director of Finance.

Corporate Social responsibility programme

Over the past year the Trust has increased its focus on the Corporate Social Responsibility agenda. To enable this increasingly important work to be undertaken both a CSR Strategy and action plan have been approved and are now being implemented across the Trust. There are now also a network of meetings which support the overall strategy and ensure operational delivery of objectives. The action plan has been devised



to cover all relevant aspects of CSR through the targeting of the following key categories:

- Procurement
- Transport
- Facilities management
- Employment and skills
- Community engagement
- New buildings

This has resulted in a number of achievements being realised which include but are not limited to the following:

- Purchase and commissioning of a Combined Heat and Power Plant.
- Reduction in delivery miles through the enhanced use of distributors.
- Specific CSR questions in tender documentation.
- All Procurement tenders being advertised in appropriate media to allow small and medium enterprises to bid for business.
- Criteria for lease vehicles to include low emissions
- Introduction of a non bleached disposable hand towels across the Trust
- A range of cycling facility installations including cycling racks, cycling road improvements and showering facilities.
- Support of the Chester Fair trade fortnight with a number of events and promotions across the Trust.
- Implementation of contractor's waste segregation.
- Use of natural ventilation as opposed to air conditioning in the ward refurbishment program.
- Installation of energy efficient boilers
- Roll out of efficient heat and ventilation controls.
- Career pathways have been developed for bands 1-4 Admin and Clerical posts.

- Learning and Development Agreement includes Nursing, Midwifery and Allied Healthcare Professional placements.

- The Trust is part of a Cheshire wide forum working to develop support and placements for the new Health, Social Care and Justice Diploma.

Representation with external networks and forums continued to grow during the year and included:

- The Trusts Head of Procurement and CSR being appointed as Chair of the NHS National Procurement Sustainability Group.
- Continued representation on the Chester Fair-trade committee.
- Trust staff representatives on the Chester Cycling Campaign, Cycle Touring Club and NHS Spokes.
- Discussions with the North West Development Agency, Cheshire Development Agency.

Looking forward CSR requirements are set to increase. As highlighted by the NHS Carbon Reduction Strategy carbon reduction will be one of the key areas moving forward and already key actions and deliverables are being addressed. There will be a focus on cost with proposed caps and fines for Trusts not meeting key milestones and deliverables. The Trust has enabled itself to measure its baseline and therefore set the foundation to target and measure key deliverables in the forthcoming years.

Volunteer Services

Excellent progress has been made with the appointment of a dedicated Volunteer Co-ordinator post responsible for maximising the contribution of our volunteers and developing our 'work experience' programme.



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Leadership and Organisational Development

During 2008/09 there were a number of activities that have supported leadership and development within the Trust. We continue to provide the Institute of Leadership Team Leader and Supervisor Certificate Programme and have developed a one day coaching and mentoring skills course for Managers. We also hold management development centres where we assess the skills of managers against the behaviours identified in the Leadership Qualities Framework (LQF).

Moving forward, career pathways and development programmes have been designed for staff in administration and clerical roles bands 1-4 and work has also started to develop a management and leadership competency matrix which we will finalise during 2009/10 as part of our business transformation Organisational Development programme.

Future business outlook

Future demand for our services will be significantly influenced by the significant demographic growth expected in Western Cheshire and Deeside over the next ten years. It is expected that the over-65 age group will grow by 35% and the over-85s by 42%; the birth-rate is expected to increase and the number of children under 5 is expected to grow by 7%.

In the absence of measures to change the way future healthcare is provided this population growth would naturally increase demand for our services proportionately. The scale of future demand will be influenced, however, by the measures the PCT are taking to ensure as much activity as appropriate is conducted in primary care and the degree to which this is achievable is difficult to predict.

The resolution of the historic funding deficit with our Welsh commissioners will strengthen our financial position going forward for the two year period of the cross-border agreement, however, the Trust will need to clarify the long-term funding position from 2011/12 onwards.

As described earlier it is essential that during 2009/10 we make real progress with our primary and social care colleagues to improve our ability to swiftly discharge appropriate patients to alternative accommodation. Without resolution of this matter the Trust will continue to be at risk of not being able to meet demand particularly during times of peak emergency activity.

The current capacity constraints place target performance at risk, affect the quality of service, and limit our ability to exploit market opportunities. In future years we expect to create greater capacity through the construction of a dedicated elective surgery centre; through joint work with the PCT to minimise avoidable admissions and facilitate discharge; and, by improving the efficiency of our own internal pathways through the Countess Way programme.

The economic challenges facing the UK economy will limit growth and present challenging cost reduction efficiencies. Our financial plans assume very prudent levels of forecast growth and to mitigate the impact of these future economic challenges the Countess Way programme aims to ensure our systems and processes are as effective, efficient and economic as possible, recognising that traditional saving schemes will not generate sufficient benefits to assure our financial strength in the future. It is clear that the future level of efficiency savings required demands radical whole-system changes.

“The 2008/9 financial strategy aimed to consolidate our underlying financial strength and invest in quality and new services whilst generating a financial surplus for reinvestment in the hospital assets.”

Financial review 2008/09

The 2008/9 financial strategy aimed to consolidate our underlying financial strength and invest in quality and new services whilst generating a financial surplus for reinvestment in hospital assets. The strategy was agreed by the Board of Directors and endorsed by the Board of Governors as a robust pillar to support and deliver our corporate objectives.

The Trust experienced a further year of income growth based on treating more patients and achieving strong performance against Monitor's compliance regime financial metrics as follows:

	2007/8	2008/9
EBITDA Margin	6.9%	5.3%
EBITDA Margin % Achieved	126.5%	94.1%
Return on Assets	7.85%	5.0%
I&E Surplus Margin	3.0%	1.3%
Liquidity	52 Days	38 Days
Overall Financial Risk Rating	5	4

Whilst the overall rating has reduced from 2007/8 to a '4' this represents a low risk organisation with a strong financial base.

The financial risk rating is one indicator of our financial strength, other key indicators are as follows:

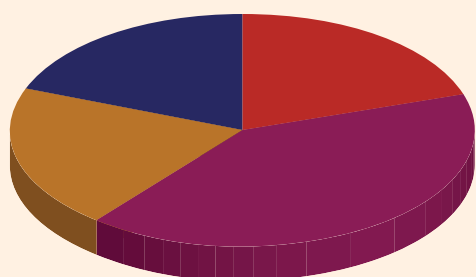
	2004/5 £m	2005/6 £m	2006/7 £m	2007/8 £m	2008/9 £m
Surplus	0.1	2.6	2.7	4.5	2.1
Total Assets	72.3	82.2	86.9	93.8	96.9
Capital Investment	5.5	11.7	7.5	7.6	13.1
Cash and Current Investments	4.3	10.5	13.8	19.9	15.1
Borrowing Limit	5.8	15.9	10.5	31.3	33.9
Actual Borrowing	-	-	-	-	-
Financial Risk Rating	3	5	5	5	4



Income Generation

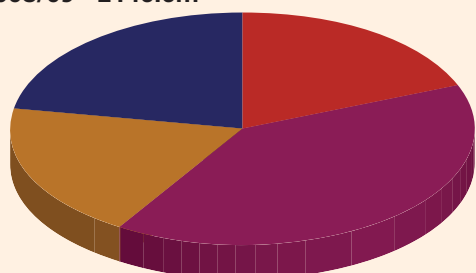
During 2008/9 the Trust generated £158.4m, 93% from patient care split over the following areas:

2007/08 - £137.8m



Elective	20%	Welsh	20%
Emergency	41%	Outpatients	19%

2008/09 - £146.6m



Outpatients	19%	Elective	19%
Emergency	40%	Welsh & Other	22%

A further £11.8m was generated from training levies, catering and retail outlets, car parking and from providing services to other NHS organisations.

Improving Efficiency and Ensuring Value for Money

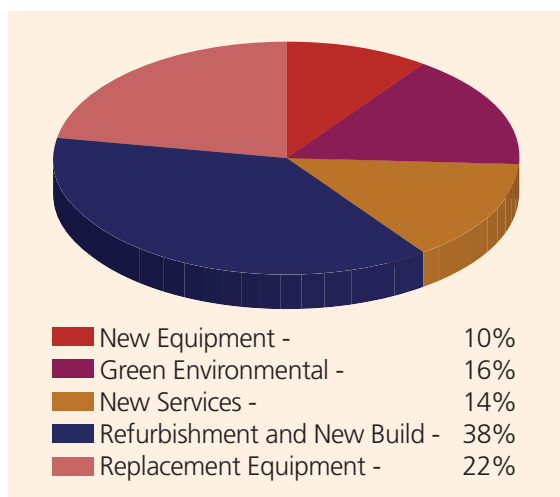
The Trust is continuously striving to improve the way resources are used through reviewing systems and processes, skill mix, procurement and capacity. Each year the national efficiency gain is delivered through a deflator applied to the tariff; in 2008/9 the tariff increased by a net of 2.3% after a 3% efficiency reduction was built in. In year £2.4m of recurrent savings were delivered by Divisions and departments through a variety of initiatives and schemes.





Capital Investment

One of the major freedoms of a Foundation Trust is to utilise its cash balances from surpluses and retained depreciation to reinvest in the infrastructure of the Hospital. 2008/9 saw the highest levels of capital investment in a single year in the history of the Trust when over £13m was spent as follows:



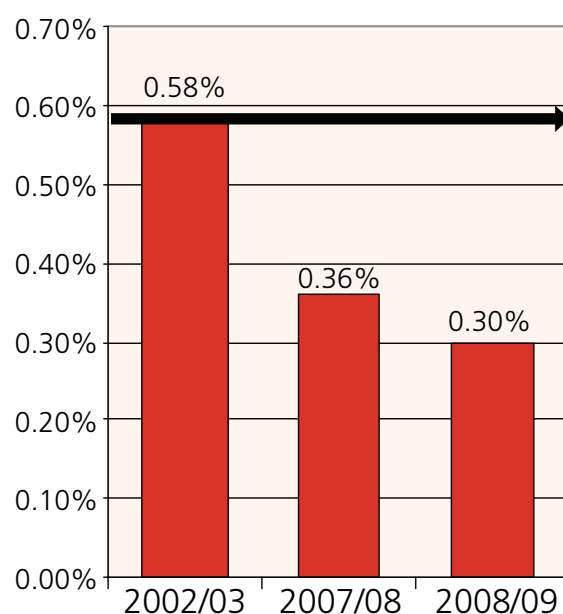
With our investment and disposal summary as follows:

	2007/8 (£)	2008/9 (£)
Investment in Fixed Assets	7.6m	13.1m
Disposal of Unprotected Assets	0.2m	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 2002/3. The 2008/9 position is as follows and confirms the Trust remained within its private patient cap:

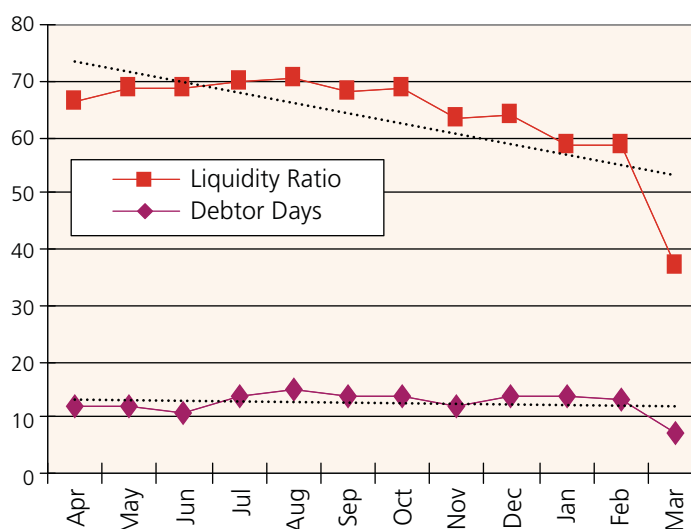
Proportion of Private Patient Income





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 surety against risk should our financial performance change in-year. Although significant sums of cash were spent on the capital investment programme liquidity remained strong. This was supported by effective debt management policies which minimised the time taken to recover debts.



Accounting Policies

The Trust prepares the financial statements under direction from Monitor, that is, the requirements of HM Treasury's financial reporting manual, which incorporates the advice of the Financial Reporting Advisory Board. It complies with UK Generally Accepted Accounting Practices.

The accounting policies are set out in the annual accounts and have been consistently applied over the comparative period. There are no changes to accounting policies affecting the Trust. The main areas which required the exercise of judgement were in accounting for fixed assets and provisions and these have been reviewed by external auditors.

Going Concern

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

We recognise the economic challenges facing the UK economy with a forecast GDP deflator of 4% by 2010 and public sector efficiencies of £15bn, £2.4bn of which will come from the Health vote. Saying that the 2009/10 contract has been signed off and very prudent levels of forecast growth mean our ongoing financial strategy contains low levels of risk.

Looking beyond 2009/10, limited growth and challenging cost reduction efficiencies mean that we are not planning for increasing financial surplus. To mitigate the impact of future economic challenges the Trust

is undergoing a fundamental business transformation programme to ensure our systems and processes are as effective, efficient and economic as possible, recognising that traditional saving schemes will not generate sufficient benefits to assure our financial strength in the future.

After making enquiries, the Directors have a reasonable expectation that the Countess of Chester Hospital NHS Trust 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.

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“In 2008 the Department of Health launched ‘Human Rights in Healthcare – a Framework for local action’ which aims to show how a human rights approach can be of practical value to NHS organisations and individuals thus providing better services for patients and service users.”

Public interest

Equality, Diversity and Human Rights

In 2008 the Department of Health launched ‘Human Rights in Healthcare – a Framework for local action’ which aims to show how a human rights approach can be of practical value to NHS organisations and individuals thus providing better services for patients and service users. The Trust has committed itself to embedding these principles within the services it provides through ensuring the principles underpinning equality, diversity and human rights are central to our policy making, service delivery, employment practices and community involvement. Considerable progress has been made in 2008/09 to achieve these aims through the following actions:

- The appointment of an Equality and Diversity Coordinator to advise and support the Trust.
- The publication of Equality and Diversity information on our website
- Provision of an Equality and Diversity computer based learning tool to deliver awareness training to all staff together with Induction training covering equality & diversity and more detailed training for managers.
- An Equality and Diversity Steering group has been established to lead and support the implementation of E&D throughout the organisation. This is supported by an active Disability Group which has been instrumental in advising on access requirements as part of our ambitious capital programme to improve the patients’ experience.
- An Equality Impact assessment toolkit has been developed and several key policies have been assessed. All policies will be assessed as part of the review process.
- Closer partnership working with health economy colleagues to share best practice



disclosures

Employee Engagement and Wellbeing

The Trust has continued to work in partnership with staff-side colleagues on a number of important initiatives to further improve the quality of working lives. 2008/09 saw the successful launch of the residential accommodation, and the bicycle salary sacrifice initiatives. Following the implementation of a staff opinion survey action plan the Trust received an overall improvement in our ratings for the 2008 staff survey. The Trust has developed an in house occupational health service, which commenced on 1 April 2009, with the aim of reducing sickness absence through developing pro-active health and well-being initiatives for our workforce and proactively managing work-related stress.

Health & Safety and mandatory training

The Trust has robust arrangements for ensuring the health and safety of its employees, patients and members of the public. No significant health and safety issues arose during the year and no improvement notices were served.

During 2008/9 the Trust developed a number of mandatory training programmes which staff are required to attend. The content is determined by the mandatory training group and is based on meeting statutory requirements and minimising risk. Topics for all staff include: Corporate

Governance, Infection Control, Safeguarding Children, Manual Handling and Fire training with other specific additional sessions for clinical staff such as resuscitation and safe transfusion. Compliance rates for attendance at mandatory training are reported monthly to managers and also twice a year to the Management and Patient Safety Board. They also have contributed to the Trust maintaining Clinical Negligence Scheme for Trusts level 3 accreditation. All records relating to mandatory training are now input on to the new Oracle Learning Management (OLM) system as part of the electronic staff record.



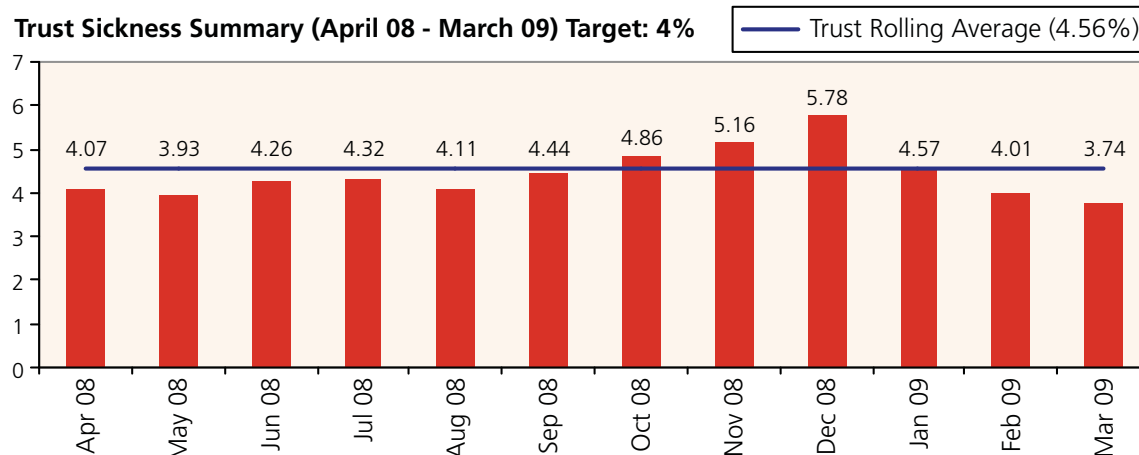
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Sickness absence rates

The rolling average sickness absence rate for the year was 4.56%

Trust Sickness Summary (April 08 - March 09) Target: 4%



Consultations with the Overview and Scrutiny Committee

During 2008/9, the Trust undertook a full consultation process in relation to two significant subjects: a proposed change to ward visiting times and a proposed increase in patient and visitor car-parking charges. For both consultations, the Trust worked closely with the Overview & Scrutiny Committee at Cheshire County Council. Regular meetings with the Scrutiny Policy Manager throughout the consultation period ensured that a full and fair process was followed. In both cases, the consultation was conducted over a thirteen week period and included patients, staff, visitors the general public and other stakeholders. The consultation papers were made available in paper and electronic formats, including the Trust website and were publicised widely, both around the Trust site and via the local media.

The Board considered the results of both consultations when making their decisions on the proposals. As a result of the information received, the Board decided to reject the proposed change to ward visiting times. The Board decided to approve the increase to car-parking charges, but to address some of the issues raised in the consultation, we

also decided to extend the criteria to enable more visitors to qualify for free and assisted parking, publicise the qualifying criteria more widely and introduce a new system which would allow a free drop-off period.

Countering Fraud and Corruption

The NHS Counter Fraud and Security Management Service provide the Trust with a framework to minimise losses through fraud. The Trust's 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 2008/9 calculation showed a reduction on the percentage spent on providing management support as follows:

2007/8 - 3.95%	2008/9 - 3.91%
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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:

	2005/6	2006/7	2007/8	2008/9
Volume	96.5%	97.6%	98.2%	97.3%
Value	98.0%	98.5%	98.8%	98.9%

The Trust payment policy ensures that discounts for prompt payment are maximised 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 annual Information Governance Toolkit Assessment at the end of March 2009. During 2008/09 the Trust continued to score 'green' on its self assessment as an indicator of risk and effectiveness.

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

- General Information Security
- Information Governance Policies, Procedures and Leaflets
- Employment and Confidentiality Contracts
- Corporate Records and Information Flows
- Removable Devices (Funding for a removable device management system has been agreed and work to establish this system in progress).

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

To further strengthen the 2007/08 Training Programme, bespoke training continued during 2008/09 however dedicated Information Governance Training was also included on the Core Induction Programme and computer based training was made mandatory (to be completed every two years).

The Information Governance assurance programme provides assurance to the Board on the management of information risk. During 2008/09 2 minor incidents relating to data security were reported; there were no serious incidents relating to information security.

Personal Data Incidents 2008/09

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



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.

No political or charitable donations were made by the Trust during 2008/9.

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 1.13 of the Annual Accounts, and details of senior employees remuneration is found on page 45 and 46.

External Auditors

The Trusts' external auditor is KPMG, the external audit fee was £48,000 and the audit was carried out in accordance with Monitor's Audit Code. The Trust was required to produce a restated balance sheet of April 2008 in accordance with International Financial Reporting Standards; external audit provided independent assurance to the Board on the restated balance sheet an additional cost of £8,500.



NHS Foundation Trust Code of Governance

The Trust applies the main and supporting principles of the NHS Foundation Trust Code of Governance to ensure that the Board are ultimately and collectively responsible for all aspects of the performance of the Foundation Trust. On the 7th April 2009 the Board received assurance that the

necessary governance and risk policies are in place following a compliance review of the Code of Governance by the Foundation Trust Secretary.

The Trust confirms that it fully complies with the provisions of the Code.



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Board of Directors

“The Board of Directors provide active leadership of the Trust within a framework of prudent and effective controls which enables risk to be assessed and managed. The Governors act in the best interest of the Trust and adhere to its values and code of conduct.”

The Board of Directors provide active leadership to the Trust within a framework of prudent and effective controls which enables risk to be assessed and managed. The Governors act in the best interest of the Trust and adhere to its values and code of conduct. The Board of Governors are able to monitor the performance of the Trust 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 attended by the Chairman of the Trust and Foundation Trust Secretary. 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 also 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 attended by members of the Board of Directors there are interactive sessions where Governors and Directors work together and discuss key issues.

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.

Directors and Board of Governors

- Actions required to address significant performance issues.
- Its governance and compliance arrangements.
- Major business cases for capital or revenue investment.
- The Annual Plan and 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 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:-

- Re-appointment of the Chairman
- Re-appointment of the Trust's Auditor
- To agree the Trust's membership strategy, and its policy for the composition of the Board of Governors.

- To support or otherwise the forward plans of the Trust.

The Board of Directors have developed an understanding of the views of the Governors and Members about the Trust 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 Sub Committee meetings.
- Discussion at Annual Members' Meetings/Open Days.



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Board of Governors

Composition of Board of Governors

The total number of Governors is 31 and a breakdown is as follows:

Chester & Rural Cheshire	8
Ellesmere Port & Neston	4
Flintshire	3
Out of area	1
Staff	5
Partnership Organisations	10
Total number of Governors	31

The membership of the Board of Governors during 2008/09, whether they were elected or appointed and their length of tenure, is as follows:-

Governor	Term of Office
Public – Chester and Rural Cheshire	
Mrs E Bott	3 years until October 2011
Mrs Maureen Brady	Re-elected for a 2nd term 3 years until October 2009 (Resigned July 2008 due to ill health)
Mr William Buxton	Re-elected for a 2nd term 3 years until October 2008
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
Mr George Potter	3 years until October 2009
Mr Gareth Pritchard	3 years until October 2010

Governor	Term of Office
Mr Stanley Skyrme	Re-elected for a 2nd term 3 years until October 2009
Mr Richard Taylor	3 years until October 2010
Mrs Ann Thomason	Re-elected for a 2nd term 3 years until October 2008

Public - Ellesmere Port & Neston	
Mrs Pat Clare	Re-elected for a 2nd term 3 years until October 2010
Mr Stan France	3 years until October 2009
Mr Keith Higham	Re-elected 2nd term 3 years until October 2011
Cllr Sue Kettle	3 years until October 2009

Public – Flintshire	
Mr Gordon Donaldson	Re-elected for a 2nd term 3 years until October 2010
Mrs Eleanor Hornsby	3 years until October 2011
Mrs Liz Kevan	3 years until October 2009
Dr Peter York	3 years until October 2008
Mr Eric Huntington	3 years until October 2009

Youth Governors (Two youth members job share the role of Youth Governor)	
Grace Langan	Appointed October 2008
Kate Bernie	Appointed October 2008
Matthew Alley	Appointed September 2007 (Term of office expired October 2008)



Governor	Term of Office
Partnership Organisations	
Cllr David Andrews Cheshire County Council dissolved 31st March 2009	Appointed 2007 Expired 31st March 2009
Mr Barry Harrison Flintshire LHB	Appointed October 2004 Expired 31st March 2009
Mr Michael Hemmerdinger Voluntary Services	Re-appointed for 2nd term of office until December 2011
Cllr Graham Jones Flintshire County Council	Appointed September 2004
Cllr Edward Lloyd Ellesmere Port & Neston Borough Council dissolved 31st March 2009	Appointed September 2006 Expired 31st March 2009
Mrs Dorothy Marriss University of Chester	Appointed October 2004
Mrs Eileen Prestidge Flintshire CHC	Appointed October 2004
Cllr Eric Plenderleath Chester City Council dissolved 31st March 2009	Appointed 2007 Expired 31st March 2009
Mr Robert Tinston Western Cheshire PCT	Appointed October 2006
Staff	
Mrs Millie Bradshaw	Re-elected for a 2nd term 3 years until 2010
Mr Ian Harvey	Elected until October 2010
Mr Chris Lube	Elected until October 2010 Resigned October 2008 on move to another Trust
Mrs Lynne Podmore	Elected until October 2009
Ms Heather Shilliday	Re-elected for a 2nd term 3 years until October 2010

Election of Board of Governors

Elections were held in October 2008 in the following public constituencies:-

Chester & Rural Cheshire - 3 Governors elected
- 1 Governor re-elected

Ellesmere Port & Neston - 1 Governor re-elected

The election turnout was as follows:-

Chester & Rural Cheshire - 25.2%

Ellesmere Port & Neston - 28.9%

In the Flintshire constituency one Governor was elected unopposed.

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 2008/09 and the attendance by Governors are given below:-

No. of meetings held in 2008/9	5
Board of Governors	
Mr Matthew Alley	2/3 *
Cllr David Andrews (Unable to attend due to illness)	0/5
Mrs Elizabeth Bott	2/2 **
Mrs Millie Bradshaw	3/5
Mrs Maureen Brady (Unable to attend due to illness)	0/2
Mr William Buxton	3/3 *
Mrs Pat Clare	4/5
Mrs Helen Clifton	4/5 ***
Mrs Sue Elphick	2/2 **
Mr Gordon Donaldson	5/5
Mr Stan France	2/5
Mr Barry Harrison	2/5
Mr Ian Harvey	1/5



Board of Governors

Mr Michael Hemmerdinger	5/5
Mr Keith Higham	4/5 ***
Mrs Eleanor Hornsby	1/2 **
Mr Eric Huntington	3/5
Cllr Sue Kettle	5/5
Mrs Liz Kevan	4/5
Cllr Graham Jones	0/5
Cllr Edward Lloyd	0/5
Mr Chris Lube	1/3
Mrs Dorothy Marriss	3/5
Mr David Mottershead	1/2 **
Cllr Eric Plenderleath	2/5
Mrs Lynne Podmore	3/5
Mr George Potter	3/5
Mrs Eileen Prestidge	3/5
Mr Gareth Pritchard	3/5
Ms Heather Shilliday	1/5
Mr Stanley Skyrme	4/5
Mr R Taylor	3/5
Mr Robert Tinston	0/5
Mrs Ann Thomason	1/3 *
Dr Peter York	1/3 *

* Terms of office expired Oct 2008

** Elected October 2008

*** Re-elected 2008

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	1/5
Dr V Clough, Medical Director	3/5
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

Declaration of Interests of Governors

The register of Declaration of Interests is held by the Secretary to the Board, and can be accessed by contacting Mrs Jackie Hughes.

Telephone – 01244 365816 or email jackie.hughes@coch.nhs.uk





Board of Directors

Composition of the Board of Directors

The composition of the Board of Directors during 2008/09 was as follows:-

Chairman – Sir James Sharples appointed on 1st July 2005 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.

Deputy Chairman – Alastair Findlay - Appointed 7th March 2006

Senior Independent Director – Alastair Findlay - Appointed 5th June 2007

Chief Executive - Peter Herring

Non-Executive Directors

Samantha Dixon - 1st term of office – appointed September 2002 for a fixed term contract of four years until September 2006. Re-appointed for a 2nd term of office by the Board of Governors on 26th September 2006.

Dr Gerald Levy - 1st term of office - appointed on 1st December 2000 to 30th November 2003. Re-appointed for a 2nd term of office further four years until 31st October 2007. Re-appointed for a 3rd term of office by the Board of Governors on 25th September 2007.

Alastair Findlay - Appointed by Board of Governors on 1st April 2005 for an initial term of 3 years until 1st April 2008. Re-appointed for a 2nd term of office by the Board of Governors for a further three years 25th February 2008.

Wendy Williams - Appointed by the Board of Governors on 1st November 2005 (1st term of office – 3 years) until 31st October 2008. Re-appointed for a 2nd term of office by the Board

of Governors on 23rd September 2008 for a three year term of office.

Sarah Jane Goulbourne - Appointed by the Board of Governors on 1st November 2005 (1st term of office – 3 years) until 31st October 2008.

Re-appointed for a 2nd term of office by the Board of Governors on 23rd September 2008 for a three year term of office.

Executive Directors

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 (from 6th October 2008)

David Wood – Director of Human Resources and Corporate Services (Left the Trust on 22nd June 2008)

Carole Spencer – Director of Planning and Development (Left the Trust on 27th July 2008)





Background of the current 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 Hospital 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 completed an MBA at Keele University. 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 commenced her role as Medical Director and Director of Infection Prevention & Control in April 2008.

She was appointed as the first consultant haematologist in Chester in 1984 and she progressively developed the laboratory and clinical service, working single handedly until 1993. The department now has three consultants and a Mersey Specialist Registrar, to whom Dr Clough is the educational supervisor. Dr Clough became examiner for the Royal College of Pathologists in 2002 and in 2006/7 helped write the new national examination.

Gaynor Hales - Director of Nursing, Quality and Environment

After completion of her training Gaynor took up post as a staff nurse and sister at Broadgreen Hospital. In 1996 Gaynor moved to Southport & Formby NHS Trust as a Nurse Manager in the Spinal Injuries Unit and also as Professional Development Manager for the Trust. She then progressed to



Nurse Manager/Advisor to the Medical Clinical Service Group. In May 2000 Gaynor moved to the Countess as Deputy Director of Nursing and Midwifery and in May 2002 was appointed Director of Nursing & Midwifery. She holds a Masters in Health Service Management.

Tim Lynch – Director of Operational Services

Tim Lynch joined the Trust on Monday 6 October 2008 from Great Western Ambulance Service where he held the position of Chief Executive.

Tim became Chief Executive of Great Western Ambulance Service in April 2006. Previously Tim was Chief Executive of Cumbria Ambulance Service NHS Trust. He joined the ambulance service in 1982 and held a number of operational and training roles before moving to another part of the NHS in 1993. In 1997, he moved back to the ambulance service at Board level, and took up his role as Chief Executive in 2004

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. He was a trustee of the Dock Charitable Fund. Alastair is an independent director of the trustees of the AMEC plc Staff and Executive pension funds and is Vice-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 North West both in industry and private practice and is currently Commercial Director for Cartel Holdings plc.



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 had to retire from John Moores University in February 2000 but still actively undertakes academic research and publishing. He is a trustee of the Multiple Sclerosis Support Centre in Saltney.



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 Sotheby's at their New Bond Street Salerooms. In 1997, Samantha began working for Chester's MP, Christine Russell as her Parliamentary Office Manager until the birth of her first child. She is now a full-time mother with three daughters, all born at the Countess of Chester Hospital. Samantha was appointed in 2002 for a term of four years and re-appointed in 2006 for a further three.



senior level experience as HR Director in large organisations - both private and public sector. Wendy was previously a Non-Executive Director in a Liverpool NHS Trust, a position she held for six years. Her professional background is working as HR & Change Director both nationally and internationally and for UK Central Government.

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'

Attendance at Board of Directors and Board Committee meetings

Attendance at the 13 Board meetings held during 2008/09 and various Board Committees was as follows:

	Board of Directors	Audit Committee	Finance Sub Committee ****	Workforce Development Committee	Remuneration Committee
No of Meetings held for 2007/08	13	4	7		1
Sir James Sharples	13	-	7	-	1
Peter Herring	13	4	7	-	-
Jane Tomkinson	13	4	7	-	-
Carole Spencer	4 *	-	-*	-	-
David Wood	3 **	-	-	-	-
Virginia Clough	13	-	3	-	-
Tim Lynch	6 ***	-	-	-	-
Gaynor Hales	12	-	-	-	-
Alastair Findlay	12	4	5	-	1
Samantha Dixon	12	4	-	-	1
Gerald Levy	12	-	-	-	1
Wendy Williams	13	4	-	3	1
Sarah Goulbourne	13	3	-	-	1

* Mrs Spencer left the Trust on 27th July 2008.

** Mr Wood left the Trust on 22nd June 2008.

*** Mr Lynch joined the Trust on 6th October 2008.

**** Incorporates charitable committee as part two of the meeting.



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 has developed a robust review process for evaluating its committees. The Chair of each committee 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 full 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.

Declaration of Interests of Directors

The register of Declaration of Interests is held by the Secretary to the Board, and can be accessed by contacting Mrs Jackie Hughes.

Telephone – 01244 365816 or email jackie.hughes@coch.nhs.uk

The Chairman has no other significant commitments.





“The overall purpose of the Trust’s Audit Committee is to review the effectiveness and maintenance of the Trust’s system of internal control and risk management.”

Audit Committee

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 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 2008/9 the Committee met on these occasions with the following attendance:

	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
April	✓	✓	✓	✓
May	✓	✓	✓	x
September	✓	✓	✓	✓
January	✓	✓	✓	✓

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 Trust's external auditors are KPMG who were appointed by the Board of Governors for an initial period of three years from the 2006/07 audit, with the option to extend the contract for a further two years. A policy to ensure the continued independence of external audit was adopted by the Audit Committee in April 2007 and was operational throughout the year 2008/9. On the 2nd December 2008 the Board of Governors approved the appointment of KPMG as auditor for a further two years.

Nominations Committee

There have been no new appointments in relation to the Chairman and Non-Executive Directors and therefore the Nominations Committee has not had the need to meet during 2008/9. When it

is necessary to appoint a Nominations Committee expressions of interest will be invited from relevant parties.



Foundation Trust Membership

Eligibility to be a Member

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 involved 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 2009/10 are shown below:-

Membership size and movements

Public Constituency	Last year (2008/09)	Next year (estimated* 2009/10)
At year start (1st April)	5,153	6,498
New Members	1,140	1,069
Members Leaving	95	98
At year end (31st March)	6,468	7,469

* It is the Trust's intention to increase growth in membership by 10% to 11,015. The Trust will focus on developing a quality membership by diversity, age and gender for 2009/10.

Staff Constituency	Last year (2008/09)	Next year (estimated* 2009/10)
At year start (April 1)	3212	6,498
New members	334	1,069
Members leaving	394	98
At year end (March 31)	3546	7,469

Membership commentary

The target for 25% increase in public membership was achieved. The target for an increase in membership for 2009/10 is 10% which will take the total membership to just over 11,000 members.

Youth Members

The Trust have two youth members job sharing the role of youth Governor on the Board of Governors and the Trust have no difficulty in replacing these persons each year. Through our youth Governors we have created a youth forum to examine and develop youth membership. This links to the wider Board through one of the adult governors and one the Non-Executive Director Children's Champion and a local schools' representative. The youth Governors have attended constituency roadshows and career opportunity forums which also facilitate the recruitment of new youth members.

Adult membership

Recruitment of new members has been undertaken by various means. These include regular membership recruitment campaigns within public areas of the hospital. A presentation by Governors demonstrating the value of membership of the Trust is being promoted in the community particular the voluntary sector and parish councils.

Governors also take the opportunity to get involved in functions and events with the Trust e.g. open day, fundraising which creates an opportunity to meet current members and an opportunity to recruit new members. The Trust have also held a Governor roadshow in each constituency area to promote, develop and receive feedback on the work of the Trust.

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 circulated to all members four times per year.



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

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

Remuneration

The Remuneration Committee is formed as and when required.

On 2nd September 2008 the Remuneration Committee met, with all members present, to review the annual inflation uplift of the Executive Directors. The Foundation Trust Secretary, Mr Cross 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.

The salary and pension entitlements of The Board of Directors are shown in the tables below:

Peter Herring
Chief Executive



report

Salary and Pension Entitlements of Senior Managers

Name and title	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 £	Salary (bands of £5,000) 2007/08 £000	Other Remuneration (bands of £5,000) 2007/08 £000	Benefits in kind (to nearest £100) 2007/08 £
Mr Peter Herring - Chief Executive	145-150	-	-	140-145	-	-
Mrs Jane Tomkinson - Deputy Chief Executive and Director of Finance & Compliance	125-130	-	-	120-125	-	-
Dr Virginia Clough - Medical Director (from 1 April 2008)	40-45	140-145	-	-	-	-
Mrs Gaynor Hales - Director of Nursing, Quality and Environment	85-90	-	-	95-100	-	-
Mrs Carole Spencer - Director of Planning and Development (to 27 July 2008)	25-30	-	100	80-85	-	300
Mr David Wood - Director of Human Resources and Corporate Services (to 22 June 2008)	20-25	-	-	95-100	-	-
Mr Tim Lynch - Director of Operational Services (from 6 October 2008)	50-55	-	-	-	-	-
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	-	-



Pension Benefits

Name and title	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 2009 (bands of £2,500)	Total Related Lump Sum at 31 March 2009 (bands of £2,500)	Cash equivalent Transfer Value at 31 March 2009 (bands of £1,000)	Cash Equivalent Transfer Value at 31 March 2008 (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	5-7.5	67.5-70	207.5-210	1566-1567	1130-1131	285-286
Mrs Jane Tomkinson - Deputy Chief Executive and Director of Finance & Compliance	0-2.5	5-7.5	35-37.5	110-112.5	623-624	507-508	103-104
Dr Virginia Clough - Medical Director (from 1 April 2008)	15-17.5	45-47.5	77.5-80	232.5-235	1907-1908	1102-1103	544-545
Mrs Gaynor Hales - Director of Nursing, Quality and Environment	0-2.5	2.5-5	22.5-25	67.5-70	396-397	296-297	64-65
Mrs Carole Spencer - Director of Planning and Development (to 27 July 2008)	0-2.5	0-2.5	15-17.5	45-47.5	272-273	181-182	19-20
Mr David Wood - Director of Human Resources and Corporate Services (to 22 June 2008)	0-2.5	0-2.5	37.5-40	115-117.5	669-670	467-468	28-29
Mr Tim Lynch - Director of Operational Services (from 6 October 2008)	-	-	-	-	630-631	487-488	45-44

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





Pension Benefits

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 therefore is 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.



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Quality report 200

Executive Summary

I would like to thank the whole organisation for their hard work and achievements in 2008/09. The past year has seen outstanding progress towards our 'zero tolerance' strategy to Health Care Associated Infection. We have also focussed our efforts into improving safety for our patients and delivering care in an improved environment, all of which has been achieved whilst remaining financially sound.

In the coming year the trust is embarking on a huge service transformation programme which includes work to embed a culture of change and opportunity, to improve processes, be committed to continuous quality improvement and maximise efficiency. This will be combined with an exciting and challenging new capital programme to improve the environment in which our care is delivered.

Peter Herring Chief Executive



8/09

Focussing on quality Celebrating success

In 2008-09 the Trust worked hard to build on its Health Care Commission assessment of 'Good' for its quality of services, acknowledging that there was scope to further develop both quality and safety of service delivery. Our key national priorities were met and we were compliant with the core standards.

Great achievements have been made in the reduction of health care associated infections particularly in relation to clostridium difficile and MRSA bacteraemia. Both these areas have seen significant reductions and are below the agreed trajectory. We are committed to the MRSA screening programme and are working within implementation timescales. We also had a successful Hygiene Code visit with no breaches leading to unconditional Registration in this area with the new Care Quality Commission. Our capital programme supported the completion of a second ward refurbishment and a number of other initiatives which have improved the facilities and environment for our patients and staff.

In 2006, the Trust joined the 2 year SPI project (safer patient initiative) in collaboration with the Institute of Health Improvement (IHI), this programme was the main focus of quality improvements up to 2008, when it concluded. This challenging programme involved 32 lead members of the Trust

and introduced us to new learning in 4 main care areas; critical care, peri operative care, general ward management and medicines management.

Through this programme we have learned that:

- We cannot improve quality without being able to measure it.
- Small tests of change in one area can lead to improvements in patient care when the idea is shared and distributed.
- Utilising care bundles are an effective way to improve care and safety: where elements of evidence based practice are grouped together and implemented to improve patient safety.
- The importance of safety briefings
- The importance of leadership.

Many of the elements of this programme will be carried forward into 2009/10 utilising the skill, of those involved into the development of new initiatives.

Our Board of Governors and Foundation Trust membership has gone from strength to strength and brought 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.

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Priorities in 2008/09

Two priorities in 2008/09 were chosen based upon the need to demonstrate rapid improvements in patient care where we had been slow to do so in the previous year despite sustained efforts. Other priority areas were linked with the 'Safer Patient Initiative' which was the organisations' key project to drive the quality agenda during this time and fully supported at Board level. For the purpose of this report one of the SPI measures has been chosen.

Priority 1: To reduce the number of MRSA bacteraemia cases to less than 13 in 2008/09 (32% reduction)

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

Priority 3: To improve our percentage ventilator bundle compliance to 95% to reduce the complications associated with ventilation in critical care.

Background and progress in these 3 priority areas are discussed more fully in the report.

Priority 1

To reduce the number of MRSA bacteraemia cases to less than 13 in 2008/09 (32% reduction)

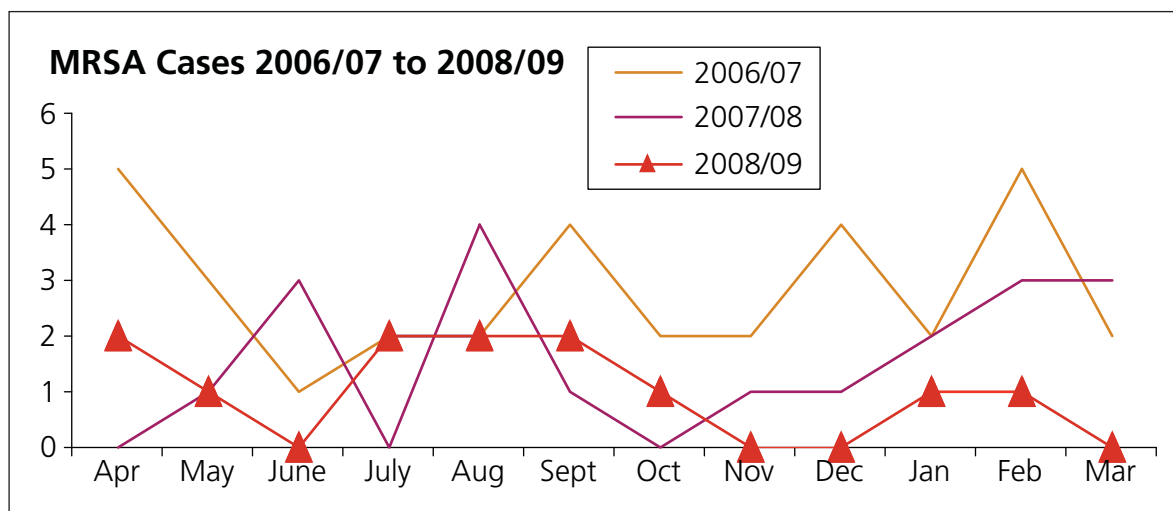
Description of the issues and rationale for prioritising

Our MRSA bacteraemia rate demonstrated a significant reduction in 07/08 (19 cases) but was still above the agreed trajectory. As well as continuing to be measured as an existing commitment and high profile target it was felt that the organisation could significantly improve its processes.

Aim / Goal

To reduce the number of MRSA bacteraemia cases to below 13 in 08/09. **ACHIEVED**

MRSA Cases Comparison chart 2006 to 2009



Identified areas for improvement implemented in 2008/09

- Increased screening programme
- MRSA road shows



- MRSA policy updated and clearance therapy systems in place
- Robust root cause analysis processes
- New antibiotic prescribing guidelines and microbiologist ward round
- Changes in central line care
- New nutritional team and steering group
- Blood culture training and competency and the use of sterile IV Access packs and alcohol based Chlorhexidine for blood culture collection / cannulation
- Saving lives infrastructure in place

Planned improvements for 2009/10

- Establish plan by March 2010 to implement the full screening guidance by 2011
- Maintain a robust root cause analysis process in a shorter timescale
- Further improve the environment via an extensive capital programme and separation of emergency and elective work

Priority 2

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

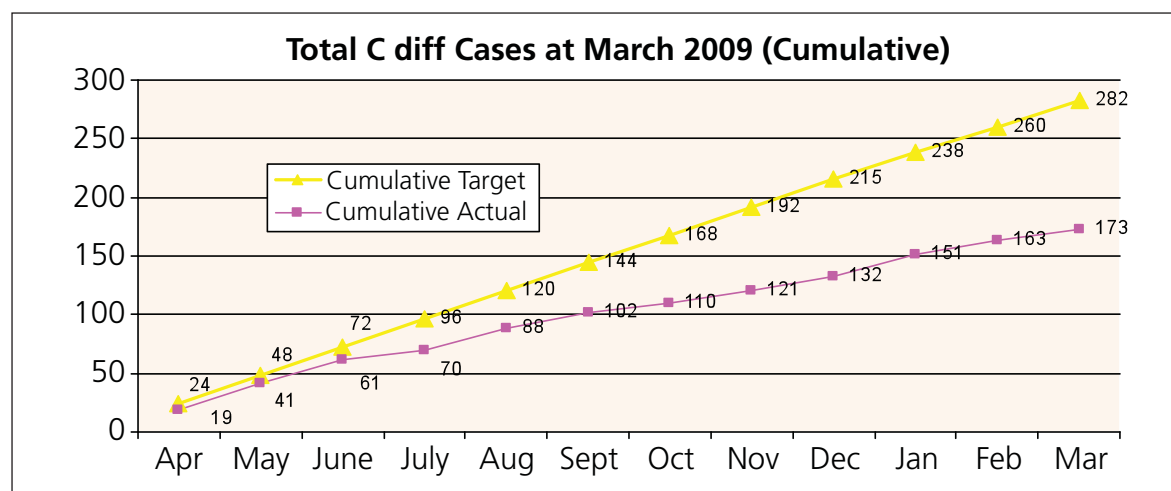
Description of the issues and rationale for prioritising

There were over 300 cases of Clostridium difficile at the Trust in 2007/08 which ended with a severe outbreak in Feb / March 08. As a high profile national target, it was felt that the organisation could make significant improvements in clinical practice to avoid this infection and implement a zero tolerance approach. The Trust also recognised the high cost to both the patient and the organisation in managing it.

Aim / Goal

To significantly reduce the number of C difficile (cases) to below 282 in 2008/09: ACHIEVED

C difficile cases against trajectory 2008 to 2009



Identified areas for improvement implemented in 2008/09

- Increased C difficile testing 7 days of the week
- Increased surveillance of each case and an individual case review
- Introduction of a new restricted antibiotic policy and new formulary
- Consultant microbiologist and antibiotic pharmacist ward rounds
- C difficile road shows and introduction of an aide memoire trust wide 'ACTION' against C difficile' slogan
- Saving lives infrastructure

Planned improvements for 2009/10

- Maintain a robust root cause analysis process in a shorter timescale
- Further improve the environment via an extensive capital programme to increase single room facilities and separation of emergency and elective work
- Continued monitoring and audit of the antibiotic policy
- Continued robust hand hygiene audit and publication
- Make a further significant reduction to no more than 181 cases

Priority 3

To improve our percentage ventilator bundle compliance to 95% to reduce the complications associated with ventilation in critical care.

Description of the issues and rationale for prioritising

The Trust has committed to delivering a number of patients safety transformational goals as part of the Safer Patients Initiative in 06 to 08. The Safer Patients Initiative is a National programme containing a range of projects requiring the implementation of evidenced based interventions known to improve patient safety and enhance patient outcomes and quality of care. The initiative spanned critical care, general wards, peri-operative care, medicines management and leadership. For the purpose of this report one measure has been chosen from the critical care project.

VENTILATOR CARE

Bundle elements (requirements of care that indicate compliance):

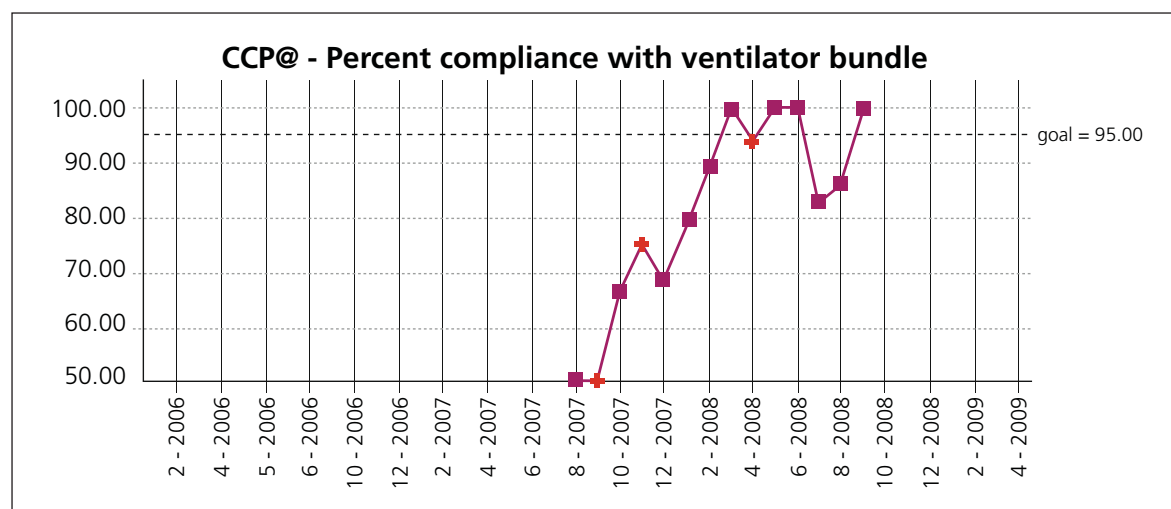
- Elevation of head of the bed to between 30 and 45 degrees
- Daily "sedation vacation" and daily assessment of readiness to wean
- Peptic Ulcer Disease (PUD) Prophylaxis
- Deep Venous Thrombosis (DVT) Prophylaxis
- Use of Low Tidal Volumes and Pressure in Acute Lung Injury/Adult Respiratory Distress Syndrome patients
- Implement non-physician driven weaning protocol

Aim / Goal

To reduce mortality and improve outcomes of ventilated patients by ensuring that all elements of the ventilator care bundle are met. (Goal 95% compliance by 2008): ACHIEVED



Performance from August 07 to September 08



Identified areas for improvement implemented in 2008/09

- Introduction of the bundle
- Staff training and education both in the SPI principles and the clinical requirements
- Sustained improvements in clinical outcomes regarding ventilator care
- Clear measurements of performance to drive practice change

Planned improvements for 2009/10

- Trust sign up to the new Patient Safety First Campaign
- Maintenance of a number of Safety initiatives across the organisation to be reported via the above campaign and benchmarked nationally
- To sustain the improvements achieved in the SPI initiative

Top ten priorities identified for 2009/10

- The Trust is embarking on a service transformation programme which includes work to embed a culture of change and opportunity, to improve processes and maximise efficiency combined with an exciting new capital programme to improve the environment in which our care is delivered
- Whilst our Mortality rates are within expectations we aim to make a year on year improvement through improved monitoring and structured case meetings within clinical teams
- Our fractured neck of femur surgery rates within 24 hours can be improved upon
- We will be committed to the reduction in thromboembolic risk
- We aim to involve our patients in all new developments and service changes and now need to strengthen our partnerships with the new LINKs (Local Involvement networks) and other external agencies

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- The patient experience is of utmost importance to us however, an average response is often seen within our survey results whereas we aim to be the best.
- Maintenance of our reductions in HCAI
- We aim to make improvements in stroke care with full implementation of the stroke strategy by 2010
- Commitment to the Patient Safety First Campaign with a key focus on strong leadership and the care of the deteriorating patient
- Commitment to achieving the requirements of our locally agreed quality schedule.

Response to regulators

The Countess of Chester Hospital NHS Foundation Trust declared compliance with the Healthcare Commission Core Standards in 2008/09 and has to date received no onsite inspection from this regulatory body with regards to these standards. The Trust maintains good practice in meeting regularly with Regional representatives and responding to any concerns raised when requested.

The Trust had a successful routine Hygiene Code inspection in Nov 2008 with no breaches and unconditional registration with the new Care Quality Commission.

There have been service reviews in 2008/09 predominantly focussing on children's services. The Trust has robust action plans in place to address outstanding issues occurring predominantly where the care required or provided crosses the boundaries of adult services e.g. main theatres / outpatients and emergency areas.

The Trust is committed to maintaining National Health Service Litigation Authority level 3 in general care and working towards level 2 in maternity over the next year.

Response to links and to feedback from members and governors

Both the new LINKs and Governors provided a commentary to support the Trusts Core Standards declaration for 2008/09.

In the opinion of the Cheshire Local Involvement Network Interim Board, the Countess of Chester Hospital NHS Foundation Trust is Compliant with Core Standard 17 concerning patient and public involvement in developing and improving services. They reported that from engagement with the Hospital Patient Environment Experience Team Committee, the Patient Experience Action Team Inspection Team and other contacts, no issues have arisen to raise any concerns regarding the Trust's services.

The Governors reported that they have been very impressed with the strong and personal leadership of the Medical Director, Dr V Clough and congratulate her and the staff on making great progress into containing and reducing instances of healthcare infections.

The Governors are also pleased to note that the Trust:-

- (i) Supports the Countess of Chester Health Park-wide cycling initiatives by forming a cycle users group and encouraging 'green transport'.
- (ii) Has appointed a Volunteer Co-ordinator and recruited over 200 volunteers making a big contribution to support patient care.



Quality overview

Performance of Trust against selected metrics

We have chosen to measure our performance against the following metrics:

	2008-2009	2007-2008	National average	Peer group average
Safety Measures				
Patients with MRSA bacteraemia infections per 10,000 bed days	0.72	1.18		
Patients with C difficile infections per 10,000 bed days	1.08	2.0		
Hospital falls per 1000 bed days (No and rate)	6.4 (1051)	6.5 (1035)		
Clinical Outcome Measures				
Stroke Mortality rates	21%	23%		21.5%
Readmission rates for surgery	4.4%	4.7%		3.9%
Proportion of surgical admissions that did not result in an operation	7.9%	6.8%		
Revision rate for # NOF	0.9%	0%		
Patient Experience Measures				
% of patients who would recommend this hospital to their family and friends	92.3	87.0	92.1 (2008)	
% of patients who felt they were always treated with dignity and respect	80.0	77.3	79.7 (2008)	
% of patients who rated their care as Excellent or Very Good	81.8	76.3	79.5 (2008)	
% of patients who rated the way doctors and nurses worked together as Excellent or Very Good	79.0	73.4	78.3 (2008)	

(Please note some comparison data was not available)

Notes on selected metrics

- Infection rates have improved dramatically over the last year as discussed within the report. Patient falls present a challenge for us as we move into 2009/10 where we aim to review our processes and achieve a reduction
- Clinical outcomes have presented a further challenge and we will be looking to improve stroke care this year with investment on this patient pathway. Our surgical readmission rates are also higher than the national average.
- Inpatient survey results in the areas chosen demonstrate an improvement particularly when recommending the Trust to others. We continue to conduct our own monthly surveys to identify areas of concern.

National targets and regulatory requirements -	2008-09	2007-08	Target
The Trust declared full compliance with the HCC core standards	Full Compliance	Full compliance	Full compliance
Clostridium difficile year on year reduction	173	324	282
MRSA - maintaining the annual number of MRSA bloodstream infections at less than half the 2003-2004 level	12	19	13
Maximum waiting time of 31 days from decision to treat to start of treatment - extended to cover all cancer treatments	99.6%	n/a	to be confirmed
Maximum waiting time of 62 days from all referrals to treatment for all cancers	96.2%	n/a	to be confirmed
18 weeks maximum wait by 2008 - Type 1a Admitted patients maximum time of 18 weeks from point of referral to treatment	92%	88%	90%
18 week maximum wait by 2008 - Type 1b Non-admitted patients maximum time of 18 weeks from point of referral to treatment	96%	96%	95%
Maximum waiting time of four hours in A&E from arrival to admission, transfer or discharge	97.7%	98.3%	98%
Maximum waiting time of 31 days from diagnosis to treatment for all cancers	99.6%	99.8%	98%
Maximum waiting time of 62 days from all referrals to treatment for all cancers	96.2%	99.8%	95%
Time to reperfusion for patients who have had a heart attack - Part 1 - Thrombolysis	90%	74%	68%
Maximum waiting time of two weeks from urgent GP referral to first outpatient appointment for all urgent suspect cancer referrals	99.5%	99.9%	98%

Notes of regulatory requirements and national targets

The Trust continues to deliver a high standard of care for its patients, and again declared full compliance with the HCC Core Standards

The Trust has made significant reductions in the numbers of MRSA and C difficile infections in year, and continued to deliver all of its key wait time targets.

Our governance rating by Monitor remains green despite a small underperformance against the A&E hour target this year.



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Annual Accounts

for the year ended
31 March 2009

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 Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;



- state whether applicable accounting standards as set out in the NHS Foundation Trust Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

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

2nd June 2009

Peter Herring - Chief Executive



Statement in Respect 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 2009 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As Chief Executive and supported by Board members I have responsibility for the introduction and implementation of the risk management

systems and processes within the Trust. These accountability arrangements are documented in the Trust's Risk Management Strategy. The Audit Committee, Executive Risk Review Group, 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 Board of Directors has delegated the ongoing development, implementation and monitoring of the Risk Management Strategy to the Executive Risk Review Group. The Director of Nursing, Quality and Environment is the Executive Lead for Risk, Emergency Planning and Business Continuity and has delegated responsibility from the Chief Executive. 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 together with the Divisional Governance Facilitators at an operational level.

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". All relevant policies are available on the Trust's intranet.

A range of risk management training is provided to all staff groups to ensure that risk management is embedded throughout the Trust. The HR Department review mandatory training and report compliance to the Management and Patient Safety Board. Good practice and lessons learnt are widely shared through mechanisms such as Divisional Governance meetings, the Risk and Health and Safety Operational Group, Team Brief, E-Team Brief, and the Pulse.

The risk and control framework

The risk management framework is set out in a comprehensive Risk Management Strategy and



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. Risk escalation is managed via the Executive Risk Review Group.

Risk management is further embedded within the 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;
- 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 and delegated responsibilities; and
- An integrated SBAR (situation, background, assessment and recommendation) reporting system that underpins the identification of every type of risk and adverse event for escalation and review by the Executive Risk Review Group.

The National Patient Safety Agency began publishing summary data on patient safety incident reports from each NHS Trust or Local Health Board in England and Wales. The Trust was acknowledged as having a strong reporting culture

in the benchmarking data published, which is essential for the Trust to continuously improve the quality of care provided to our patients.

The 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 has also reviewed the Board Assurance Framework in year. Any gaps in control or assurance are monitored by the Executive Risk Review Group.

The public and patients are involved in identifying risk and bringing this to the attention of the Trust in a variety of ways:

- 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.

Information governance risks are managed as part of the integrated Risk Management Strategy and assessed using the Information Governance Toolkit. In year there have been both in house and internal audit reviews in respect of Data Security and IT data governance. An action plan to take forward recommendations has been developed.

The system of internal control is strengthened by compliance with the Code of Governance Framework and Compliance Framework established by Monitor, and the Standards for Better Health. The Trust is fully compliant with the core standards for Better Health.

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 in 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 organisation's obligations under equality, diversity and human rights legislation are in place.

Review of economy, efficiency and effectiveness of the use of resources

Throughout the year the Board of Directors have received regular reports providing information on the economy, efficiency and effectiveness of the use of resources. Integrated performance reports provide data in respect of financial, clinical and national targets and objectives. Any areas of concern are highlighted through the use of a traffic light system.

On a bi monthly basis the financial performance of the Trust is reviewed by the Finance Sub Committee, which is a formal sub committee of the Board. This is underpinned by a sound financial governance framework and monthly reporting systems to monitor budgets and financial performance.

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

Internal Audit have reviewed the Trusts key systems and processes in place during the year and published reports detailing the required actions to ensure the economic and efficient use of 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 Trust has achieved a financial risk rating of 4 as planned.

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, the Audit Committee 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 on the overall arrangements for internal control based on the audit work completed. I also receive internal audit assurance in respect of the systems and processes underpinning the Board Assurance Framework and the Standards for Better Health Declaration.

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

My review is also informed by:

- the results of a Healthcare Commission unannounced Hygiene Code compliance inspection;
- An independent audit by the National Health Service Litigation Authority (NHSLA) level 3, reassessed January 2008. The Countess of



Chester Hospital NHS Foundation Trust is one of only ten acute Trusts to hold the level 3 accreditation, and only the second acute trust to be reassessed and maintain level 3 compliance for three consecutive assessments;

- Testing of the Trust's major incident plans in a regional exercise completed in year; and
- The Trust has an unconditional registration with the new Care Quality Commission.

No significant control issues were identified during the year April 2008 to 31 March 2009; however the following control issues were identified during the year and robust action plans put in place to address them:

- Maintaining the target for the reduction of hospital associated MRSA;
- Performance against the Accident and Emergency targets;
- Reducing the levels of cancelled operations; and
- Reducing the levels of delayed discharges in conjunction with Western Cheshire PCT.

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

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.

Peter Herring - Chief Executive
2nd June 2009

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 2009 under the National Health Service Act 2006. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses 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 the Directors and Auditors

As described on pages 58-59 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.

improvement
respect excellence
pride care
commitment

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 2009.

We review whether the statement on internal control on pages 60 to 63 reflects compliance with Monitor's guidance issued in the NHS Foundation Trust Financial Reporting Manual. We report if it does not meet the requirements specified by Monitor or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the 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.

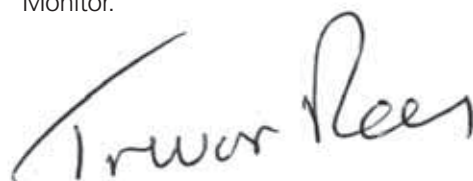
Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts in England, of the state of the Trust's affairs as at 31 March 2009 and of its income and expenditure for the year then ended; and
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements of the NHS Foundation Trust Financial Reporting Manual.

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.



Trevor Rees

Partner

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Manchester

2nd June 2009



Foreword to the Accounts

These accounts for the year ended 31 March 2009 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.

Peter Herring - Chief Executive
2nd June 2009

Income And Expenditure Account For The Year Ended 31 March 2009

	NOTE	2008/09 £000	2007/08 £000
Income from activities			
Continuing operations	2	146,571	137,783
Other operating income			
Continuing operations	3	11,800	11,034
Operating expenses			
Continuing operations	4-5	(154,778)	(142,880)
OPERATING SURPLUS			
Continuing operations		3,593	5,937
Loss on disposal of fixed assets	8	(98)	(217)
SURPLUS BEFORE INTEREST		3,495	5,720
Finance Income - interest on loans and receivables		1,313	1,320
SURPLUS FOR THE FINANCIAL YEAR		4,808	7,040
Public Dividend Capital dividends payable	6	(2,687)	(2,506)
RETAINED SURPLUS FOR THE YEAR		2,121	4,534

The notes on pages 68 to 87 form part of these financial statements.

Balance Sheet

As At 31 March 2009

	NOTE	31 March 2009 £000	31 March 2008 £000
FIXED ASSETS			
Tangible fixed assets	8.2	95,387	87,211
		95,387	87,211
CURRENT ASSETS			
Stocks and work in progress	9	2,175	1,798
Debtors	10	3,786	5,102
Cash at bank and in hand	15.3	15,125	19,936
		21,086	26,836
CREDITORS: Amounts falling due within one year	11	(16,527)	(17,027)
NET CURRENT ASSETS		4,559	9,809
TOTAL ASSETS LESS CURRENT LIABILITIES		99,946	97,020
CREDITORS: Amounts falling due after more than one year	11	(883)	(977)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(2,144)	(2,252)
TOTAL ASSETS EMPLOYED		96,919	93,791
FINANCED BY:			
Public dividend capital		61,785	60,609
Revaluation reserve	13	16,701	17,060
Income and expenditure reserve	13	15,925	13,516
Donated Asset reserve	13	2,396	2,092
Other reserves	13	112	514
TOTAL FUNDS	18	96,919	93,791

The notes on pages 68 to 87 form part of these financial statements.

The financial statements were approved by the Board of Directors on 2nd June 2009 and are signed on its behalf by:

Signed: 

Peter Herring - Chief Executive



Statement Of Total Recognised Gains And Losses For The Year Ended 31 March 2009

	2008/09 £000	2007/08 £000
Surplus for the financial year before dividend payments	4,808	7,040
Unrealised deficit on fixed asset revaluations	(75)	(373)
Receipt of donated assets	89	610
Reductions in the donated asset reserve due to the depreciation and disposal of donated assets	(210)	(226)
Additions in "other reserves"	27	495
Total recognised gains	4,639	7,546

The notes on pages 68 to 87 form part of these financial statements.

Cash Flow Statement For The Year Ended 31 March 2009

	NOTE	2008/09 £000	2007/08 £000
OPERATING ACTIVITIES			
Net cash inflow from operating activities	15.1	7,096	11,936
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		1,313	1,320
Net cash inflow from returns on investments and servicing of finance		1,313	1,320
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(11,736)	(6,873)
Net cash outflow from capital expenditure		(11,736)	(6,873)
PDC DIVIDENDS PAID			
		(2,687)	(2,506)
Net cash (outflow)/inflow before management of liquid resources and financing		(6,014)	3,877
MANAGEMENT OF LIQUID RESOURCES			
Movement in short-term deposits	15.3	-	13,524
Net cash inflow from management of liquid resources		-	13,524
FINANCING			
Public dividend capital received		1,176	1,775
Other capital receipts		27	495
Net cash inflow from financing		1,203	2,270
Movement in cash	15.3	(4,811)	19,671

The notes on pages 68 to 87 form part of these financial statements.

Notes to the accounts

1 Accounting Policies

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trusts Financial Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2008/09 NHS Foundation Trust Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the business. NHS Foundation Trusts, in compliance with HM Treasury's Financial Reporting Manual, are not required to comply with the FRS3 requirements to report "earnings per share" or historical profits and losses.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'discontinued' where they meet all of the following conditions:

- a. The sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved.

- b. If a termination, the former activities have ceased permanently.
- c. The sale or termination has a material effect on the nature and focus of the reporting NHS Foundation Trust's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the NHS Foundation Trust's continuing operations; and
- d. The assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing.

Activities are considered to be 'acquired' whether or not they are acquired from outside the public sector.

1.3 Income Recognition

Income is accounted for by applying the accruals convention. The main source of income for the Trust is under contracts from commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

The NHS Foundation Trust changed the form of its contracts with NHS commissioners to follow the Department of Health's Payment by Results methodology in 2004/05. As an early implementer the transition to full National Tariff is phased over a four year period resulting in the Countess of Chester Hospital NHS Foundation Trust receiving 100% of national tariff in 2007/08.



1.4 Expenditure

Expenditure is accounted for by applying the accruals convention.

1.5 Tangible fixed assets

Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- 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 had 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.

Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed assets are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are revalued using professional valuations in accordance with FRS15 every five years. A three yearly interim valuation is also carried out.

Valuations are carried out by professionally qualified

valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The last full asset valuation was undertaken in 2004 as at the prospective valuation date of 1 April 2005, which was accounted for on 31 March 2005. An interim valuation was carried out as at 1 April 2008, and was reflected in the accounts for 2007/2008.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.

Residual interests in off-balance sheet Private Finance Initiative properties are included in assets under construction within tangible fixed assets at the amount of unitary charge allocated for the acquisition of the residual with an adjustment. The adjustment is the net present value of the change in the fair value of the residual as estimated at the start of the contract and at the balance sheet date.

Operational equipment is valued at depreciated replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated



residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated over the estimated remaining life of the asset as assessed by the NHS Foundation Trust's professional valuers. Equipment is depreciated evenly over the estimated life of the asset, as follows:

	Years
Plant & Machinery	5 to 15
Transport Equipment	5 to 7
Information Technology	5 to 10
Furniture & Fittings	5 to 10

Fixed asset impairments resulting from losses of economic benefits are charged to the Income and Expenditure Account. All other impairments are taken to the revaluation reserve and reported in the Statement of Total Recognised Gains and Losses to the extent that there is a balance on the revaluation reserve in respect of the particular asset.

1.6 Donated Fixed 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 income and expenditure account. Similarly, any impairment on donated assets charged to the income and expenditure account is matched by a transfer from the donated asset reserve. On sale of donated assets, the net book value of the donated asset is transferred from the donated asset reserve to the Income and Expenditure Reserve.

1.7 Liquid Resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement.

1.8 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 (previously the New Opportunities Fund). Where the government grant is used to fund revenue expenditure it is taken to the Income and Expenditure account to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to the Income and Expenditure Account over the life of the asset on a basis consistent with the depreciation charge for that asset.

1.9 Private Finance Initiative (PFI) Transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of Application note F to FRS 5.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the Trust has contributed land and buildings, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year as a tangible fixed asset.



Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.10 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Work-in-progress comprises goods and services in intermediate stages of production.

1.11 Cash, bank and overdrafts

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" below). 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 within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.12 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet 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 the Treasury's discount rate of 2.2% in real terms.

Contingent liabilities are not recognised in the accounts, but are disclosed in note 12 unless the

probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

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 12.

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.

1.13 Pension costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices

and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence it is not possible for the NHS Foundation Trust to identify its share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were defined contribution scheme under FRS17

Employers pension cost contributions are charged to operating expenses as and when they become due.

The Scheme is subject to a full actuarial investigation every four years by the Government Actuary. The main purpose of which 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 latest published valuation relates to the period 1 April 1999 to 31 March 2004 which was published in December 2007 and is available on the Pensions Agency website [http://www.nhsa.gov.uk/nhsa_site/foi1/Scheme_Valuation_Report/NHSPA_Valuation_report.pdf](http://www.nhs.uk/nhsa_site/foi1/Scheme_Valuation_Report/NHSPA_Valuation_report.pdf).

The notional deficit of the scheme was £3.3 billion as per the last scheme valuation by the Government Actuary for the period 1 April 1999 to 31 March 2004. The conclusion of the valuation was that the scheme continues to operate on a sound financial basis. Employer contribution rates are reviewed every four years following the scheme valuation, on advice from the actuary. At the last valuation, it was recommended that employer contribution rates should continue at 14% of pensionable pay. From 1 April 2008, employees' contributions will be on a tiered scale from 5% to 8.5% of their pensionable pay.

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 income and expenditure account at

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

1.14 Taxation

The Countess of Chester Hospital NHS Foundation Trust is a Health Service body within the meaning of s519A ICTA 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.

Most of the activities of the 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.

1.15 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Income and Expenditure account.

1.16 Third Party Assets

In accordance with the Foundation Trusts Financial Reporting Manual 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. See note 22. However, they are disclosed in a separate note to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.



1.17 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 a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. 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 interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

1.18 Public Dividend Capital (PDC) and PDC Dividend

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 original NHS Trust.

A charge, reflecting the forecast cost of capital utilised by the NHS Foundation Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust. 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. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets. Note 6 to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year.

1.19 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.

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 substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and Measurement

(i) *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 at bank and in hand, trade debtors, accrued income and other debtors.

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 income and expenditure account.

(ii) 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 balance sheet date, which are classified as long-term liabilities. The Trust's financial liabilities comprise trade creditors, accruals, other creditors.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to the income and expenditure account.

(iii) Determination of fair value

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%.

(iv) Impairment of Financial Assets

At the balance sheet date, the Trust assesses whether any financial asset, other than those held at fair value through income and expenditure is 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.

Consistent with the measurement of 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 income and expenditure account and in the case of trade debtors, the carrying amount of the asset is reduced through the use of an allowance for irrecoverable amounts, and for other financial assets the carrying amount is reduced directly.



2. Income from Activities

2.1 Income from activities comprises:

	2008/09 £000	2007/08 £000
Elective income	28,129	27,639
Non elective income	53,235	50,808
Outpatient income	27,532	26,023
Other type of activity income	31,731	27,529
A&E income	5,508	5,287
Income from activities (before private patient income)	146,135	137,286
Private patient income	436	497
Income from activities	146,571	137,783

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.

2.2 Income from activities comprises:

	2008/09 £000	2002/03 £000
Private Patient Income	436	520
Total patient related income	146,571	89,454
Proportion as a percentage	0.3%	0.6%

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 2008-09.

3. Other Operating Income

	2008/09 £000	2007/08 £000
Research and development	328	193
Education and training	6,241	6,217
Charitable contributions to expenditure	232	159
Amortisation of Government Grants	94	94
Transfers from donated asset reserve	210	226
Non-patient care services to other bodies	1,253	749
Other income	3,442	3,396
	11,800	11,034

Other income includes £1,112,000 (2007/08 £1,023,000) in respect of staff catering and shop income and £981,000 (2007/08 £891,000) in respect of car parking.

The Terms of Authorisation sets out the mandatory education and training that the Trust is required to provide (protected education and training). All of the income from education and training shown above is derived from the provision of protected education and training. All other operating income is un-protected.

4. Operating Expenses

4.1 Operating expenses comprise:

	2008/09 £000	2007/08 £000
Services from NHS Foundation Trusts	838	702
Services from NHS Trusts	824	830
Services from other NHS bodies	412	219
Purchase of healthcare from non NHS bodies	531	365
Directors' costs	764	843
Staff costs	107,736	100,997
Supplies and services		
- clinical	22,148	19,802
- general	2,667	2,404
Establishment	1,855	1,652
Transport	138	139
Premises	7,175	6,516
Depreciation and amortisation	4,781	4,362
Audit fees	48	48
Other Auditors Remuneration	9	25
Clinical negligence	2,055	2,212
Training courses	563	605
Other	2,234	1,159
	154,778	142,880

The auditor's liability for losses in connection with the external audit is not limited.



4.2 Operating Leases

4.2.1 Operating expenses include:

	2008/09	2007/08
	£000	£000
PFI Scheme (see note 20.1)	869	862
Hire of plant & machinery	288	263
Other operating lease rentals	585	791
	1,742	1,916

4.2.2 Annual commitments under non - cancellable operating leases are:

	Land and buildings		Other leases	
	2008/09	2007/08	2008/09	2007/08
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	-	-	-	22
Between 1 and 5 years	-	-	938	915
	-	-	938	937

Other lease commitments expiring in less than 1 year relates to the PFI scheme costs of £938,000 (2007/08 £915,000), see note 20.1

5. Staff Costs and Numbers

5.1 Staff costs

	Total 2008/09	Permanently Employed	Other	Total 2007/08
	£000	£000	£000	£000
Salaries and wages	90,945	90,945	-	85,580
Social Security Costs	6,458	6,458	-	6,189
Employer contributions to NHS Pensions Agency	9,788	9,788	-	9,077
Agency staff	1,191	-	1,191	877
	108,382	107,191	1,191	101,723

5.2 Average number of persons employed

	Total 2008/09	Permanently Employed	Other	Total 2007/08
	Number	Number	Number	Number
Medical and dental	346	139	207	348
Administration and estates	624	580	44	599
Healthcare assistants & other support staff	664	627	37	617
Nursing, midwifery & health visiting staff	768	727	41	760
Nursing, midwifery & health visiting learners	11	11	-	17
Scientific, therapeutic and technical staff	475	443	32	470
Total	2,888	2,527	361	2,811

5.3 Retirements due to ill-health

During 2008/09 (prior year 2007/08) there were 4 (1) early retirement from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £152,000 (£56,000). The cost of these ill-health retirements will be borne by the NHS Pensions Agency. These retirements represented 0.91 per 1,000 active scheme members.

6. Public Dividend Capital Dividend

The Trust is required to pay a dividend to the Department of Health at a real rate of 3.5% of average relevant net assets. The Trust's public dividend payable in year totals £2,687,000. This represents 3.53% of the actual average carrying amount of relevant net assets held.

7. Losses and Special Payments

NHS Foundation Trusts are required to record cash payments and other adjustments that arise as a result of losses and special payments. In the year the Trust had 100 separate losses and special payments, totalling £44,000 (2007/08 £17,000). The bulk of these were in relation to bad debts and damage / loss of property.

8. Tangible Fixed Assets

8.1 Loss on Disposal of Fixed Assets

Loss on the disposal of fixed assets is made up as follows:

	2008/09 £000	2007/08 £000
Loss on disposal of fixed assets (unprotected)	(98)	(217)



8.2 Tangible fixed assets at the balance sheet date comprise the following elements:

	Land	Buildings Excluding Dwellings	Assets Under Construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2008	9,730	62,337	2,707	23,240	26	3,850	1,890	103,780
Additions - purchased	-	2,579	7,545	2,240	-	170	78	12,612
Additions - donated	-	-	-	518	-	-	-	518
Reclassifications	-	2,129	(2,808)	86	-	403	190	-
Other in year revaluation	-	-	-	(2,088)	(3)	(26)	(9)	(2,126)
Disposals	-	(21)	-	(2,877)	-	-	-	(2,898)
At 31 March 2009	9,730	67,024	7,444	21,119	23	4,397	2,149	111,886
Accumulated depreciation								
At 1 April 2008	-	-	-	14,760	19	1,221	569	16,569
Other in year revaluation	-	-	-	(2,013)	(5)	(26)	(7)	(2,051)
Disposals	-	(2)	-	(2,798)	-	-	-	(2,800)
Provided during the year	-	2,371	-	1,574	2	624	210	4,781
At 31 March 2009	-	2,369	-	11,523	16	1,819	772	16,499
Net book value								
- Purchased at 1 April 2008	9,730	61,287	2,707	7,438	7	2,629	1,321	85,119
- Donated at 1 April 2008	-	1,050	-	1,042	-	-	-	2,092
Total at 31 March 2008	9,730	62,337	2,707	8,480	7	2,629	1,321	87,211
- Purchased at 31 March 2009	9,730	63,649	7,444	8,206	7	2,578	1,377	92,991
- Donated at 31 March 2009	-	1,006	-	1,390	-	-	-	2,396
Total at 31 March 2009	9,730	64,655	7,444	9,596	7	2,578	1,377	95,387

All land and buildings are used in the provision of mandatory goods and services and so are protected.

8.3 The net book value of land, buildings and dwellings at 31 March 2009 comprises:

	31 March 2009 £000	31 March 2008 £000
Freehold	72,370	72,067

9. Stocks and Work in Progress

	31 March 2009 £000	31 March 2008 £000
Raw materials and consumables	2,175	1,798

10. Debtors

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year:		
Trade Debtors	1,443	1,976
Accrued income	388	450
Amounts due under the NHS Injury Scheme	996	821
VAT recoverable	124	318
Other debtors	241	249
Prepayments	594	1,288
	3,786	5,102

The carrying values of trade debtors, accrued income and other debtors approximate to their fair value.

10.1 Provision for impairment of Trade Debtors

Trade debtors is stated net of an estimate for irrecoverable amounts. The movement in the year was as follows:

	31 March 2009 £000	31 March 2008 £000
At 1 April 2008	1,226	792
Arising during the year	1,379	931
Utilised during the year	(170)	(199)
Reversed unused	(911)	(298)
At 31 March 2009	1,524	1,226

10.2 Ageing analysis of Trade Debtors

The ageing of trade debtors is as follows:

	Gross 31 March 2009 £000	Impairment 31 March 2009 £000	Gross 31 March 2008 £000	Impairment 31 March 2008 £000
Not past due date	2,109	961	1,886	580
Up to 3 months	359	64	824	154
Over 3 months	499	499	492	492
	2,967	1,524	3,202	1,226



11. Creditors

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year:		
Trade creditors	9,541	9,947
Accruals	1,278	812
Tax and Social Security	2,080	2,050
NHS Pension Scheme	1,252	1,323
Other creditors	832	643
Deferred Government Grant income	94	94
Deferred income	1,450	2,158
	16,527	17,027
Amounts falling due after more than one year:		
Deferred Government Grant income	883	977
	883	977

The carrying values of trade creditors, accruals and other creditors approximate to their fair value.

12. Provisions for Liabilities and Charges

	Pensions relating to other staff	Legal claims	Backdated pay provision	Permanent injury benefit	Total 31 March 2009	Total 31 March 2008
	£000	£000	£000	£000	£000	£000
At 1 April 2008	214	332	1,072	634	2,252	1,692
Arising during the year	143	352	429	14	938	1,646
Utilised during the year	(18)	(106)	(385)	(5)	(514)	(992)
Reversed unused	-	(163)	(369)	-	(532)	(94)
At 31 March 2009	339	415	747	643	2,144	2,252
Contingent liability						
In addition to the provision above there is a contingent liability which is not provided for	-	57	-	-	57	51
Expected timing of cashflows:						
Within 1 year	18	415	747	23	1,203	1,444
1 - 5 years	72	-	-	120	192	162
Over 5 years	249	-	-	500	749	646

Provisions for capitalised pension benefits are based on tables provided by the NHS Pensions Agency, reflecting years to normal retirement age and the additional pension costs associated with early retirement.

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.

The provision for backdated pay is in respect of Agenda for Change and other pay reforms that could give rise to back pay.

Permanent Injury Benefits are payable to eligible individuals, and are calculated in the same way as capitalised pension benefits.

£24,101,000 is included in the provisions of the NHS Litigation Authority at 31/3/2009 in respect of clinical negligence liabilities of the Trust (31/3/2008 £18,062,000).

The provisions for legal claims and backdated pay are calculated by reference to expected cash flows discounted back at the Treasury discount rate of 2.2%.

13. Movements on Reserves

	Revaluation reserve	Donated asset reserve	Other reserves	Income and Expenditure reserve	Total
	£000	£000	£000	£000	£000
At 1 April 2008	17,060	2,092	514	13,516	33,182
Transfer from the income and expenditure account	-	-	-	2,121	2,121
Deficit on other revaluations of fixed assets	(71)	(4)	-	-	(75)
Receipt of donated assets	-	518	(429)	-	89
Transfers to the Income and Expenditure Account for depreciation, impairment, and disposal of donated assets	-	(210)	-	-	(210)
Other reserve movements	(288)	-	27	288	27
At 31 March 2009	<u>16,701</u>	<u>2,396</u>	<u>112</u>	<u>15,925</u>	<u>35,134</u>

Other reserves represents the balance remaining on a charitable contribution for the purchase of medical equipment.

14. Prudential Borrowing Limit

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 five 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.

The Trust had a prudential borrowing limit of £33,900,000 in 2008/09 (2007/08 £31,300,000). The Trust has not yet borrowed against this limit.



The Trust had an approved working capital facility limit of £10,000,000 in 2008/09 (2007/08 £10,000,000), the Trust had in place an actual working capital facility of £10,000,000 (2007/08 £10,000,000).

The five ratio tests and the Trusts performance against them is set out below:

Financial ratios	Actual 2008/09	Approved 2008/09	Actual 2007/08	Approved 2007/08
Maximum Debt/Capital Ratio	-	25%	-	25%
Minimum Dividend Cover	3.6	1	4.6	1
Minimum Interest Cover	-	3	-	3
Minimum Debt Service Cover	-	2	-	2
Maximum Debt Service to Revenue	-	3%	-	3%

Until such time as the Trust draws down a loan only the Minimum Dividend Cover ratio is relevant. The Trust was within the approved limit.

15. Notes to the Cash Flow Statement

15.1 Reconciliation of operating surplus to net cash flow from operating activities:

	2008/09 £000	2007/08 £000
Total operating surplus	3,593	5,937
Depreciation and amortisation charge	4,781	4,362
Amortisation income	(94)	(94)
Transfer from donated asset reserve	(210)	(226)
Increase in stocks	(377)	(115)
Decrease/(Increase) in debtors	1,316	(433)
(Decrease)/Increase in creditors	(1,805)	1,945
(Decrease)/Increase in provisions	(108)	560
Net cash inflow from operating activities	<u>7,096</u>	<u>11,936</u>

15.2 Reconciliation of net cash flow to movement in net funds

	2008/09 £000	2007/08 £000
Decrease in cash in the period	(4,811)	19,671
Cash used to increase liquid resources	-	(13,524)
Net funds at 1 April 2008	19,936	13,789
Net funds at 31 March 2009	<u>15,125</u>	<u>19,936</u>

15.3 Analysis of changes in net funds

	Interest rate	At 31 March 2009	Cash changes in year	At 31 March 2008
		£000	£000	£000
Cash at bank and in hand	floating	15,125	(4,811)	19,936

Cash at bank and in hand at 31 March 2008 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

Commitments under capital expenditure contracts at the balance sheet date were £2,237,000 (2007/08 £2,488,000).

17. Post Balance Sheet Events

There are no disclosable post balance sheet events.

18. Movements in Total Funds

	2008/09 £000
Surplus for the financial year	4,808
Public dividend capital dividends	(2,687)
	2,121
Losses from revaluation of purchased fixed assets	(71)
New public dividend capital	1,176
Movement on donated asset reserve	304
Movement on other reserves	(402)
Net addition in total funds	3,128
Opening total funds	93,791
Closing total funds	96,919

19. 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.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the Countess of Chester Hospital NHS Foundation Trust.

The Trust has received £231,000 revenue and £117,000 capital 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 are regarded as related parties. 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:

Related Party Transactions	Income £000	Expenditure £000
Aintree University Hospitals NHS Foundation Trust	85	249
Alder Hey Childrens NHS Foundation Trust	1	725
Central Manchester University Hospitals NHS Foundation Trust	255	12
Cheshire and Wirral Partnership NHS Foundation Trust	1,387	441
Clatterbridge Centre for Oncology NHS Foundation Trust	342	1
Liverpool Women's NHS Foundation Trust	-	922
Mid-Cheshire Hospitals NHS Foundation Trust	168	6
Warrington and Halton Hospitals NHS Foundation Trust	6	2,376
Wirral University Teaching Hospital NHS Foundation Trust	2,687	3,130
North West Ambulance Service NHS Trust	52	498
Royal Liverpool and Broadgreen University Hospitals NHS Trust	276	1,660
Walton Centre for Neurology and Neurosurgery NHS Trust	213	78
North West Strategic Health Authority	6,227	-
Central and Eastern Cheshire PCT	3,109	-
Halton and St Helens PCT	1,447	1
Liverpool PCT	320	84
Sefton PCT	177	-
Shropshire County PCT	326	-
Warrington PCT	211	-
Western Cheshire PCT	101,143	362
Wirral PCT	2,146	1
NHS Blood and Transplant Agency	-	1,089
NHS Litigation Authority	-	2,135
NHS Purchasing & Supply Agency	7	3,112

Related Party Balances	Debtor £000	Creditor £000
Western Cheshire PCT	1,279	592
Wirral University Teaching Hospital NHS Foundation Trust	420	32
Cheshire and Wirral Partnership NHS Foundation Trust	110	66
Liverpool Women's NHS Foundation Trust	1	128
Warrington and Halton Hospitals NHS Foundation Trust	1	100
Central and Eastern Cheshire PCT	175	271
Royal Liverpool and Broadgreen University Hospitals NHS Trust	14	568
North West Strategic Health Authority	-	104
NHS Purchasing & Supply Agency	-	320

20. Private Finance Transactions

20.1 PFI schemes deemed to be off-balance sheet

	2008/09 £000	2007/08 £000
Amounts included within operating expenses in respect of PFI transactions deemed to be off-balance sheet	869	862

The Trust is committed to make the following payments during the next year.

	2008/09 £000	2007/08 £000
PFI scheme which expires; 2nd to 5th years (inclusive)	938	915

	£000
Estimated capital value of the PFI scheme	4,300

Contract Start date: 1999/2000

Contract End date: 2010/11

The PFI scheme is for the provision of a managed patient administration and information system.

The contract initially was for eight years starting in 1999/2000. The option to extend has been exercised and is now due to expire in 2010/2011.

The capital value for the scheme is difficult to estimate, since the majority of 'property' is software and software development.

20.2 PPP Schemes

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 a total of £378,000 (index linked) 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.

21. Financial Instruments

FRS29, Financial Instruments, requires disclosure 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.



21.1 Market Risk

21.1(i) Interest-Rate Risk

All of the Trust's financial liabilities 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 relevant financial assets and liabilities are shown in notes 12 and 15.3.

21.1(ii) Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

21.2 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 19. 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.

21.3 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 receives 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 £10,000,000 working capital facility with its current Bankers, which it has yet to draw on.

The Trust presently finances its 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 can borrow, both from the Department of Health Financing Facility and commercially 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.

22. Third Party Assets

The Trust held £61.00 in the Bank (2007/08 - £4,000) which relates to monies held by the NHS Foundation Trust on behalf of patients.



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The Countess of Chester Hospital NHS Charitable Funds

Annual Report and Accounts for the year ended 31 March 2009

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Finance & Management

Introduction

The Corporate Trustee presents the Charitable Funds Annual Report together with the Audited Financial Statements for the year ended 31 March 2009.

The Charity's Annual Report and Accounts for the year ended 31 March 2009 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 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.





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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 (from 1 April 2008)
Mrs Gaynor Hales	Director of Nursing, Quality and Environment
Mr Tim Lynch	Director of Operational Services (from 6 October 2008)
Mrs Carole Spencer	Director of Planning and Development (to 27 July 2008)
Mr David Wood	Director of Human Resources and Corporate Services (to 22 June 2008)

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 (from 1 April 2008)
Mr Alastair Findlay	Non-Executive Director
Mrs Carole Spencer	Director of Planning and Development (to 27 July 2008)

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

Auditors

KPMG LLP
St James Square
Manchester
M2 6DS

Investment Fund Managers

M & G Charities
PO Box 9038
Chelmsford
CM99 2XF



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.

We are delighted that local businessman Ian Halliwell has agreed to chair our new Relative

Comfort Appeal which is aiming to provide relatives accommodation and counselling rooms for the Critical Care Unit. The Appeal formally commenced in October 2008 and a formal committee has been set up to monitor the fundraising activity.

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 individual 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, and we are equally grateful to the local business community including Cruise, Marks and Spencers Money, Shell and Bank of America for their support. We are also grateful to various Charitable Trusts for their financial support.

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Financial review

A Review of our Finances and Performance

The net assets of the Charitable Funds as at 31st March 2009 were £1,090,000 (2007/08 £1,291,000), a reduction of £201,000 during the financial year. The loss in the valuation of our unrealised investments with M&G was £167,000 (2007/08 loss of £109,000), however these are held for the long term and would expect to see a recovery during the term of the investments. Interest receivable was £78,000 (2007/08 £89,000) from our investments at M&G and short term Bank Investments.

Total incoming resources this year totalled £477,000 (2007/08 £632,000). Of which £47,000 was raised through donations to the annual Moonlight walk.

Of the total expenditure of £511,000 (2007/08 £470,000), charitable expenditure on direct charitable grants was £397,000 (2007/08 £357,000) expenditure on support costs was £49,000 (2007/08 £44,000).

Performance of Investments

Since July 2003 The Countess of Chester Hospital 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. During the financial year, however, the fund did reduce in value by £167,000 due to a fall in unit share prices and the general volatility of the market. The investment

remains for the long term, and we would expect the value of our investment to recover and to grow. These investments do not have a maturity date. Investment income received from M&G was £27,000 before deducting management fees.

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 £51,000.

Purchase of new equipment, new building and refurbishment

Out of the expenditure on direct charitable grants the total spend on additional medical equipment for the Trust was £181,000 (2007/08 £182,000). A further £15,000 (2007/08 £3,000) was spent on computer equipment and £17,000 (2007/08 £15,000) 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 £17,000 (2007/08 £14,000) 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 £18,000 (2007/08 £38,000) 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 in 2008/09 (2007/08 £17,000), expenditure included Christmas gifts, mastectomy bras and excursions for children. This is in addition to the equipment stated above.

Funds Held as Custodian Trustee

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.





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Annual review: our activities and future

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.

Our Activities

During the year the funds continued to provide a wide range of charitable and health related activities to benefit both patients and staff and the wider community. Funds are generally used to purchase additional equipment and services that the NHS is unable to provide including for example medical equipment for enhancement of the patient environment.

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

- Two Europrobe sentinel lymph node probes which offer a less invasive surgical procedure;
- A Faxitron Machine for the Breast Care Unit to help improve efficiency in screening; and
- Extra chairs for the waiting room in the Jubilee Day Centre to improve patient comfort.

Every year we host a number of Fundraising Events designed to both raise money and help raise the profile of the Charitable Funds. During this financial year, we held the following events

Moonlight Walk - Our third annual Moonlight Walk saw over 400 women take part in a 13 mile walk around Chester, starting at midnight. This year the event raised funds for both the Relative Comfort appeal and the General Fund. Many local businesses provided fantastic support by sponsoring the event, and Marcher Sound, Dee 106.3 Radio and the local Roman Centurions provided invaluable support with the promotion and organisation of the night. We could not run this hugely successful event without all of our fantastic volunteers who helped to organise, marshal and run the event.

Santa Stroll - This brand new event ran in December 2008 and saw over 200 men, women and children take part in a 5km walk up to the Dale Barracks in Chester. The Welsh Fusiliers supported the event by providing refreshments and festive music. The event was a huge success, and received great press coverage.

Tree of Lights - Our annual Tree of Lights event took place in December 2008 and this year more people than ever donated in memory of their loved ones. This year the funds for the appeal went towards Relative Comfort to provide counselling rooms for the Critical Care Unit.

Car Boot Sales - Running from March until December, every Sunday, the Countess of Chester Car Boot Sales continue to raise vital funds for the charity. We are very grateful to Sue Elphick MBE for continuing to give up her time and co-ordinate these sales.

plans

As well as events we have hosted ourselves, many patients, families and volunteers have run some innovative and fun filled events over the last year. These include a Fashion Swap Shop, Curry night, quiz evenings...and even a Turkey Trot at Chester Racecourse.

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.

Currently, the majority of fundraising income is derived from event income and generous donations from patients. As events require a great deal of administrative time from the fundraising team further scope in this area is restricted so we will be also focusing on increasing revenues from charitable trusts, foundations and corporate sponsorship during the next 18 months.

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.

The fourth Moonlight Walk is scheduled to take place on Saturday 20th June 2009. Due to the success of this year's Santa Stroll, we will be holding the event again on the 4th December 2009.

On October 3rd we will be holding a Fundraising Ball for the Relative Comfort appeal at Marks and Spencer Money. We hope that this event will raise our profile as well as raise money for the new appeal.

We will continue to maintain a high profile for the charity within the local community by working closely with our local media. We are grateful to all the local newspapers, Dee 106.3 radio and Marcher Sound for allowing us the opportunity to publicise our various fundraising activities and achievements.

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

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 Advisor 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 21 to 25.

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.



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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 £400,000 and £1,200,000 to ensure that the

charity can run efficiently and meet the needs of its beneficiaries. The Balance Sheet shows that the reserves of £750,000 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 Trustee is responsible for preparing the Trustee's 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 Trustee:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states 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;
- states whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is required to act in accordance with the trust deed of the charity, within the framework of trust law. The Trustee is 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 Trustee to ensure that, where any statements of accounts are prepared by it under section 42(1) of the Charities Act 1993, those statements of accounts comply with the requirements of regulations under that provision. The Trustee has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

By Order of the Corporate Trustee

Chairman

2nd June 2009

Sir James Sharples QPM DL

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

2nd June 2009

Independent Auditors' Report to the Trustee 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 2009, which comprise of the Statement of Financial Activities, 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 trustee 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 trustee 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 trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and Auditors

The Trustee's responsibilities for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities on page 11.

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 Trustee's Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustee's Annual Report and consider the implications for our report if we become aware

of any misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

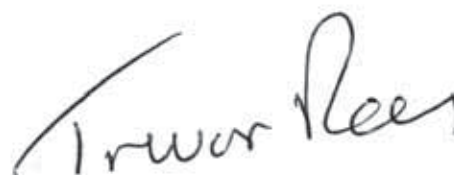
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustee 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 2009 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.



Trevor Rees (Partner)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square, Manchester
2 June 2009



Statement of Financial Activities

for the year ended 31 March 2009

	Note	Unrestricted Funds	Restricted Funds	2008-09 £000	2007-08 Total Funds £000
Incoming resources	2				
Incoming resources from generated funds:					
Voluntary income:	2.1				
Donations		176	63	239	343
Legacies		13	12	25	19
Fundraising Events	2.2	54	81	135	181
Investment income	6.3	59	19	78	89
Total incoming resources		<u>302</u>	<u>175</u>	<u>477</u>	<u>632</u>
Resources expended					
Costs of Generating Funds:	3				
Costs of generating voluntary income		8	3	11	12
Fundraising trading costs		27	18	45	48
Investment Management Costs	6.4	2	-	2	2
Charitable activities:					
Grant Funded Activity		360	84	444	399
Governance costs	3.1	6	3	9	9
Total resources expended		<u>403</u>	<u>108</u>	<u>511</u>	<u>470</u>
Net incoming/(outgoing) resources					
Net incoming/(outgoing) resources		(101)	67	(34)	162
Losses on revaluation and disposal of investment assets		(117)	(50)	(167)	(212)
Net movement in funds		<u>(218)</u>	<u>17</u>	<u>(201)</u>	<u>(50)</u>
Reconciliation of Funds					
Fund balances brought forward at 31 March 2008		957	334	1,291	1,341
Transfers between classifications of funds	2.3	11	(11)	-	-
		<u>968</u>	<u>323</u>	<u>1,291</u>	<u>1,341</u>
Net movement in funds		(218)	17	(201)	(50)
Fund balances carried forward at 31 March 2009		<u>750</u>	<u>340</u>	<u>1,090</u>	<u>1,291</u>

Balance Sheet

as at 31 March 2009

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total at 31 March 2009 £000	Total at 31 March 2008 £000
Fixed Assets					
Investments	6	196	84	280	448
Total Fixed Assets		<u>196</u>	<u>84</u>	<u>280</u>	<u>448</u>
Current Assets					
Debtors	7	11	1	12	6
Short term investments and deposits		560	240	800	868
Cash at bank and in hand		42	18	60	214
Total Current Assets		<u>613</u>	<u>259</u>	<u>872</u>	<u>1,088</u>
Liabilities					
Creditors: Amounts falling due within one year	8	59	3	62	245
Net Current Assets		<u>554</u>	<u>256</u>	<u>810</u>	<u>843</u>
Total Net Assets		<u>750</u>	<u>340</u>	<u>1,090</u>	<u>1,291</u>
Funds of the Charity					
Restricted Income Funds		-	340	340	334
Unrestricted Income Funds		750	-	750	957
Total Funds		<u>750</u>	<u>340</u>	<u>1,090</u>	<u>1,291</u>

Full details of the individual fund balances are shown on pages 21 to 25.

The notes at pages 15 to 16 form part of this account.

Approved by the Chairman of the Board on 2nd June 2009.

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 Accounting and Reporting by Charities, Statement of Recommended Practice 2005 issued by the Charity Commissioners.

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 21-25.

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 promotion generally 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 2009.

Investment income and central costs, including governance costs are apportioned across all funds quarterly.

1.7 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).

1.8 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 2)



1.9 Change in the Basis of Accounting

There has been no change in the basis of accounting during the year.

2 Incoming Resources

2.1 Analysis of Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2008-09 £000	Total 2007-08 £000
Donations	176	63	239	343
Legacies	13	12	25	19
	<u>189</u>	<u>75</u>	<u>264</u>	<u>362</u>

2.2 Incoming Resources from Fundraising

	Unrestricted Funds £000	Restricted Funds £000	Total 2008-09 £000	Total 2007-08 £000
Income from Fundraising	<u>54</u>	<u>81</u>	<u>135</u>	<u>181</u>

2.3 Transfers between Funds

During the financial year, there were a small number of transfers from restricted to unrestricted funds. The only material transaction was the surplus amounts raised from the B Positive fund following the building of the Haematology unit. £10,000 was transferred to the Haematology & Oncology Fund whose objects are for the benefit of patients utilising the Haematology suite.

3 Resources Expended

3.1 Allocation of Support Costs and Overhead

	Total 2008-09 £000	Allocated to Governance 2008-09 £000	Residual for apportionment to Charitable Activity 2008-09 £000	Basis of apportionment
Financial Services	16	1	15	Proportionate to expenditure
Salaries and related costs	29	-	29	Proportionate to expenditure
External Audit	8	8	-	Governance
Central Fundraising Costs	5	-	5	Proportionate to expenditure
	<u>58</u>	<u>9</u>	<u>49</u>	

Included in governance costs as Financial Services are the cost of Corporate Trustee meetings.

Apportionment of Support costs across Charitable Activities

	Fundraising	Purchase of New Equipment	Training Costs	Other Grants including Building	Support Costs
	2008-09	2008-09	2008-09	2008-09	2008-09
	£000	£000	£000	£000	£000
Financial Services	1	7	1	6	15
Salaries and related costs	1	15	1	12	29
Central Fundraising Costs	-	3	-	2	5
	<u>2</u>	<u>25</u>	<u>2</u>	<u>20</u>	<u>49</u>

Analysis of Charitable Expenditure

	Grant Funded Activity	Grant Funded Activity	Support Costs	Support Costs	Total
	Unrestricted	Restricted	Unrestricted	Restricted	
	2008-09	2008-09	2008-09	2008-09	2008-09
	£000	£000	£000	£000	£000
Fundraising Trading Costs	<u>26</u>	<u>17</u>	<u>1</u>	<u>1</u>	<u>45</u>
Purchase of New Equipment	176	37	18	7	238
Training Costs	16	2	2	-	20
Building Costs	4	-	-	-	4
Other Grants	130	32	14	6	182
	<u>326</u>	<u>71</u>	<u>34</u>	<u>13</u>	<u>444</u>

3.2 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 Trustee. 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 £2,478. 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 2008-09 £000	Total 2007-08 £000
Salaries and wages	54	54
Social security costs	5	5
Other pension costs	7	7
	66	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's Remuneration

The auditor's remuneration of £7,800 (2007/08 £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 2009 Total £000	31 March 2008 Total £000
Market value brought forward	448	557
Net loss on revaluation	(168)	(109)
Market value at 31 March	280	448
Historic cost at 31 March	353	353

6.2 Market value:

	Held in UK £000	31 March 2009 Total £000	31 March 2008 Total £000
Investments in a Common Investment Fund	280	280	448
	280	280	448

6.3 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2008-09 £000	Total 2007-08 £000
Bank Investment Income	32	19	51	64
Unit Trust Fund Income	27	-	27	25
	<u>59</u>	<u>19</u>	<u>78</u>	<u>89</u>

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

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year:		
Accrued income	12	5
Total debtors falling due within one year	<u>12</u>	<u>5</u>

8. Analysis of Creditors

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year:		
Other creditors	31	220
Accruals	31	25
Total creditors falling due within one year	<u>62</u>	<u>245</u>

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 £397,000 including amounts for staff and patient amenities (2007/08 £357,000) to the Corporate Trustee, the Countess of Chester Hospital NHS Foundation Trust.



Fund statements and objectives

Type of fund	31 Mar 2009 £	31 Mar 2008 £	Details on page
General Purpose Fund	83,739	82,583	21
Restricted Funds	404,722	348,586	22
Designated Funds	822,470	913,636	23-25
Unrealised Loss on investments	(221,012)	(53,337)	
	1,089,919	1,291,468	

The unrealised loss on investments has been allocated between restricted and unrestricted funds on a percentage of the total balance at the 31st March 2009 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 2009 £	FUND BALANCE 31 Mar 2008 £
Countess General Fund	General purposes/Long Service Awards/Career Development Awards	83,739	82,583
		83,739	82,583

Restricted funds

Held by the Countess of Chester NHS Charitable Funds

Name of Fund	Purpose	FUND BALANCE 31 Mar 2009 £	FUND BALANCE 31 Mar 2008 £
Chapel Refurbishment Fund	To refurbish the Chapel area - Multi Faith Centre	148	15
Sensory Garden Fund	Provide sensory garden for people with disabilities	2,465	2,446
Tree Of Lights	To improve bereavement care	27,089	20,701
B Positive	Expand medical day unit	-	9,885

table continued on next page

Name of Fund	Purpose	FUND BALANCE 31 Mar 2009 £	FUND BALANCE 31 Mar 2008 £
Chester Human Milk Bank Appeal	Purchase equipment/provide a pasteurising room. Support costs	248,426	240,319
Bladder Scanner Appeal	Purchase bladder scanner for ward 45	2,940	11,686
The Dale Jones Fund	Purchase a VAC Machine	10,913	4,478
SCBU Incubator Appeal	Purchase an incubator for SCBU.	13,258	10,452
Peter McFerran Incubator Appeal	Purchase an incubator for SCBU.	14,932	1,590
Relative Comfort	Provide day & overnight facilities for patients' families in Critical Care	60,326	11,581
Lose 1000 Pounds Fund	To fundraise for the winning team's nominated beneficiary	2	-
Coronary Care Unit	Equipment & staff training	13,296	33,262
Heamatology & Oncology	To be used to benefit the Haematology & Oncology Suite	1,000	-
Palliative Care	For the ongoing improvement of Palliative Care	6,998	6,998
Chester Eye Fund	Ophthalmic equipment and benefit of patients	-	2,171
Occupational Therapy	To purchase equipment and other items to benefit the department	942	-
WCPCT Home Support Fund	To be used within Community Care Western Cheshire.	1,987	-
		404,722	348,586

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 Trustee to utilise the funds in accordance with the objects 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 as Custodian Trustee on Behalf of Others

There are eight funds as shown on page 23-25 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 £8,589 (2007/08 £6,506) at 31 March 2009.



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 2009 £	31-Mar 2008 £
Accident Prevention Prog for Schools	To provide a budget for a regional co-ordinator, trainers & resource books	469	467
A & E Critical Care	Nursing Care improvements in A & E	-	315
Accident & Emergency	To support the A&E department's patients, relatives and staff	5,397	5,065
Angela Gildea Breast Equipment	Equipment for breast screening and treatment of cancers	30,189	78,383
Anna Williams Fund	Respiratory equipment & courses	6,563	3,505
Antenatal Outpatient Services	Purchase equipment to improve services for women	232	231
Appeals Fund	Open to application from wards and depts	11,063	25,736
Audiology	Staff training, books & equip in department	2,937	2,924
Back Service/Spinal Research	Spinal research to support requirements of spinal service	8,860	5,703
Breastcare Trust Fund	Research, education & training. Staff and patient amenities	29,151	32,453
Breastcare Unit Equipment & Education	Equipment used in breastcare, ongoing costs. Training/ education. Patient facilities	78,663	88,247
Cancer Educ for Nurses & AHP's	To support training for nurses and AHP's	605	353
Car Boot Fund	Purchase medical & surgical equipment for the Hospital	21,326	36,820
Cardiac Catheter Lab Fund	To purchase equipment, provide training and materials. Patient amenities.	783	779
Cardiac Equipment Fund	Purchase equipment and improve Cardiology Unit	34,564	33,741
Cardiac Rehabilitation Fund	Cardiac monitoring equipment, improve coronary care and cardiac rehab	7,423	8,763
Catering Equipment	Small catering equipment. Staff amenities	1,253	1,247
CC Arts Group	To improve the visual environment of the Hospital	333	306
Chapel	Improve facilities and cover ongoing costs in the Chapel. Staff training.	1,746	1,885
Chest Clinic	To purchase equipment for the clinic	6,499	6,322
Chester Activity And Ageing	Books/equipment for the care of the elderly. Support training in dept.	803	750
Chester Assisted Conception	Support & develop assisted conception service. Staff amenities	555	49
Chester Cardiac Fund	Cardio respiratory services & staff amenities	10,981	13,048
Chester Eye Fund	Ophthalmic equipment and benefit of patients	932	35,811
Chester Rheumatology Fund	Staff & patient education, information and development. Equipment	764	571
Chester Urology Fund	Equipment and training	6,606	6,506
Children's Community Nurses Fund	Fund activities and equipment for children with chronic illness and support staff	5,496	5,715
Children's Playground Fund	Enable redesign and refurbish outside play area	987	983
Coronary Care Unit	Equipment & staff training	34,942	27,097
Dermatology	Equipment, materials, leaflets & training in the department	170	451
Diabetes Trust Fund	Improvements in diagnosis, treatment & management of diabetes	28,849	26,691

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NAME OF FUND	PURPOSE	31-Mar 2009 £	31-Mar 2008 £
Dietetics	Used for purchases not covered by Dietetic budget	2,281	2,977
E.N.T. Fund	Benefit of E.N.T. patients and staff	5,549	5,093
Endovascular Graft	Endovascular graft procedures	7,628	7,595
Environmental Spend	Improve the environment of wards	1,100	1,095
Eye Library Fund	Purchase equipment and support education	46	46
Financial Services	Improve facilities & support training. Staff amenities	550	515
Gastroenterology Research	Gastroenterology research	456	255
General Theatres	Training & development of staff in the department & staff amenities	953	171
G.U.Medicine	Medical & patient education and training. Support research by funding work	961	956
Gynaecology Cancer Fund	Benefit of cancer patients & staff, related training expenses	266	265
Haematology and Oncology Suite	To benefit the haematology and oncology suite and provide patient amenities	55,529	38,987
Haemo Dialysis Fund	Provide a patients room. Other purchases to benefit patients	37,781	37,734
HDU Equipment Fund	HDU equipment & staff training. Patient & staff amenities	4,796	10,580
Heart Equipment Fund	Purchase equipment & support the dept. Staff and patient amenities	14,163	14,083
Heart Failure Fund	Equipment and staff training & support department	489	487
Improving The Environment-Art	Finance contracts for artists for Arts Strategy plus materials	326	325
Infant Feeding & Parent Education	Infant feeding study days. Equipment & training for parents	33	25
Infection Control	Infection control projects & staff amenities	1,081	1,077
Intensive Care / Therapy	Intensive care / therapy	10,323	13,850
Intra Venous Therapy Fund	Education for staff involved within service	11	11
Kisiizi Hospital Project	To fund visits to Kisiizi and purchase equipment	4,486	-
Laparoscopic Upper GI Equipment Fund	To further care of patients with upper GI diseases.	5,959	3,728
Lipid Clinic Research Fund	Biochemistry department research and support lipid clinic	1,030	1,026
Maxillo-Facial	To fund education & research in department	263	262
Medical Day Unit Fund	Staff and patient amenities. Support ongoing costs	-	677
Neonatal Fund	Funds for the purpose of the neonatal unit	65,772	60,051
Nephrology Education Fund	Educational support for Nephrology personnel	2,017	2,008
Nursing Development Fund	Nurses further education	3,322	3,863
O & G Course Fund	Equipment, books, educational, tutor fees & expenses	12,730	12,676
Occupational Therapy	Equipment & training in the department	2,400	2,247
Orthopaedic Teaching&Research	Orthopaedic teaching & research	4,629	4,593
Orthoptic Post-Diploma Training	Training of orthoptists employed in department	853	849
Osteoporosis Research Fund	Osteoporosis research	1,902	1,893
Out Patient Leg Ulcer	Equipment & training in the department	1,429	1,007
Paediatric Fund	Wards 29, 30, & paediatric outpatients	13,942	21,892
Palliative Care	For the ongoing improvement including education and research	10,155	7,973
Parent Accommodation	Provide parent accommodation & support on going costs	5,595	5,571
Pathology	Books, equipment etc. in department	56	56
Patients Amenities	Benefit of patients at Countess of Chester Hospital	55,922	50,746
Pharmacy Fund	Support pharmacy department & staff	7,943	7,909
Physiotherapy Trust Fund	Equipment and educational purposes within physiotherapy	5,850	5,915

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NAME OF FUND	PURPOSE	31-Mar 2009 £	31-Mar 2008 £
Plastic Surgery	Books, equipment, support training and research	1,339	1,333
Play Staff Training	Equipment & training for play staff	558	923
Prenatal Diagnosis Fund	Equipment and training. Staff amenities	3,267	3,682
Prostate Cancer Fund	To support development of an improved service for patients	2,482	1,331
Radiology Educational Courses	Administer courses & other projects	486	1,051
Radiology Research	Educational material for staff training. Staff & patient amenities	769	2,494
Renal Dialysis Unit Fund	Purchase of equipment. Staff and Patient amenities	2,534	1,388
Rheum Spec Nurse Education	Finance study days/conferences for rheumatology nurses	502	450
SNAPS	Equipment for nursery. Educational material and courses.	8,135	7,563
Staff Amenities	Benefit of staff at Countess of Chester Hospital	31,976	30,712
Stoma Care	Equipment/training for colorectal disease	3,964	2,954
Stork Parents Support Group	Extra facilities and equipment for benefit of parents on the unit	3,537	2,303
Stroke Area Fund	To upgrade ASSA where and when needed. Staff training	7,965	7,901
Surgery Research	To purchase equipment & training within department	405	104
The Matthew Jones Fund	Purchase of baxter pumps for ITU	208	208
The Pain Service Trust Fund	Equipment and education/finance research projects	13,615	15,497
Tissue Viability	Equipment and support training within department	5,381	5,308
Ultrasound Fund	Educational material for staff training. Staff & patient amenities	1,493	2,164
Undergraduate Education	To support education infrastructure	3,058	3,045
Urology Nurse Training	Nurse training within Urology department	1,362	1,356
Vascular Education	Staff educational and training	23,415	24,740
Vascular Surgery	Research expenses & audit	9,265	8,047
Ward 44 Staff Education Fund	Support training for nurses in department	278	435
Ward 55 Equipment Fund	Purchase teaching equipment, books etc	156	155
Western Cheshire PCT Acquired Brain Injury	Purchase equipment & tools for direct patient intervention, enhance delivery	358	356
Western Cheshire PCT Breast Feeding Support	To provide equipment and resources for the service.	339	323
Western Cheshire PCT Comm Heart Failure Nurses	To fund study days and further education	271	41
Western Cheshire PCT COPD Fund	To provide equipment and support.	2,604	2,150
Western Cheshire PCT Physiotherapy	Equipment for physiotherapy department	552	549
Western Cheshire PCT Tarporley District Nurses	To purchase equipment to benefit patients support staff training	2,478	3,087
		822,470	913,636



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