Calderstones Partnership
NHS Foundation Trust

annual report

Annual Report
for the
three month period
ended 30 June 2016

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CALDERSTONES PARTNERSHIP NHS FOUNDATION TRUST

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

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Performance Report

The Trust's performance report has been prepared to meet the requirements of a strategic report under direction issued by Monitor, the independent regulator for Foundation Trusts and in accordance with Sections 414A, 414C and 414D1 of the Companies Act 2006 as interpreted by the FReM (paragraphs 5.2.6 to 5.2.11). Note: Sections 414A (5) and (6) and 414D (2) do not apply to NHS Foundation Trusts.

The Directors are responsible for preparing the annual report and accounts and consider that they are fair, balanced and understandable and that they provide the information necessary for service users, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

Chairman's Statement

The last three months has seen a tremendous shift in the national strategy for service provision for people with learning disabilities, which Calderstones has always supported. As the sole specialist provider of these services, Calderstones has again been at the centre of a lot of the attention both from within the health economy and the wider media.

As I review the agendas of Board meetings I have chaired this year, it is astonishing that none of them have been in any way routine. We have consistently and successfully navigated challenging issues of finance, of national policy, of staffing, of governance, and most importantly, of quality and safety. The analogy of 'plates spinning' is hardly sufficient to describe the sheer number of 'top priority' items that the Board and management team have had to deal with. This is of course in parallel with the day-to-day complexities of running and working on wards with staff at all levels.

I cannot praise our staff enough. These seemingly insurmountable challenges have put immense pressure on everyone. That they have delivered positive results is wonderful; that they have all done so with professionalism, good humour and compassion is remarkable. It has been a true team effort.

Whilst the details of each challenge can be found in board papers and many are, of course, items of individual confidentiality, they find their story summarised in our remarkable progress with the Care Quality Commission.

From a hugely challenging inspection eighteen months ago, which found issues that attracted headlines and some justified criticism, the Trust's financial year ends with us reflecting on a second inspection by the CQC, which rated us as 'Good' across all their domains. It is a huge achievement. I do not forget for a moment that the earlier inspection praised staff's caring and compassionate work, but it did identify serious concerns. Today, with results that the inspectors say were often "outstanding" and "excellent", we see the product of an intensive programme of action plans, investment and dedication. Calderstones staff can hold their heads up high.

The CQC acknowledged the leadership of the board, and I am proud to reflect on the contributions of all its members this year. There have been fewer changes this year than in the recent past and that stability has been important. At the risk of singling out one individual, I want to note the contribution of Dr David Fearnley. As Medical Director of Mersey Care NHS Foundation Trust, he has a strong reputation in delivering positive change for service users. As joint Medical Director of Mersey Care and Calderstones, he has enabled us to deliver on the changes to national guidance on restraint reduction. He also symbolises the close relationship between the two Trusts and the strategic direction of Calderstones to become part of that organisation in 2016.

The CQC inspectors noted the role of carers, the support and challenge of our governors and essentially, the experiences and achievements of service users.

As ever, working with our service users is the highlight of my role as Chairman of the Trust. We have continued to ensure they have a voice in the organisation and in the boardroom. Their presentations continue to keep us inspired and focussed on our true purpose. It is a real pleasure for me to present certificates to those who have taken courses and without a doubt, being a part of festive celebrations and drama performances are moving and powerful moments that I will treasure.

The next year will see the significant changes that national policy dictates. The expertise and professionalism of Calderstones, working in partnership with Mersey Care NHS Foundation Trust, is informing new, innovative and ambitious models of care making a major contribution to delivering those policy changes safely and effectively. We are leading the process of ensuring safe and compassionate care for some of the most vulnerable people in society. The organisation itself is in a good place to make the next move forward to achieve its vision: to be "Changing lives through excellence" and I thank everyone who has been a part of getting Calderstones ready for the future.

Rupert Nichols
Chairman

"…I cannot praise our staff enough…"

Chief Executive's Summary of the Year

"During the inspection, we saw several patients experiencing times of challenge. Without exception, the staff present at the time were compassionate and supportive."

The words of the Care Quality Commission (CQC), in their 2016 report.

They also talked of caring, respectful and professional interactions, clean and tidy wards, our in-depth knowledge and real improvements in care.

As Chief Executive, I am incredibly proud of what the CQC said. More importantly, I am incredibly proud of how staff delivered and continue to deliver for our service users.

The transformation that the CQC noted comes after months of work by staff at all levels, and in particular the team who managed the action plans. The inspectors said we were good in all areas, even excellent in some and that is a great place to be in, compared to the situation in 2014.

There is another transformation to come, and one that I have been leading the Board and the organisation toward for some time. In the previous annual report, I spoke of us making ourselves ready for the next stage in how we support service users – by working collaboratively with Mersey Care NHS Foundation Trust. The NHS England announcement gave a timetable for that collaboration to become a joining of the two organisations. It also gave us, as acknowledged experts in learning disabilities, the ability to help to design a new model of care and a better way to support some of the most vulnerable people in society.

As a small, single speciality Trust, Calderstones is not sustainable. As Transforming Care rightly focusses on doing things better for service users, the type of care we offer needs to change to ensure that our service users receive the right care in the right place, with a greater emphasis on care within a community setting. The task ahead therefore is to create something better whilst retaining what the CQC and others acknowledge, our expertise and our professionalism. I have kept staff informed at every stage of our strategic journey, as well as our other partners, carers, members and service users.

That communication has been acknowledged and praised by inspectors, recognised in our scores in the national staff survey and celebrated in the trade press who declared Calderstones as one of the "best places to work". At a time of uncertainty and with understandable challenges of morale and retention, it is my continued promise to keep up the high standards of communication we are known for – to talk, to listen and to use the skills and knowledge to shape the right future.

I want us to have a very clear focus on how we influence, react and behave as we see different settings for service users to live in and receive the support they need. We all need to play a part in reducing the stigma that still pervades in society towards people with mental health issues and learning disabilities.

I am clear that this will not change by a top down set of rules. It can only change if all of us adopt a more informed and compassionate approach to helping and supporting each other and being more tolerant of what is perceived as being different.

We have moved away from the bad press which was often founded on a lack of understanding of the nature of our services, and from financial uncertainty to a good position, we are recruiting and we continuing to contribute in the world of academia. We are 'match ready' to link with another CQC 'Good' Trust, and are making significant progress towards that.

As we prepare to make that move, and the Calderstones name moves into history, we will commemorate our past, which has reflected and often led a century's views of how people with learning disability should be supported and treated, and we are prepared and sharing what excellent – even perfect - care should look like for the future.

I thank my Board colleagues – current and recent – and every member of staff for their support and their professionalism. Our staff have had to put up with implied and actual criticism that has been outrageous and unjustified and as the organisation draws to a close I hope senior leaders in the system take some time to acknowledge some of the most outstanding care and compassion that has been consistently delivered. Thank you.

Mark Hindle
Director of Operations,
Mersey Care NHS Foundation Trust
(formerly Chief Executive, Calderstones Partnership NHS Foundation Trust)

"…the ***Calderstones name*** *moves into history"*

Purpose and Activities of the Trust

Calderstones Partnership NHS Foundation Trust is a single speciality small foundation trust with a total annual income of £47.4M for 2015/2016. It had 220 beds at 31 March 2015, which has since reduced to 214 beds by 31 March 2016, with most of its services provided in a hospital setting.

The current inpatient services provided are:

- 52 Medium Secure Unit (MSU) beds.
- 90 Low Secure Unit (LSU) beds.
- 20 'Step-Down' beds, provided on the Calderstones site; and
- 52 Enhanced Support Services (ESS) beds, which include 4 Individual Packages of Care (IPC) beds, provided in the periphery houses in Whalley.

The Trust delivers a Forensic Support Service across the North West, providing support and advice to local learning disability services in helping to look after service users in the community and prevent future hospital admissions.

More than 50% of the Trust's income is derived from its secure services, which are currently commissioned by the North of England Specialist Commissioning Team with some spot purchases from Welsh and Scottish Commissioners. Whilst the Enhanced Services, which are non-secure clinical services, are commissioned by clinical commissioning groups (CCGs).

The current service user population within the hospital services is predominantly from the North West of England (catchment population 7.05 million*) with approximately 10% of service users from North and West Yorkshire.

The CQC's rating of GOOD in all domains awarded at the end of 2015/16 continued into the reporting period April to June 2016.

Improvements implemented included:

- The development of an Integrated Care Plan (ICP) for all service users, ensuring that all key clinical information is stored electronically in a single document within the CareNotes patient records system.
- Ensuring service users have a central role in decisions about their treatment and care by contributing to their own Care Plans via the 'Life Story' and 'My Person Centred Plan' sections of the ICP.
- Improving communication both between staff groups and with service users.
- Ensuring that there is effective quality monitoring of the systems designed to manage risks to the health, welfare and safety of people using the service and any others who may be at risk from those risks.
- Ensuring that individual risk assessments undertaken are person centred, with service users involved in the decision making process, understanding the rationale for any restrictions in place.
- Removing all use of mechanical restraint from the integrated care plans.

The Trust is now rated "Green" on governance and has a Financial Sustainability Risk Rating (formerly Continuity of Services Risk Rating) of 4. The Statement of Comprehensive Income shows the organisation had a total operating income of £9.7m for the period to June 2016 and returned a deficit for this period of £1.2m which is in line with the planned deficit of £1.2m.

** UK Census 2011, undertaken by the Office for National Statistics (ONS).*

History and Background of the Trust

Calderstones, originally formed in 1993, was approved as the first single speciality foundation trust in the country in 2009. Based in Whalley in Lancashire, it is the only NHS provider in England to concentrate its clinical arrangements solely on the provision of learning disability services. It is one of three trusts in the North West providing low secure services for people with learning disabilities and the only provider of medium secure services for this client group in the area.

Our Headquarters are in the Ribble Valley, near Whalley, where we provide specialist service user care. We also have services in Gisburn, Rochdale and Lancaster providing specialist community services.

Calderstones Strategy

Our Mission
To promote recovery and quality of life through effective, innovative and caring health, social care and specialist community services.

Our Vision
Our vision, 'Changing Lives Through Excellence', which is underpinned by our values, has been defined by our three clear strategic aspirations:

- To deliver life-changing outcomes for our service users
- To be the provider of choice for learning disability services
- To be recognised nationally as the industry lead for learning disability services

Our Values

Trust	we keep our promises
Excellence	we continuously strive to deliver the highest standards of care
Communication	we are open and honest in our communication
Ownership	we are responsible and accountable for our individual and collective actions
Compassion	we show empathy and are sympathetic to the needs of others
Partnership	we work together with clients, carers, colleagues, commissioners and communities
Respect	we engage, listen and value the contribution of others.

Our Key Strategic Objectives

We have six key strategic objectives that we use to deliver our vision. These are:

1. To work collectively with service users and carers to agree desired outcomes, enable progression through the care pathway and to influence and develop best practice in secure delivery.

2. To work with commissioners to influence and develop future care pathways that are best for service users.

3. To develop and engage our workforce to design and deliver high quality care.

4. To implement innovative new ways of using physical resources to deliver care in more economical, effective and efficient ways.

5. To secure long term financial viability.

6. To be a leader in the learning disability field.

Going Concern

The Trust has worked closely with the 'fast track' programme for 'Transforming Care' and subject to consultation, planned to implement a new service model resulting in the Trust closure of the remaining inpatient beds at Calderstones, with period ending June 2016 marking the first of the three year journey to close facilities on the Calderstones site.

Following the Winterbourne View Hospital reviews, the national implementation plan 'Building the right support: a national implementation plan to develop community services and close inpatient facilities', October 2015, endorsed the commitment to transform services to ensure that vulnerable people, particularly those with learning disabilities and autism, receive safe, appropriate, high quality care, based on their individual needs, close to home in community based services, with a substantial reduction in reliance on inpatient care.

In addition, it was the intention that Mersey Care NHS Foundation Trust would acquire Calderstones on 1 July 2016, following the agreement of both boards and NHS Improvement after the development and assessment of a full business case and due diligence.

Therefore, Calderstones Partnership NHS Foundation Trust ceased to exist on the 30 June 2016. The acquisition has not impacted on the valuation of balances as at 30th June 2016 as the services previously provided by the Trust will continue to be provided by Mersey Care NHS Foundation Trust. In these circumstances, and in accordance with the public sector adaptation to International Accounting Standard (IAS) 1 set out in the Department of Health Group Accounting Manual 2016/17 and the 2016/17 Treasury FREM (Financial Reporting Manual), the financial statements have been prepared on a going concern basis.

Measuring Performance

On a monthly basis the board report presents 13 critical Key Performance Indicators (KPIs) in the 4 domains of workforce, finance, performance and quality. These KPIs were identified from national, local or Trust requirements:

Workforce
- Sickness rate
- Vacancy rate
- Compliance with mandatory training

Finance
- FSRR score
- Pay variance
- EBITDA variance

Performance
- Risk of choking assessments
- Risk profile reviews
- Integrated care plan

Quality
- Service user survey - 'I am supported to make choices in my life'
- Service user survey - 'I am confident that my treatment and care will help me move on'
- Service user survey - 'I get 25 hours meaningful activity'
- Actual staffing levels.

For each of these indicators the board reviews current performance, previous month and the position at the same time last year, as well as a forecast for the next three months on anticipated performance. Each indicator has a nominated responsible director who reports any exceptional narrative including risks and mitigating plans.

This enables the board to take an over-arching view, triangulating the performance against each of the domains. Each board sub-committee receives more detailed reports with more in depth indicators with the supporting narrative on risks and mitigation.

The Trust has performance management processes in place to review the economy, efficiency and effectiveness of the use of resources. The Executive Team reviews the operational performance of the Trust and leads the Trust's identification and implementation of Cost Improvement Plans (CIPs). Monthly reports to the Board provide updates on performance throughout the year and specific quarterly reports provide updates on progress against all elements of the Annual Plan, ensuring service delivery and cost improvements without jeopardising patient safety. Further details are provided in the Annual Governance Statement section of this report, under the heading, 'Review of economy, efficiency and effectiveness of the use of resources'.

Summary of Business Development and Financial Performance during the Year

OPERATIONAL ACTIVITIES

Discharge Performance

Whilst there is a national definition of 'delayed discharges' this does not adequately describe or define 'delay' in the context of discharge from secure services.

The Trust has pressed our commissioners to agree a common definition, which has now been agreed as follows:

'A patient will be a 'delayed discharge' once it is agreed at Care Programme Approach CPA (that has been attended internally and externally) that the patient is clinically and legally ready for discharge and the patient then remains in the service for a further 12 weeks'.

A process has now been put in place with the support of the Governance and Information Services and all new delayed discharges will be discussed weekly at Referrals Capacity and Flow for monitoring. The Trust has embarked upon an exercise to retrospectively review all service users against this new definition and will report against this definition from April 2016.

Discharge Performance for the period to June 2016 identifies a significant variance between actual and expected discharges. This is due to delays in implementing the planning process for the initial discharge dates, provided as part of the NHS England drive. All discharge dates have now been reviewed in partnership with the Commissioners and achievable dates identified.

In addition regular weekly and monthly 'Resettlement' meetings and 'Project Oversight Group' (POG) meetings are being held with the Commissioners to ensure that planned discharges are undertaken together with identifying the support required for the individual service users. As a result the numbers of actual discharges has now been increasing month on month from November 2015.

Managing Risk

A collaborative risk assessment process has been developed and implemented to ensure that all service users are engaged in the process of understanding and managing their own risks. This includes the development of an easy read risk assessment document which presents risks in a traffic Light format and which provides both service users and staff, following completion of the document, with the ability to gain a more complete understanding of risks and how they might be managed. In addition, the process enables staff from all disciplines to have access to a clear way of understanding and communicating about service users' risks.

All ICPs contain a Positive Behavioural Support Plan. The plans identify functions of an individual's behaviour, patterns and triggers and provide guidance to service users and staff about means of preventing incidents and the therapeutic strategies required to alleviate distress and manage disturbed behaviour. An Independent Care and Treatment Review is also completed to ensure that quality, assurance and safe care is maintained and to ensure that the current placement is suitable.

The Trust has also implemented the 'Safewards' model, which aims to increase safety on wards by recognising sources of conflict on wards, managing 'flashpoint' triggers and identifying a range of feasible interventions which allow staff to take steps to mitigate, manage and reduce potentially volatile incidents.

Least Restrictive Practice

All restrictive practices have been reviewed by the multidisciplinary team and least restrictive methods have been implemented on the wards. Any restrictive practices exceptions are individually risk assessed with evidence in documentation from ward rounds, integrated care plans and positive behavioural support plans, with a clinical rationale documented in Carenotes.

The risk assessments are person centred, with service users involved in the decision making process, understanding the rationale for any restrictions in place.

All use of mechanical restraint has been eliminated from the Trust and removed from integrated care plans. The Trust has seen a significant reduction in incidents of aggression due to the introduction of the Positive and Safe Agenda with a focus on the primary strategies of positive behavioural support and Safewards.

Discussions now take place at the Referrals, Capacity and Flow meetings to ensure that least restrictive accommodation options are always in place.

Staffing and Training

LEARNING AND ORGANISATIONAL DEVELOPMENT

1. Statutory and Mandatory Training

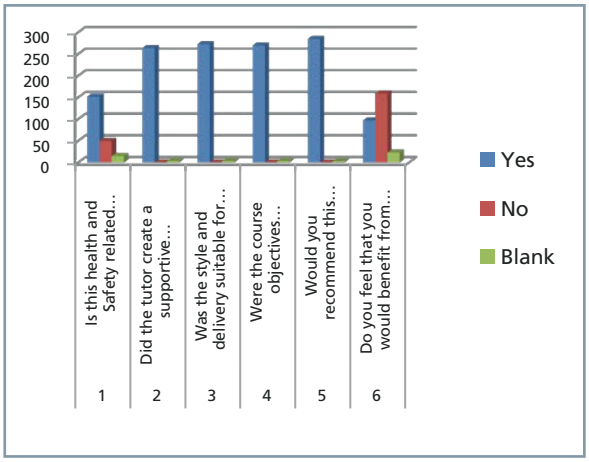
A summary of the latest dashboard data for statutory and mandatory training is as follows:

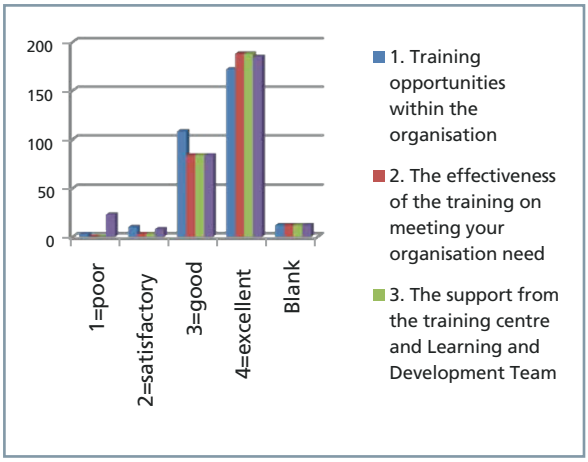
The prercentage target for compliance has now increased to over 90% for all indicators. Statutory and mandatory performance for quarter 1 remains good overall. Robust action is in place for targets that are making a steady improvement in quarter 1 and will continue into quarter 2.

Learning and Development Activity Completed in Quarter 1

Courses offered from April to June 2016 included a mix of statutory and mandatory in line with the Trust's Training Plan as well as other development interventions.
In quarter 1 from the data obtained via the Oracle Learning Management System (OLM) staff attended / completed 2829 instances of training via face to face sessions which includes briefings, workbook and e-learning.

A sample of evaluations across 36 events taken at random across April to June 2016 provides assurance that training was well received as indicated on the two charts below:





2. Mersey Care Acquisition; Work Stream Activities

Activities continue into quarter 2 to ensure that activity will assimilate into the future arrangements for Organisational Effectiveness and Learning. Transitional activities from July to October 2016 will ensure that there is continuity of service. Key activities included:

- The development of the Mersey Care Induction which will be supported by a programme which supports the Specialist Learning Disabilities Division
- The launch of Mersey Care's Leadership and Management Development Programmes to Leaders and Managers
- Work on comparing and contrasting Calderstones Prospectus and Mersey Care's Prospectus which will result in a single prospectus being issued in the summer
- Consideration and development of the systems and processes needed to support activity going forward as part of an enlarged organisation.

Into quarter 2 part of the new enlarged organisation the Team will roll out the Personal Achievement and Contribution Evaluation (PACE) system which was created by Mersey Care. PACE builds upon the ethos of the Calderstones procedure and has useful functionality. Training dates have been issued in quarter 1

3. Care Quality Commission (CQC)

- Immediate Life Support (ILS) / Basic Life Support (BLS) – **this was the CQC should do for 2015/16**. As at the deadline of 31 March 2016 Registered Nurses Immediate Life Support priority 1 training group achieved 98%. All nurses in priority group 1 in work became compliant by early June 2016. Support Workers Basic Life Support priority 1 training group achieved 80% at the deadline however there has been further progress into quarter 2. Attention is now focusing on all other staff required to complete this training by 31 August 2016.
- Prevention and Management of Violence and Aggression (PMVA) - Compliance is being improved and training is planned to March 2017 this was a CQC should do in 2014/15.
- Mental Capacity Act (MCA) Mental Health Act (MHA) - Compliance is being improved and training is planned to March 2017.

4. Vocational Activities

- Care Certificate - activity is ongoing to ensure new staff complete in the required timescale.
- Talent for Care - A proposal and plan for Talent for Care funding building upon the Care Certificate Implementation with opportunities for Bands 2 to 4 has been completed.
- Quality Mark for On Site Training - reaccreditation will not be possible and a recommendation to resubmit has been proposed as part of transition activities.
- The Matrix Standard - the self-assessment will be completed for on-site provision into quarter 2 however the standard will be in respect of the Information, advice and guidance services provided by Mersey Care going forward.

5. Practice Education

The highlights in quarter 1 included:

- HENW Pre Degree Experience Programme - The programme commenced in collaboration with the University of Cumbria in quarter 1
- HENW Learning and Development Agreement - This period's agreement has been received and will need to be completed as part of transformation activities
- Department of Health Cost Collection - This period's cost collection requirements have been confirmed and will need to be completed as part of transformation activities
- Nurse Secondments / Widening Access - 15 secondments are confirmed by HENW. Local selection 1 is in place for September's intake
- Nurse Revalidation - All registrants to date have re-registered successfully
- Practice Education Facilitator Self-Assessment - HENW confirmed attainment of the bronze standard with 93%. Cumbria and Lancashire average was 95%
- Positive Behaviour Support (PBS) Autism Bid - A bespoke Autism Module at level 5 has commenced for 15 registered nurses in conjunction with the University of Cumbria. Plans to utilise the £22K received from the PBS Fund are in place.

6. Organisational Development (OD)

A final report was submitted to the Performance and Strategy Committee in quarter 1. Key activities included:

- Your Voice Your Change - A further round of conversations were well received in quarter 1 by staff. Complementary briefings were provided on the proposed Clinical Model
- Celebrating Success - Two key events took place in June 2016 to recognise colleagues' successes (Staff Awards Ceremony - which was coordinated by HR colleagues) and; a Trust wide Educational Event which Learning and Organisational Development played a key role in supporting the day and facilitating a programme to share organisational learning whilst showcasing best practice in Learning Disabilities.

Financial Performance

During the period April to June 2016 the Trust had a total operating income of £8.5m and the financial performance of the Trust was in line with plan for the quarter ending 30 June 2016, the planned deficit of £1.2m and the actual deficit was £1.2m and a Financial Sustainability Risk Rating of 1.

In line with best practice a revaluation of the Trusts' fixed assets was undertaken as at 30 June 2016. This has resulted in a total net revaluation gain of £1,262k, of which £1,251k was taken to the Revaluation Reserve and £11K to operating expenses.

Environmental Sustainability

The Trust recognises the need to operate as a financially and socially responsible organisation and believes that as a healthcare organisation we should aspire to deliver care in a way that eliminates harmful environmental impacts; and puts sustainability at the heart of the business model, in order to deliver the highest quality healthcare possible both now and into the future.

As energy, utilities and transport compete for financial resources required for patient care, it is vital that we work hard to minimise energy use and lower our carbon emissions to maximise the use of the financial resources which are allocated.

As part of our carbon footprint and energy awareness campaign we have implemented changes in the use of Light–Emitting Diode (LED) lighting, including a review all internal lighting within clinical settings, external lighting and security lighting within Trust premises.

The implementation, which reduced the number of standard lights and improved lighting levels, also successfully reduced our energy consumption resulting in a significant saving both in energy costs and consumables.

Currently the Trust has an integrated waste and recycling contract across all its sites, operated by independent waste contractors. Recyclable wastes are collected within the general waste containers and separated out into recyclable fractions at a transfer station off site. On average between 85 to 90% of general and clinical waste collected from sites is now sent for either recycling or energy recovery through incineration. As a result of this service the Trust has seen significant increases in the level of waste recycled year on year and proportionately less waste sent to landfill.

The production of clinical and hazardous waste by the Trust involves the commitment of significant financial resources to ensure statutory responsibilities are met. The Trust is working towards improving waste management and waste prevention with reduction at its heart in order to reduce pollution and the Trust's carbon footprint, whilst also maximising cost savings.

Management Indicators Tonnes %

Challenges remain in minimising the overall production of waste at source as well as reducing the amount of non-clinical waste being disposed of through clinical waste receptacles. The Trust is in the process of appointing a new contractor for the recycling of non-contaminated mattresses and furniture. The Trust currently has a contract in place for Waste Electrical and Electronic Equipment Recycling (WEEE). Although the majority of the Trust's waste, including domestic waste, is currently recycled, the Trust is always looking at sustainable alternatives to improve the environmental performance.

Sustainable Development Plan

Given the demise of the Trust, plans will be incorporated and monitored via Mersey Care NHS Foundation Trust.

Social, Community and Human Rights issues

Mental Health Act 1983 (MHA)

The Trust continued to drive through a range of learning and development activities in respect of Mental Health Act (MHA); Mental Capacity Act and Deprivation of Liberty Standards for all staff. Training is accessed through classroom sessions, applied training and e-learning, which are available to all staff depending on their responsibilities within the Act. Members of staff also have the opportunity to increase their understanding of the interface between the Mental Health Act and the Mental Capacity Act.

The MHA Education Programme has a key deliverable which is an innovative training competence framework. This clearly identifies role competency definitions aligned to the development that is available, which staff are expected to complete to achieve and maintain competence.

The Human Rights Act 1988

The Human Rights Act is integrated into the Trust's day to day operations and implemented through many policies and procedures. It is essential that all staff and service users are aware of the specific requirements of the Act and its application in a human rights based approach to health care. The principles of Human Rights where practicable are integrated within the induction programme, with the requirement to respect Human Rights also addressed by the Trust's Learning and Organisational Development Department.

Approach to Equality and Diversity

The Trust continues to improve and follow best practice examples in terms of equal opportunities for staff, service users, stakeholders and members. Equality and Diversity has remained high on the Trust's agenda and we continue to meet the requirements of the Equality Act 2010 and the Public Sector Equality Duty within this. We have also met the requirements and standards in relation to the Workforce Race Equality Standards and publication of the same.

We have taken opportunities to showcase some of the excellent work undertaken by the Trust around equality and diversity. The Trust held its annual diversity day on 17 May 2016 which was a huge success and showcased the work we do for protected groups and how we support and respect diversity of all. There were presentations in relation to gender, race, sexual orientation and disability and individual service users were able to share their stories. We also had a police officer attend to raise awareness of hate crime.

Since the Equality and Diversity Steering group was formed in December 2015 the Trusts Equality and Diversity action plan, which links directly to the 4 EDS goals, has been very high on the groups agenda and progress has been monitored using a RAG rating system.

We continue to engage with staff and service users around their experiences which are a vital part of the process and feedback from stakeholders is significant in enabling us to shape the future.

Performance is also monitored via the Strategy and Performance Committee and the Trust Board who ensure compliance at all levels and in all areas of the Trust. Additionally the action plan is reviewed quarterly by and discussed with, our lead commissioners.

As part of the Public Sector Equality Duty (PSED) and the Workforce Race Equality Standard (WRES) we continue to monitor and publish data linked to protected characteristics and employee relations matters.

Equality and Diversity Training remains mandatory for all staff and is a half day training course which covers the Equality Act and the Public Sector duty, Protected Characteristics, types of discrimination, the Equality Delivery System and bullying and harassment training. A dashboard updated and highlights anyone out of date with this three yearly course.

The Modern Slavery and Human Trafficking Act 2015

Calderstones Partnership NHS Foundation Trust is committed to maintaining and improving systems, processes and policies to avoid complicity in human rights violation.

We realise that slavery and human trafficking can occur in many forms, such as forced labour, domestic servitude, sex trafficking and workplace abuse.

Our policies and governance and legal arrangements are robust ensuring that proper checks and due diligence take place in our employment procedures to ensure compliance with this legislation.

Family and Carer Support

The Trust undertakes a number of activities to ensure that adequate support is provided to families and carers of service users. Examples include:

- Regular Family and Friends Group meeting which is always well attended, and include weekend Family and Carer events held on a quarterly basis, which provides a forum for information sharing, discussion and meeting with other families.
- A carer newsletter, which is sent to all known family and carer contacts on a quarterly basis
- The inclusion of a Family and Carers page on the Trust website, which is regularly updated to advertise meeting dates, events and provide information of interest to families.

The Customer Care Service Manager and the Trust's carer lead are now members of the North West Families and Carer Network'. This is newly formed network for staff and organisations delivering mental health and learning disability services across the North West who support families and carers.

The Family and Carers group is viewed as expert by experience with regards to care and treatment reviews and this year the group has been involved in the consultation process for the National Learning Disability Strategy "Transforming Care".

Involvement Groups for Service Users

Every ward has a Speak Up Group, which provides a vehicle to promote discussions on topics of interest and issues affecting service users and provides a safe environment in which individual views can be aired.

The Calderstones Involvement Group, a self-advocacy group for service users, has established links with the CQC Speak Out Network, Healthwatch Lancashire, other local People First groups and has established links with Mencap and Mind.

In addition, the Positive and Safe Group is a service user task and finish work group that supports the Trust's 'Positive and Safe' programme and has produced an accessible leaflet about 'Positive and Safe' from the service user perspective.

Social and Community Links

As the Calderstones site was given over to the War Office for use in World War 1, the hospital has developed close links with the Royal British Legion and a remembrance parade is held each year, followed by a wreath laying ceremony at the nearby war cemetery. The Mayor of Ribble Valley, Veterans and a brass band take part in the parade across the hospital site before taking part in a service in the hospital's church, St Lukes.

The Trust has a therapeutic recovery college, 'Our Shared College', with a prospectus detailing the available therapies and therapeutic activities available throughout the Trust.

Although some psychological therapies are accessed by referral only, the prospectus contains a number of therapeutic activities and courses enabling service users to select and participate in activities that achieve their goals, to build confidence and gain practical skills to enhance recovery and rehabilitation. Our Shared College offers service users the opportunity to undertake courses for entry levels 1 to 3 and NVQ levels 1 and 2 and also arranges vocational courses and volunteering work with local businesses within the community, thereby promoting social inclusion.

In addition, the hospital runs a garden nursery, which is open to the public, where service users learn all aspects of running the nursery, from growing plants to stock control and pricing and help to produce a variety of products including hanging baskets and Christmas wreaths.

The success of Pendlecroft Gardens has led to involvement in the committee of the 'Whalley in Bloom project', a local group involved in planting flowers and shrubs as part of the Best Kept Village scheme.

Our Shared College also works closely with the local Accrington and Rossendale College, who provide accredited courses in maths, English, catering and Information Technology.

Our Shared College and the Media Crew worked closely with Accrington and Rossendale college drama students to make a short film on the hospital grounds, as part of a project they were undertaking on the First World War.

Important events since the end of the financial year

Mersey Care NHS Foundation Trust acquired Calderstones on 1 July 2016, following the agreement of both boards and NHS Improvement and after the development and assessment of a full business case and due diligence; which resulted in the Board of the Trust and its Council of Governors ceasing to exist.

Mark Hindle
Director of Operations,
Mersey Care NHS Foundation Trust
(formerly Chief Executive, Calderstones Partnership NHS Foundation Trust)

Dated 24 May 2017

Directors' Report

The Directors' Report has been prepared under direction issued by Monitor, the independent regulator for Foundation Trusts, as required by Schedule 7 paragraph 26 of the NHS Act 2006 and in accordance with:

- Sections 415, 416 and 418 of the Companies Act 2006 (section 415(4) and (5) and section 418(5) and (6) do not apply to Foundation Trusts).
- Regulation 10 and Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('the Regulations').
- Additional Disclosures as required by the FReM;
- Additional Disclosures as required by NHS Improvement.

The Trust Board

The Board is a unitary board, which means that the both the Non-Executive Directors (NEDs) and the Executive Directors are jointly and severally responsible for the actions they take. In compliance with The NHS Foundation Trust Code of Governance, there are five (5) NEDs including the Chairman and together with the Chief Executive there are four (4) Executive Directors. Other directors attend the Board in a non-voting capacity.

Executive Director Appointments during the reporting period

There have been no new Non-Executive Director Appointments during the reporting period.

Non-Executive Director Appointments during the reporting period

There have been no new Non-Executive Director Appointments during the reporting period.

A full list of Trust Board Members is provided in Table 3 below and further details regarding the directors' skills, expertise and experience, together with details of their attendance at board and committee meetings is provided within the NHS Code of Governance and Annual Governance Statement sections of this report.

Register of Interests

The Trust maintains a Register of Interests and all board members are asked to declare any potential conflicts of interest prior to the commencement of meetings. The Register of Interests for the Trust Board is provided at table 4 below and is also available via the Trust web site and to the public by application to the Company Secretary, Trust Headquarters, Mitton Road, Whalley, BB7 9PE.

Table 3

Trust Board Members for the period ending 30 June 2016

CHAIRMAN AND EXECUTIVE MEMBERS	TITLE	CONTRACT DATE FROM	CONTRACT DATE TO
Rupert Nichols	Chairman	1 May 2013	30 June 2016
Mr Mark Hindle	Chief Executive	29 September 2013	30 June 2016
Dr David Fearnley (*)	Medical Director	1 April 2015 (Handover period in place)	30 June 2016
Mr Neil Smith (*)	Director of Finance & Information	1 February 2016	30 June 2016
Mr John Smith	Director of Nursing & Quality (& Deputy Chief Executive)	9 May 2014	30 June 2016
OTHER DIRECTORS			
Mr Lee Taylor	Director of Operations	Acting from 1 October 2014 Substantive from 1 April 2015	30 June 2016
Ms Joanne Worswick	Director of Strategy	1 May 2014	30 June 2016
Mr Audley Charles	Interim Company Secretary	15 February 2016	30 June 2016
Ms Joanne Twist (*)	Associate Director of Human Resources	1 February 2016	30 June 2016
NON – EXECUTIVE DIRECTORS			
Ms Julia Possener	Non-Executive Director	1 December 2012	30 June 2016
Ms Andrea Campbell	Non-Executive Director	1 December 2012	30 June 2016
Mr Ian Bevan	(Senior Independent Director) Non-Executive Director	1 January 2015	30 June 2016
Ms Megan Nurse	Non-Executive Director	9 May 2014 1	2 June 2016

(*) Secondment arrangement in place with Mersey Care NHS Foundation Trust

NAME	Rupert Nichols	Ian Bevan (Senior Independent Director)	Andrea Campbell (Independent Director)	Megan Nurse (Independent Director)	Julia Possener (Independent Director)
POSITION/ROLE	Chairman	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director
Directorship, including nonexecutive directorship held in private companies or PLCs (with the exception of those dormant companies)	(Independent NED) Chairman Eddie Stobart Logistics Ltd - Director ELUPEG Ltd - Director Needlesmart Ltd - Director		ACC Consultancy Ltd - Director		JC Possener Ltd - Director
Ownership, or part ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS	Nova Private Client LLP - Member				
Majority or controlling shareholdings in organisations likely or possibly seeking to do business with the NHS					
A position of authority in a charity or voluntary body in the field of health and social care	NHS Confederation Mental Health Network – Board Member DoH Learning Disabilities Programme Board – Board Member		CSL/Belong – NED Equal Partners (NW) CIC – Managing Director		
Any connection with a voluntary or other body contracting for NHS services					
Related to anybody that works for the Trust					
Other	St Helens Borough Council – Councillor Rainford Parish Council – Councillor Rainford High Technology College - Governor				
Date of entry on register or amendment	01.04.15 Confirmed 31.03.16	09.04.15 Confirmed 31.03.16	12.04.15 Confirmed 31.03.16	30.04.15 Confirmed 31.03.16	17.04.15 Confirmed 31.03.16

Table 4: REGISTER OF INTERESTS DECLARED BY BOARD OF DIRECTORS

Mark Hindle	David Fearnley (seconded)	Neil Smith (Seconded)	John Smith	Lee Taylor	Joanna Worswick	Audley Charles	Joanne Twist (Seconded)
Chief Executive	Medical Director	Director of Finance & Information	Director of Nursing & Quality	Director of Operations	Director of Strategy	Interim Company Secretary	Associate Director of Workforce
							Coccion Construction Ltd – Husband Senior Manager
						AAC Management Limited- Director	
	Mersey Care NHS Foundation Trust - secondment	Mersey Care NHS Foundation Trust - secondment					Mersey Care NHS Foundation Trust - secondment
01.04.15 Confirmed 31.03.16	03.09.15 Confirmed 31.03.16	Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	26.04.16 Confirmed	Confirmed 31.03.16

There has been no change to the register of interests for the operating period end of June 2016.

Skills, Expertise and Experience of Board of Directors

The individual members of the Trust's board of directors bring a wealth of varied skills, knowledge, expertise and experience to the Trust which ensures balance and provides completeness and appropriateness to the requirements of the Trust. A summary of their individual skills and experience is provided below:

Chairman: Rupert Nichols
Rupert is a Solicitor and Chartered Secretary with 40 years' commercial board level experience in a wide range of organisations in the legal and accountancy, logistics, manufacturing and services sectors. Rupert has extensive experience in corporate governance, compliance, risk management. Past roles include non-executive director at 5 Boroughs NHS Foundation Trust; Executive Director, Corporate Services and Corporate Secretary at TNT/CEVA Logistics Group; Managing/Senior Partner of BDO Stoy Hayward, Manchester and Liverpool and Chairman of the Cheshire Police Authority. He is a trustee of The Chartered Institute of Logistics and Transport, a borough councillor in St Helens and a governor of Rainford High School. As well as being Chair of the Trust Board and the Council of Governors, Rupert is also Chair of the Board's Remuneration Committee.

Qualifications: Solicitor, Chartered Secretary, Notary Public.

EXECUTIVE DIRECTORS

Chief Executive: Mark Hindle
Mark was previously Chief Operating Officer at Lancashire Care NHS Foundation Trust. Prior to that, Mark was Managing Director of Community Services across Blackburn with Darwen, Central Lancashire and East Lancashire PCTs. Previous roles include Preston PCT's Director of Corporate Development, Director of Operations at Lancashire Teaching Hospitals and extensive experience running major hospital sites.

Qualifications: M.B.A., Masters in Business Administration, Hull University; Diploma in Management Studies, Lancaster University; Fellowship of Institute of Biomedical Scientists, Manchester Metropolitan University.

Medical Director: Dr David Fearnley
(Joint with Mersey Care NHS Foundation Trust)
Executive Medical Director and Responsible Officer for Medical Revalidation.

Dr Fearnley trained in medium and high secure units and was appointed as a consultant forensic psychiatrist at Ashworth Hospital from 2001. At Mersey Care NHS Foundation Trust, he has been the Executive Director for High Secure Services, deputy CEO and is currently also Medical Director there. David has been chair of the North West Mental Health Care Pathways Group and he was named Psychiatrist of the Year at the 2009 annual Royal College of Psychiatrists Awards, where he was subsequently a special advisor He also received the Healthcare Financial Management Association (HFMA) Working with Finance Clinician of the Year award in 2013 and in July 2015, Dr Fearnley was named as one of the Health Service Journal's (HSJ's) top 100 clinical 27 leaders. In 2016, Dr Fearnley was appointed Associate National Director for Secure Mental Health for NHS England.

Qualifications: MB BCh, MSc, FRC Psych, MBA

Director of Nursing and Quality: John Smith
John is a dually qualified registered Nurse (Mental Health and Learning Disabilities), with thirty five years' experience working in the NHS in both hospital and community settings including in senior managerial positions. John is currently a specialist advisor to the Care Quality Commission.

Qualifications: Diploma in Professional Studies in Nursing; Cert Ed, Registered Nurse Tutor; BA (Hons) Health Studies, Health Management - Lancaster; MBA (Distinction) - Manchester; Diploma in Neuro Linguistic Programming (NLP).

Director of Finance and Information: Neil Smith
Neil has worked within NHS finance and performance management within Merseyside and nationally since 1985. He has held posts within acute and community trusts and health authorities, becoming Executive Director of Resources (Deputy Chief Executive) at Mersey Care in 2013.

Qualifications: BA (Hons), Chartered Institute of Public Finance and Accountancy Qualified Accountant.

NON - EXECUTIVE DIRECTORS

Ian Bevan, Senior Independent Director
Ian is a Chartered Management Accountant, spending the early part of his career as Unit Accountant at both the Christie and Wythenshawe Hospitals. Since then he has spent his time in the Transport Industry holding posts of Finance Director at Lancaster City Transport, GM Buses, GNER and Northern Rail. Ian was Managing Director at Northern Rail between 2010 and 2013. Ian brings a wealth of experience in strategic planning, finance, Government regulation and operational management

Andrea Campbell
In 2012 Andrea and colleagues set up a new Community Interest Company to deliver mental health services. She has been a member of a joint Ministry of Justice/Department of Health working group which developed a national strategy for women offenders with personality disorder including a pathway of support ranging from prison to community. In the 1990s, Andrea was Director of the North West Secure Commissioning team when responsibility was devolved from the Department of Health. She was a member of the forensic services advisory group developing the first national policy for women's mental health. After a period as a consultant and as a member of the Department of Health national team for personality disorder, Andrea returned to the NHS. Since 2004, Andrea has worked with four NHS Mental Health Trusts and two voluntary sector provider organisations on performance improvement, service development, workforce development and operational management as well as two government departments developing national strategy.

Qualifications: MA, Social and Public Policy (University of Leeds)

Julia Possener
Julia is a solicitor by training and worked as a Corporate Finance Lawyer in a number of senior legal, governance, compliance and business roles, both in private practice and in financial services, including leading the Group Secretariat function and as Legal and Governance Director International for RSA Insurance Group PLC. In 2011 Julia completed the Coaching for Organisational Consultants course at Ashridge Business School. Executive Coaching and career support is now a cornerstone of her activity and, in particular, supporting women in leadership positions. She studied at the LSE before taking a conversion course at the College of Law, London where she was awarded a commendation.

Qualifications: BSc (Econ) from the London School of Economics, Solicitor of England and Wales.

Megan Nurse
Megan is a former Assistant Chief Executive at Tameside Borough Council. She had particular responsibility for Transformation, Performance and Partnership Working and working closely with public, private and voluntary organisations to deliver efficiencies and new models of service delivery. Megan also led Tameside Council's public consultation and engagement programme.

Qualifications: BA, PgDIP

OTHER DIRECTORS

Director of Strategy: Joanna Worswick
Jo has a background in strategic and operational planning, performance management and information having worked in the NHS for over 20 years in a variety of organisations including acute and mental health trusts, strategic health authority and commissioning organisations. Her previous position was Deputy Chief Officer at West Lancashire Clinical Commissioning Group.

Qualifications: BSc in Mathematics and Computational Mathematics (Liverpool University). MSc in Operational Research (Lancaster University). Certificate in Information Management in Healthcare Organisations (Manchester University).

Director of Operations: Lee Taylor
Lee has previously worked in clinical and leadership positions in a range of organisations including Pennine Care NHS Foundation Trust and in an academic position with the University of Liverpool. He has authored and co-authored a number of journal articles and also taken part in several research projects aimed at improving outcomes for people in both forensic and community services. Lee's portfolio includes developing services that make a meaningful difference to people's lives and that offer the maximum opportunity for community integration and social inclusion. He is passionate about the provision of quality services and the sharing of best practice.

Qualifications: Registered Nurse (Mental Health), BA (Hons) Forensic Care, PGC Leadership in Health and Social Care.

Interim Company Secretary: Audley Charles
Audley has extensive experience in governance and at company secretary level in the NHS and independent sector. His background is in corporate affairs, governance, assurance and risk across public and independent sectors. Audley was educated at Andrews University, Michigan USA; King's College University of London; Sheffield Business School and undertook research studies in governance and management at Birbeck College, University of London. Audley has lectured at undergraduate level and has a keen interest in the theory and practice of governance.

Associate Director of Workforce: Joanne Twist
Jo has over 30 years' experience in human resources and organisational development across the NHS and local authorities. She is also Deputy Director of Workforce at Mersey Care NHS Foundation Trust and, working across both organisations, she has been leading the change process by holding a series of major conversation and consultation events with staff at all levels. Jo is passionate about the quality of care the Trusts deliver to patients, service users and carers.

The Trust's Caldicott Guardian is **Dr Tim Riding.** Tim is a hugely experienced expert in learning disability and secure services. A Caldicott Guardian is a senior person in every NHS organisation responsible for protecting the confidentiality of patient and service user information and enabling appropriate information sharing.

Appraisal of Directors Performance

The Council of Governors agreed a framework for the annual performance review of the Non-Executive Directors by the Chairman. The performance of the Chairman is reviewed by the Senior Independent Director. The Council of Governors has a duty to review the performance of the Chairman and Non-Executive Directors, in particular when considering re-appointment, which is undertaken by the Nominations Committee, prior to being reported to the Council of Governors.

Further details of the Nominations Committee are provided in the Council of Governors section of this report.

The performance of the Executive Directors is reviewed annually by the Chief Executive with the Chairman undertaking the performance review of the Chief Executive through formal PDRs and reported to the Remuneration Committee

Further details of the Remuneration Committee are provided in the Remuneration Report.

Details of the Trust Board's remuneration are provided in the remuneration report.

Better Payment Practice Code – Measure of Compliance

The Better Payments Practice Code requires the Trust to aim to pay 95% of undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is the later. The measure of compliance is provided in table 5 below:

Table 5: Better Payments Practice Code- Measure of Compliance

April to June 2016	NHS Number	£000	NON - NHS Number	£000
Total invoices paid in the year	100	618	2,437	3,103
Total invoices paid within target	89	544	2,217	2,628
Percentage of invoices paid within target	89%	88%	91%	85%

The Late Payment of Commercial Debts (Interest) Act 1998
There were no claims for late payments during the year made against the Trust.

Cost Allocation and Charging
The Trust complies with the cost allocation and charging requirements set out in HM Treasury and Public Sector information guidance.

Financial Instruments
There were no risks arising from the use of financial instruments.

Stakeholder Relations

As part of the national implementation plan 'Building the right support: a national implementation plan to develop community services and close inpatient facilities', aligned to the 'Transforming Care' agenda, the Trust began to work in collaboration with Mersey Care NHS Foundation Trust during 2014/15; to ascertain the potential benefits of working in partnership to deliver high quality learning disability care in a more sustainable way.

The partnership working continued during quarter ending June 2016, resulting in the development of a business case supporting the acquisition of Calderstones by Mersey Care on 1 July 2016.

Both Lancashire and Greater Manchester are included in the 'fast track' programme for Transforming Care and as part of this programme, Calderstones had been working closely with both NHS England Specialised Commissioners and councils from these areas, including Lancashire County Council, Blackburn and Darwen and Blackpool, to develop detailed plans to reduce the number of inpatient beds for people with learning disabilities and/or autism.

A new clinical model was developed, aligned to the principle of 'homes not hospitals' as part of this work, linking with key stakeholders including commissioners, councils and housing providers to ensure that effective support can be provided in more community based settings.

In addition, as part of the ongoing implementation of the Five Year Forward View, work has been undertaken to establish local transformation 'footprints' to develop Sustainability and Transformation plans (STPs).

Patient Care Developments

A new clinical model was being developed as part of the Transforming Care policy. The new model, which is aligned to the principle of Homes not Hospitals and the 'Building the Right Support' NHS England national implementation plan, aims to provide the appropriate care and support required to meet the needs of individuals with complex needs and challenging behaviours more effectively and reduce variance in access to services for people with learning disabilities. The model is on the cusp of being implemented as all plans were in place for the acquisition of the Trust by Mersey Care NHS Foundation Trust.

By improving and delivering specialist care and support within a community and home based setting, the model will allow service users to be moved out of a hospital inpatient setting, prevent admissions to secure services and reduce the likelihood of readmission, thereby reducing the number of secure beds required.

Further details of performance and developments regarding patient care system come together to create an ambitious local blueprint for accelerating the implementation of the Forward View; covering better integration with the local authority service, including, but not limited to, prevention and social care, and reflecting local agreed health and wellbeing strategies.

Service user referrals to Calderstones came from a wide geographical area and whilst Lancashire and Greater Manchester were the main areas, referrals were also received from other areas including Merseyside, Yorkshire, Cumbria, Wales, Scotland and Northern Ireland. Therefore, the Trust's 'primary' geographical footprint for secure services was agreed as the North West, with the primary footprint areas for CCG Commissioned services as Lancashire and South Cumbria and Greater Manchester.

The Trust consulted with and sought feedback on its Quality Account from the Overview and Scrutiny Committee and from local Healthwatch organisations, with whom the Trust enjoyed a good relationship. Healthwatch Lancashire is committed to listening to patients and members of the public in Lancashire and making sure their views and experiences are heard by those who run, plan and regulate health and social care services. The organisation holds monthly engagement stands at the Trust where service users are encouraged to share their experiences of their time at the hospital and undertake patient engagement events.

For example, in October 2015 a review of food provision was undertaken by representatives from Healthwatch Lancashire and service users. The review focused on choice, preparation, storage and delivery of the food provided to service users living at Calderstones hospital. The Trust received a report detailing the findings of the review, which provided comments on the service and some suggestions for areas of potential improvement and stated 'the food tasted by Healthwatch Lancashire representatives on the day was found to be hot, tasty and nutritious.' This practice continued into period ending June 2016 reporting period.

A further engagement event took place in February 2016 where representatives from Healthwatch Lancashire gathered experience surveys with service users from a number of wards across Calderstones, to review their experiences and gain insight into their care. The report provided from the day included the findings that the majority of patients surveyed were happy with the conditions and facilities on their ward, although they feel that there could be more weekend activities.

The findings from the reports were used to inform the relevant staff and care teams and were reviewed to seek improvements to the services provided. Further details of stakeholder relations, with specific reference to local groups, public and patient involvement activities were provided in the performance report: Social, Community and Human Rights Issues section of this report.

Stakeholder Communications

The final three months of the Trust's independent operation saw a careful programme of engagement with stakeholders.

The programme's primary aim was to ensure governors, partner and client organisations, members and carers were fully aware of the process and impending acquisition. However, much attention was also paid to respecting the 100 year legacy of the Calderstones site and the high regard in which the organisation was held by clinical and learning disability experts, as exemplified by the recent CQC rating.

Activity with university historians collated documentary evidence of the legacy of services in a popular series of 'history days'. A hugely successful education day, attended by the Mayor, local civic leaders, many former Trust alumni and Mersey Care staff, celebrated past and current good practice. The final staff awards night was an opportunity to reward positive achievement and socialise with colleagues of all bands, disciplines and from both trusts, continuing the process of supporting staff into the new system whilst respecting their own experience and background.

The Trust's governors remained crucial to the transaction and were kept fully briefed with transactional data and support from corporate affairs staff. At the end of their final meeting, each was presented with a gift of thanks as they retired. Colleagues from Mersey Care's carers team attended meetings with the very active Calderstones carers group to provide assurance and continuity. The Communications Manager also worked closely with the Interim Company Secretary to provide consistency in correspondence with clients, contractors and service providers.

Working closely with the Mersey Care communications team, staff were able to engage with the new organisation both on visits, in "conversation" events, TUPE advice days and with work to bring operational processes together. The Chief Executive and outgoing Board were visible across the Trust to provide assurance. "Change Champions", drawn from staff of many levels, took messages into wards and fed back to operational and communications staff on any concerns or rumours.

Trusted staff communications channels were used and expanded to provide messages of reassurance and detail about the new Trust, its management structure and services. This included the Core Brief and email bulletins for staff, service user magazines, and the CEO's Friday briefings for Board, Governors and stakeholders. Before being archived, the Trust website was restructured to give details of the acquisition and a message placed on every page. Social media followers were thanked and directed to engage with the new Trust's accounts.

Whilst outside the remit of this reporting process, it should be noted that on day one service users and staff reported a smooth transition with the incoming CEO visible around the wards on site, now rebranded and badged as the Mersey Care Specialist Learning Disability Division.

Statement as to Disclosure to Auditors

For each individual who was a Director at the time that the report was approved:

- So far as the Director was aware, there was no relevant audit information of which the NHS Foundation Trust's Auditor is unaware; and
- The Director has taken all the steps that they ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the NHS Foundation Trust's Auditor is aware of that information.

Additional Disclosures Required by the Finance Reporting Manual (FReM)

Accounting policies for pensions and other retirement benefits are set out in note 1.8 to the accounts and details of senior employees' remuneration can be found in the Remuneration Report.

Income Disclosures Required by Section 43(2A) of the NHS Act 2006

The Trust receives the majority of income from the provision of goods and services for the purposes of the health services in England. Other income received has no impact on its provision of goods and services for the purposes of the health services in England.

Remuneration Report

I am pleased to present our remuneration report for period ending June 2016. At Calderstones Partnership NHS Foundation Trust, we understand that our executive remuneration policy is key to attracting and retaining talented individuals to deliver our business plan, whilst at the same time recognising the constraints that public sector austerity measures bring.

This report has been prepared in accordance with Sections 420 to 422 pf the Companies Act 2006 (section 420(2) and (3); Regulation 11 and Parts 3 and 5 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008(SI2008/410) ("the Regulations"); Parts 2and 4 of Schedule 8 of the Regulations as adopted by Monitor and Elements of the '*NHS Foundation Trust Code of Governance'.*

This report outlines the approach adopted by the Board Remuneration Committee when setting the remuneration of the executive directors and the other executives who have authority or responsibility for directing or controlling the major activities of the organisation.

The following posts have been designated as fitting this criterion by the committee and are collectively referred to as the senior executives within this report:

Executive directors:

Chief Executive
Director of Finance and Information
Director of Nursing and Quality
Medical Director - secondment

Other directors (non-voting):
Director of Strategy
Director of Operations
Associate Director of Workforce
Company Secretary

Annual Statement on Remuneration

All Non-Executive Directors are members of the Board Remuneration Committee, which is charged with the responsibility for agreeing remuneration for the Trust's senior executives.

The Chief Executive and Company Secretary are normally in attendance at meetings of the committee, except when their positions are being discussed. The Head of Human Resources also attends meetings, as appropriate, to provide advice and expertise and the committee has the option to seek further professional advice as required.

Appointments, remuneration and terms of employment committee attendance summary for 2016/2017 (April to June)

Member Meetings Attended

Rupert Nichols (Chair)	1/1
Andrea Campbell	1/1
Julia Possener	1/1
Megan Nurse	1/1
Ian Bevan	1/1

Work of the committee

During period ending June 2016, the committee met on one (1) occasion which has enabled it to carry out the following duties in line with its Terms of Reference:

- Approve the Director of Nursing and Quality's Redundancy Package.
- Approve the Acting up Payment of the Deputy Chief Executive.

During 2015/16 new NHS redundancy arrangements came into effect in England covered by section 16 (a) (England) of the NHS terms and conditions of service handbook. These new terms state that staff should receive one month's pay per year of reckonable service with a maximum of 24 month's pay.

It was highlighted there is now a total earnings floor of £23,000 and a cap of £80,000 meaning that staff will be paid no less than £23,000 and no more than £160,000 in redundancy payments. The Trust agreed to adopt these new terms. These continued into the reporting period.

Annual statement on remuneration

There were no increases paid to any non-executive directors during the reporting period.

Rupert Nichols
Chairman, Board Remuneration Committee

Senior Managers' Remuneration Policy

Our policy on executive pay

The Committee has not currently published a policy on Directors'/Senior Managers' remuneration but seeks, generally, to ensure that salaries are comparable with other similar Trusts. When setting levels of remuneration, the committee takes into account the remuneration policies and practices applicable to our other employees, along with any guidance received from the sector regulator and the Department of Health. Additionally the committee takes into account the need to ensure good use of public funds and delivering value for money.

No awards or compensation payments have been made to past or present Directors or senior staff during period ending June 2016 other than payments recorded in the information subject to audit.

Each year, I undertake appraisals for each of the senior executives, and the Chairman undertakes my appraisal. The results of these appraisals are presented to the committee and they are used to inform the committee's discussions.

Future policy

Salary:	As determined by the Board Remuneration Committee
Car Allowance:	With the exception on one member of the team, each executive (not including those on secondment) received £5,000 car allowance
NHS Pension Scheme:*	Employer and employee contributions as specified by NHS Pension Agency unless the senior executive opts out
Additional benefits:*	• Tax-free childcare voucher scheme • on-site gym, subscriptions payable by individual • gym membership discounts with NHS identification • access to NHS staff benefits offered by retailers • onsite therapies at discounted rates • tax free bike to work schemes ** The NHS pension arrangements and additional benefits listed are available to all employees of the Trust*

There are no senior executives that have tailored arrangements outside of those described above.

Whilst the benefits and executive remuneration offered by the Trust is in line with other NHS Foundation Trusts, it is important to recognise this helped to support the long-term strategic direction of the trust during a period of transformation and ensured a stable executive team was in place to manage that process.

The remuneration package for non-executive directors comprises:

Salary:	As determined by the Council of Governors and reviewed annually; current rates (period ending June 2016) were: £13,000 p.a. for non-executive directors £14,000 p.a. for Senior Independent Director £15,000 p.a. for the Audit Committee chair £45,000 p.a. for the Chairman
Additional benefits:*	Tax free bike to work scheme

There is no provision for bonuses to be paid to any senior manager within the Trust.

Remuneration in excess of £142,500 per annum

£142,500 per annum, is the threshold used in the Civil Service for approval by the Chief Secretary to the Treasury, as set out in guidance issued by the Cabinet office. This currently equates to the Prime Minister's ministerial and parliamentary salary. The Cabinet Office approvals process does not apply to NHS foundation trusts. However, the guidance advises that in circumstances where one or more senior managers are paid more than £142,500, the Trust should explain (not necessarily on an individual basis), the steps taken to satisfy itself that this remuneration is reasonable.

The Chief Executive is not paid in excess of this level as detailed within table 6, 'Salary and Pension Entitlements of Senior Managers – Remuneration'. The Chief Executive's salary was discussed and agreed at the Remuneration Committee in May 2013, following recommendations based upon an external review carried out by Capita in May 2013, taking account of current market rates.

Note: Remuneration rates paid to seconded senior managers / directors were outside of the Trust's control. In addition, it should be noted that payments for senior clinical managers / directors also reflected clinical duties undertaken.

Service contracts

From 1 April 2016, in line with other NHS Trusts, all senior executives were employed on permanent contracts with a six month notice period. In the event that the contract is terminated without the executive receiving full notice, compensation is limited to the payment of salary for the contractual notice period. No additional provision is made within the contracts for compensation for early termination and there is no provision for any additional benefit, over and above standard NHS pension arrangements, in the event of early retirement. In line with all other employees, senior executives may have access to mutually-agreed resignation schemes (MARS) where these had been authorised.

Our non-executive directors were requested to provide one month's notice in the event that they wish to resign before their term of office came to an end. They were not entitled to any compensation for early termination.

The Trust's constitution along with the Council of Governors' and Board's Standing Orders detailed the process for removal of the Chairperson or other Non-Executive Directors. The Governors' handbook also detailed the process.

Contracts for the Chief Executive, Executive Directors and other Directors (non-voting)
were individually negotiated based on NHS Terms and Conditions of Service for Senior Managers. The key terms in the contracts for voting Directors were as follows:

Name	Title	Contract Date	Term	Notice Period	Early Termination Provisions
Mr Mark Hindle	Chief Executive	29/09/13	Permanent	6 months	None
Mr John Smith	Director of Nursing and Quality	09/0514	Permanent	6 months	None
Dr David Fearnley	Medical Director	01/04/15	Secondment Arrangement	1 month	None
Mr Neil Smith	Director of Finance and Information	01/02/16	Secondment Arrangement	1 month	None

	3 MONTH PERIOD ENDED 30 JUNE 2016				
	Salary Bands of £5,000 £000	***Other Remuneration Bands of £5,000** £000	**Taxable Benefits Rounded to nearest £100** *£ (Note 1)*	**Long Term Performance related Benefits** Bands of £5,000	**Pension Related Benefits Bands of £2,500** £000
Chairman Mr. Rupert Nichols From 1 May 2013	10-15	0	0	0	N/A
Non-Exec Directors					
Mr Alan Jefferson to 31 May 2015	N/A	N/A	N/A	N/A	N/A
Ms. Julia Possener	0-5	0	400	0	N/A
Ms. Andrea Campbell	0-5	0	400	0	N/A
Mr. Ian Bevan From 1 January 2015	0-5	0	400	0	N/A
Ms. Megan Nurse From 9 May 2014	0-5	0	400	0	N/A
Executive Directors					
Mr. Mark Hindle Chief Executive	35-40	0	0	0	5.0-7.5
Dr. Fran Foster Medical Director to 31 May 2015	N/A	N/A	N/A	N/A	N/A
Mr Nikhil Khashu Director of Finance & Information, to 18 October 2015	N/A	N/A	N/A	N/A	N/A
Mr. John Smith Director of Nursing and Quality to 30 June 2016	25-30	0	0	0	45.0-47.5
Dr David Fearnley Medical Director From 1 April 2015	0-5	0-5	300	0-5	N/A
Ms Andrea Chadwick Director of Finance & Information from 14 September 2015 to 31 January 2016	N/A	N/A	N/A	N/A	N/A

Table 6: Salary and Pension Entitlements of Senior Managers – Remuneration (i)

	2015 - 2016					
TOTAL BANDS OF £5,000 £000	**Salary Bands of £5,000** £000	***Other Remuneration Bands of £5,000** £000	**Taxable Benefits Rounded to nearest £100** £ *(Note 1)*	**Long Term Performance related Benefits Bands of £5,000**	**Pension Related Benefits Bands of £2,500** £000	**TOTAL BANDS OF £5,000** £000
10-15	45-50	0	3,800	0	N/A	50-55
N/A	0-5	0	500	0	N/A	0-5
0-5	15-20	0	1,400	0	N/A	15-20
0-5	15-20	0	2,000	0	N/A	15-20
0-5	15-20	0	1,400	0	N/A	10-15
0-5	15-20	0	1,400	0	N/A	10-15
40-45	150-155	0	0	0	2.5-5.0	150-155
N/A	0-5	15-20	0	0	(10.0-12/5)	5-10
N/A	55-60	0	0	0	25.0-27.5	5-10
70-75	105-110	0	0	0	30.0-32.5	135-140
10-15	15-20	20-25	900	5-10	12.5-15.0	60-65
N/A	35-40	0	800	0	20.0-22.5	60-65

	3 MONTH PERIOD ENDED 30 JUNE 2016				
	Salary Bands of £5,000 £000	***Other Remuneration Bands of £5,000** £000	**Taxable Benefits Rounded to nearest £100** *£ (Note 1)*	**Long Term Performance related Benefits** Bands of £5,000	**Pension Related Benefits Bands of £2,500** £000
Mr Neil Smith Director of Finance & Information From 1 February 2016					
Other Directors					
Mr Lee Taylor Associate Director of Operations	25-30	0	0	0	5.0-7.5
Ms Joanna Worswick Director of Strategy	25-30	0	0	0	5.0-7.5
Ms Joanna Twist Associate Director of Human Resources From 1 February 2016	15-20	0	1,300	0	N/A

*Other remuneration relates to directors' clinical duties.

For the three month period ended 30 June 2016, pension information for the following directors, who are also directors of Mersey Care NHS Foundation Trust, is available in the Annual Report of Mersey Care NHS Foundation Trust: David Fearnley, Neil Smith, Joanna Twist.

Note: Taxable Benefits are travelling expenses, lease cars and salary sacrifice.

Table 6: Salary and Pension Entitlements of Senior Managers – Remuneration (ii)

	2015 - 2016					
TOTAL BANDS OF £5,000 £000	**Salary Bands of £5,000** £000	***Other Remuneration Bands of £5,000** £000	**Taxable Benefits Rounded to nearest £100** *£ (Note 1)*	**Long Term Performance related Benefits Bands of £5,000**	**Pension Related Benefits Bands of £2,500** £000	**TOTAL BANDS OF £5,000** £000
25-30	95-100	0	0	0	72.5-75.0	165-170
30-35	100-105	0	0	0	25.5-30.0	125-130
15-20	10-15	0	0	0	7.5-10	20-25

Fair Pay Multiple

We are required to disclose the relationship between the remuneration of the highest-paid director in our organisation and the median remuneration of our workforce.

The banded remuneration of the highest-paid director in our organisation in the financial year period ending June 2016 was £147,500 (2015/16, £147,500). This was 7.50 times (2015/16, 7.58) the median remuneration of the workforce, which was £19,665 (2015/16, £19,461).

In period ending June 2016 and also in 2015/16, 2014/15 and 2013/14, no employees received remuneration in excess of the highest paid director. Remuneration ranged from £13,000 to £102,465 (in 2015/16 the range was from £13,101 to £101,451).

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions.

Business Expenses

As with all staff, we reimburse the business expenses of non-executive directors and senior executives that are necessarily incurred during the course of their employment, including sundry expenses such as car parking and transport costs such as rail fares. The expenses paid to directors during the year were:

	2016/2017	2015/2016
Total number of directors in office	9	16
Number of directors receiving expenses	8	10
Aggregate sum of expenses paid to directors (£00s)	30	66

The expenses paid to governors during the year were:

	2016/2017	2015/2016
Total number of governors in office	21	21
Number of governors receiving expenses	1	05
Aggregate sum of expenses paid to governors (£00s)	0	37

Pension Benefits

Non-executive director remuneration is not pensionable and therefore it is only the senior executives for whom a pension benefit disclosure has been provided.

Table 7: Pension Benefits

	Real increase in pension at pension age (bands of £2,500) £000	**Real increase in pension lump sum at pension age (bands of £2,500)** £000	**Total accrued pension as at 30 June 2016 (bands of £5,000)** £000	**Lump sum at pension age related to accrued pension at 30 June 2016 (bands of £5,000)** £000	**Cash equivalent transfer value at 30 June 2016** £000	**Cash equivalent transfer value as at 31 March 2015** £000	**Real increase in cash equivalent transfer value** £000
Mr Mark Hindle Chief Executive	0-2.5	0-2.5	65-70	205-210	1,434	1,389	44
Mr John Smith Director of Nursing & Agency/Contract staff	0-2.5	5.0-7.5	55-60	165-170	1,209	1,136	73
Mr Lee Taylor Associate Director of Operations	0-2.5	0	25-30	35-40	255	251	5
Ms Joanna Worswick Director of Strategy	0-2.5	0	30-35	85-90	477	471	6

For the three month period ended 30 June 2016, pension information for the following directors, who are also directors of Mersey Care NHS Foundation Trust, is available in the Annual Report of Mersey Care NHS Foundation Trust: David Fearnley, Neil Smith, Joanna Twist.

Cash Equivalent Transfer Values

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when 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.

Real Increase in CETV

The Real Increase in CETV reflects the increase in CETV effectively funded by the employer. It doesn't include 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.

Mark Hindle
Director of Operations,
Mersey Care NHS Foundation Trust
(formerly Chief Executive, Calderstones Partnership NHS Foundation Trust)

Joseph Rafferty
Chief Executive
Mersey Care NHS Foundation Trust

Staff Breakdown

An analysis of average staff numbers for the year period ending June 2016, together with actual staff numbers at 30 June 2016, is provided in Table 8 below:

Table 8: Analysis of average staff numbers at 30 June 2016 [Subject to Audit]

Group Category	Assignment	At 30 June 2016 WTE	Average WTE (3 month period)
Admin & Estates	Fixed Term Temp	25.48	22.81
Admin & Estates	Permanent	97.01	97.41
Healthcare support staff	Fixed Term Temp	74.59	74.39
Healthcare support staff	Permanent	393.08	396.57
Medical & Dental	Fixed Term Temp	1	1
Medical & Dental	Permanent	11.80	11.80
Nursing	Fixed Term Temp	1	1
Nursing	Permanent	157.96	162.05
Scientific, therapeutic & technical staff Fixed	Term Temp	5	4.33
Scientific, therapeutic & technical staff	Permanent	50.92	51.25
Grand Total		**817.84**	**822.62**

Staff Breakdown

An analysis of staff by gender as at 30 June 2016 is provided in Table 9 below:

Table 9: Analysis of staff by gender [Subject to Audit]

Staff Group	Gender WTE	Total WTE	Plus Seconded Staff WTE	Total WTE
Directors	Female	1.00		
	Male	5.00		
Employees	Female	456.32	-	456.32
	Male	343.52	-	343.52
Senior Managers	Female	8	-	8
	Male	4	-	4
Grand Total		**817.84**	**3.00**	**817.84**

Analysis of Staff Cost [Subject to Audit]	Permanently Employed				Other
	Total £000	**Permanently Employed Total** £000	**Business with other Whole of Government Accounts bodies** £000	**Business with bodies external to Government** £000	**Business with bodies external to Government** £000
Salaries and Wages	6,861	6,861		6,861	
Social Security Costs	588	588	588		
Pension Costs-employers contribution to NHS Pension	719	719	719		
Agency/Contract staff	836				
Total Staff Costs	**9,004**	**8,168**	**1,307**	**6,861**	**836**
Costs capitalised as part of assets	6			6,725	6
Employee Expenses - staff	8,862	8,032	1,307		830
Employee Expenses - executive directors	136	136		136	

Sickness Absence

For the three months from 1 April to 30 June 2016 there were 75,338.40 (FTE) employee days available to the Trust; 6,181.79 or 8.21% were lost because of sickness absence. The main reason for sickness absence in the period 1 April to 30 June 2016 was stress and anxiety with other musculoskeletal being the second highest. The Trust was still going through the ongoing organisational change which has impacted on some individuals; however the trust continued to communicate with staff to alleviate as much anxiety as possible. The Trust continued to offer staff support services to all employees throughout this period to provide the right support to those staff who required it.

The Trust continued to experiencing high levels of staff sickness, and the strategies put in place last year to address the issues continue. The centralised management of sickness absence by HR to enhance support for the services by ensuring timely intervention has ensured all staff are seen in a timely manner and the right support offered.

The Trusts weekly staffing analysis and forecast meetings have continued to provide assurance to the Board around service contraction, vacancies, attrition and sickness monitoring.

Staff Policies and Actions Applied

All recruitment, retention and training activities carried out by the Trust are undertaken in line with the Trust's Equal Opportunities in Employment policy. This is a trust wide policy which seeks to ensure that Trust creates an environment, which eliminates discrimination and ensures that equality of opportunity plays a central role in employment practices and service provision and that individuals are recruited, promoted and trained on objective criteria based upon the aptitude and abilities of the individual.

The Trust also has a robust Fair Recruitment and Selection policy which is applied to all posts advertised and to all applicants. Vacancies within the Trust are advertised as widely as possible and advertisements are free from discriminatory bias in line with the provisions of the policy. In addition, external advertisements state the Trust's commitment to equal opportunities.

In the year up to June 2016 we had 360 applicants of which 7.5% declared a disability and of these were shortlisted and of these 7.3% were shortlisted. 13.6% were successful for posts.

The Trust's Equal Opportunities in Employment policy also ensures that all staff have equal and appropriate access to training and development opportunities consistent with their training needs and that promotion is based on merit and ability.

The Workforce Directorate works collaboratively to ensure staff have full access to induction, statutory and mandatory training, continuous professional development and career opportunities. On joining the Trust all staff are required to attend Equality and Diversity training to ensure they are aware of their responsibilities in respect of everyone having equality of opportunity. This training requires a three yearly update and is monitored through the Trust's high level dashboard.

Access to training for staff, with and without a disability, is in line with all other Trust activities and is underpinned by a range of policies and procedures. For example, should a colleague require an adjustment to training, the Trust's Learning and Organisational Development Department will ensure that arrangements are in place to enable colleagues to access and participate in training. These activities extend to considering the changes to content for staff who become unwell or have a disability. These issues are dealt with on an individual basis to ensure training is accessible.

For matters of capability, Human Resource colleagues work closely with Line Managers to ensure that the Trust carries out its responsibilities in line with the Trust's procedures and legislation.

The monitoring of activities plays a fundamental part in ensuring that there is equality of opportunity as part of the Trust's commitment to Equality and Diversity. The Trust monitors relevant data and undertakes an annual analysis of attendance to mandatory and non-mandatory training to ensure that there has been fair and equal access to training, to ensure that colleagues with and without a disability have the opportunity for training and career development.

Informing and Consulting with Our Staff

Calderstones has a number of formal vehicles where management and staff side meet to deal with employee relations issues, namely:

- The Negotiation and Consultation Partnership Forum (NCPF), which meets quarterly to discuss major organisational change
- The Partnership meeting which meets monthly and deals with pressing local issues within the Forensic and High Support Service that can be dealt with quickly to enable good working relationships
- The Local Negotiating Committee (LNC), which meets quarterly with local and regional medical representatives to discuss workloads, clinical excellence awards and rotas.

We continue to meet in these forums to discuss and consider the impact on the quality of service in relation to the quality and transformation of services.

The Trust also actively engages with staff in local meetings and holds additional extra meetings to consult, discuss, debate and inform staff where changes are planned that impact on them directly.

In addition, the Trust also completed a cultural assessment tool with an external organisation in July 2015 to better understand the alignment between senior manager, manager and employee perceptions. This activity assisted in developing an engagement and communication plan to assist the organisation in achieving longer term improvements with employee engagement.

During the current period of transition, communication with staff is seen as a priority to ensure that all staff are fully informed at each step of the development, as well as being part of the ongoing consultation process. Therefore, the Trust has implemented a range of innovative programmes as part of the board's commitment to 'listen and act', including the Chief Executive's 'Big Conversation' and'Big Breakfast' meetings' and more recently 'Mega Conversations' meetings with staff.

These unstructured meetings have proved extremely popular with staff as a means of both raising issues and keeping up to date with relevant information. Feedback from the Big Conversation and its successors has featured prominently on the board agenda and Board members are well briefed on issues affecting staff and staffing. In addition, the Executive team are briefed weekly on staff achievements, which collectively and cumulatively describe a picture of Trust activity and demonstrate the care provided and the professionalism with which it is delivered. Board activity is also reported quickly to staff via the Core Brief.

The Trust's appraisal process has also been enhanced to embed the Trust values, helping staff to understand their role in delivering the Trust's performance and also encouraging and empowering leadership at every level.

The Trust will actively continue to engage, consult and work positively with staff side to foster true partnership working and ensure that the Trust and its employees are able to move forward and meet the challenges ahead.

Health and Safety and Occupational Health

The Health and Safety Committee continues to be chaired in partnership by the Health and Safety Unison staff side representative and the head of Estates and Facilities.

Each month the committee reviews:

- Incident Themes and Learning in relation to:
    - Security
    - Fire
    - Accidents and Health and Safety related incidents
    - Sickness absence
- Incidents reported under the reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR)
- A review of current Health and Safety risks, eg. anti-ligature action plan
- Health and Safety Training
- New Health and Safety Guidance and Communication

During the year the new Health and Safety advisor has enhanced and improved Health and Safety training and communication by:

- Developing a one day course: Health and Safety Awareness for Managers, which has been well received, with further sessions requested
- Introducing a Health and Safety page on the intranet, containing useful documents, website links and announcements.
- Producing a short article for the monthly Core Brief.
- Working with colleagues in Security, Fire and Unison to produce a 'Safe and Secure' newsletter.
- Liaising with colleagues to update Health and Safety policies and procedures to ensure that they are easier to understand and implement, eg. Manual Handling, First Aid.
- Review of the Control of Substances Hazardous to Health (COSHH) policy and assessment of hazardous substances, initiated with the catering department prior to being rolled out to ward areas.
- Assisting managers to complete workplace assessments and reasonable adjustments for employees referred to Occupational Health.

Occupational Health

The contract with the Trust's previous occupational health service provider, People Asset Management (PAM), expired in July 2015 and the Trust now has a Service Level Agreement (SLA) in place with another NHS provider to provide occupational health services, which commenced in August 2015.

The contract for Occupational Health Services continued to be provided for the three month period April to June 2016 via a Service Level Agreement (SLA). The SLA ended on 30 June 2016.

Counter Fraud

The Trust does not tolerate fraud, bribery and corruption and aims to eliminate all such activity as far as possible, thereby freeing up public resources for better patient care. The Trust's Anti-fraud, Bribery and Corruption policy encourages anyone having reasonable suspicions of fraud, bribery or corruption to report them. It is also the Trust's policy that no employee will suffer in any way as a result of reporting reasonably held suspicions and the policy informs staff how to report any concerns or suspicions they may have. In addition, posters are displayed at various locations throughout the Trust encouraging staff to report concerns and suspicions.

The Trust's internal audit and local Anti-Fraud Services are provided by Mersey Internal Audit Agency (MIAA).

Staff Survey

Staff Engagement

The 2015 NHS Staff Survey was mainly conducted online and sent to all eligible staff. However, staff on maternity leave and those who worked in areas with limited online access, received hard copy questionnaires.

Work continued in 2015 to reassure staff regarding the confidentiality of the survey by sending out regular bulletins and confidentiality 'myth busters' to encourage staff to partake in the survey. Information was also provided about how feedback from the 2014 survey has led to changes throughout the Trust that have improved the working lives of staff.

In 2015 staff were again offered the opportunity to be put forward in a confidential draw for the chance to win £100 of high street vouchers following completion of the questionnaire.

The Trust believes that increasing the levels and methods of communication to staff on the outcomes of the survey is a major help in maximising response rates and improves the credibility of the process. (Response rates provided by survey provider Quality Health.) The figures detailed below in table 10 'Overall staff engagement' shows how Calderstones Partnership NHS Foundation Trust compares with other mental health/learning disability trusts on an overall indicator of staff engagement. Possible scores range from 1 to 5, with 1 indicating that staff are poorly engaged (with their work, their team and their Trust) and indicating that staff are highly engaged. The Trust's score of 3.82 was above average when compared with trusts of a similar type.

Table 10: Overall Staff Engagement

Overall Staff Engagement Score	2014	2015	Change since 2014 Survey
Trust	3.94	3.82	Not statistically significant
National Average	3.72	3.75	Not statistically significant

Monitoring and Learning from Feedback

Following publication of the staff survey report managers take the survey results into local team meetings to take feedback and develop appropriate action plans. These then inform the discussions of larger teams across specific staff groups of staff, who will also meet to discuss actions for their areas based on the outcomes from the survey. The action plans are then submitted to the senior leadership teams to ensure that the action plans have been implemented and who monitor progress against the plans. Learning from feedback is shared with all teams.

Summary of Performance

Response Rate

Although the Trust's response rate at 35% has shown a slight improvement of 3% from 2014/15, it is still below the national average of 42%.Details are shown in Table 11 below:

Table 11: Response Rate

	2015/16		period ending June 2016		Trust improvement/ deterioration
Response rate (%)	Trust	National Average	Trust	National Average	
	32	41	35	42	Slight improvement of 3%

Top Five Ranked Scores

The Department of Health Staff Survey report highlights the following five Key Findings for which this Trust compares most favourably with other Mental Health Trusts in England in 2015. Details of the Trust's top five ranked scores are provided in Table 12 below:

Table 12: Top Five Ranked Scores Key Findings	2015 Trust	2016 Trust	2016 National Average	Trust improvement/ deterioration	Ranking, compared with all mental health Trusts in 2015
KF24: % of staff/colleagues reporting most recent experience of violence	88%	93%	84%	Improvement of 5%	Best in 2015
KF31: Staff confidence and security in reporting unsafe clinical practice	3.95	3.87	3.62	Deterioration of 0.08	Best in 2015
KF27: % of staff/colleagues reporting most recent experience of harassment bullying or abuse	67%	63%	49%	Deterioration of 4%	Best in 2015
*KF18: % of staff feeling pressure in the last 3 months to attend work when feeling unwell	47%	50%	55%	Deterioration of 3%	*Best in 2015
KF32: Effective use of patient/service user feedback	4.12	3.88	3.68	Deterioration of 0.24	Above average

(the lower the score the better)

Bottom Five Ranked Responses

The Department of Health Staff Survey report highlights the following five Key Findings for which this Trust compares less favourably with other Mental Health Trusts in England in 2015. Details of the Trust's lowest five ranked responses are provided in Table 13.

Table 13: Bottom Five Ranked Responses Key Findings	**2014** Trust	**2015** Trust	**2015** National Average	**Trust improvement/ deterioration**	**Ranking, compared with all mental health Trusts in 2015**
*KF22: % of staff experiencing physical violence from patients, relatives or the public in the last 12 months	32%	38%	21%	Deterioration of 6%	*Above average
KF3: % of staff agreeing that their role makes a difference to patients	-	83%	89%	-	Below average
KF29: % of staff reporting errors, near misses or incidents witnessed in the last month	93%	89%	91%	Deterioration of 4%	Below average
KF4: Staff motivation at work	3.91	3.86	3.88	Deterioration of 0.05	Below average
KF9: Effective team working	-	3.78	3.82	-	Statistically similar

(the lower the score the better)

Main Areas of Concern - Largest Local Changes since the 2014 Survey Where Staff Experience has deteriorated since 2014

The Department of Health Staff Survey report highlights the Key Findings where staff experiences have improved/deteriorated since the 2014 survey, which are demonstrated in Table 14.

Managers will be discussing the survey results in team meetings and developing and implementing appropriate action plans to address issues raised. Progress against the agreed action plans will be monitored and reviewed at subsequent meetings.

Table 14: Where Staff Experience has deteriorated since 2014 Key Findings	2014 Trust	2015 Trust	2015 National Average	Trust improvement/ deterioration	Ranking, compared with all mental health Trusts in 2015
*KF16: % of staff working extra hours	57%	68%	74%	Deterioration of 1%	Below average
KF6: % of staff reporting good communication between management and staff	51%	38%	32%	Deterioration of 13%	Above average
KF10: Support from immediate managers	4.04	3.89	3.85	Deterioration of 0.15	Above average
KF32: Effective use of patient/service user feedback	4.12	3.88	3.68	Deterioration of 0.24	Above average

*(the lower the score the better)

Future Priorities

The key priority will be reporting to staff on the outcomes of the survey, and informing staff what has been done about key issues arising from it. This will be a major help in maximising response rates at the next survey and significantly improving the credibility of the process. Publicising the survey results and action plans will be addressed in the following ways:

- Display presentations
- All staff survey reports available on the Intranet
- Presentation to partnership/members forums
- Presentation at staff communication sessions
- Key findings in HR Newsletter/Team Brief
- Discussions with management teams to develop individual service action plans.

Given the demise of the Trust, future surveys will be managed by Mersey Care NHS Foundation Trust.

Expenditure on Consultancy

During the year to 30 June 2016 the Trust reported a total expenditure of £102,000 on consultancy charges.

Off-Payroll engagements / arrangements

For all off-payroll engagements, as of 30 June 2016, for more than £220 per day that lasted longer than six months.

	Number
Number of existing engagements as of 30 June 2016	1
Of which, the number that have existed:	
for less than one year at the time of reporting	0
for between one and two years at the time of reporting	0
between two and three years at the time of reporting	0
for between three and four years at the time of reporting	0
for four or more years at the time of reporting	1

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

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 30 June 2016, for more than £220 per day that lasted longer than six months.

	Number
Number of new engagements, or those that reached six months in duration between 01 April 2015 and 30 June 2016	0
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national insurance obligations	0
Number for whom assurance has been requested	0
Of which:	
Number for whom assurance has been received	0
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	0

For any off-payroll engagements of board members and /or senior officials with significant financial responsibility, between 1 April 2016 and 30 June 2016.

	Number
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility'. This figure must include both off-payroll and onpayroll engagements	12

Exit Packages: Non-compulsory departure payments

Table 15 below details the number of non-compulsory departures during 2015/2016 which attracted an exit package in the year, together with the value of the associated payments. The exit payments were calculated in accordance with contractual terms based on length of service.

Table 15: Exit Packages [Subject to Audit]

	Period ending June 2016		2015/16	
	Payments agreed Number	Total value of agreements £000	Payments agreed Number	Total value of agreements £000
Exit packages: other (noncompulsory) departure payments - 2015/16	31	350	2	32
Voluntary redundancies including early retirement contractual costs				
Mutually agreed resignations (MARS)				
Contractual payments in lieu of notice				
Exit payments following employment tribunals or court orders				
Non-contractual payments requiring HMT approval*				
Total*	**31**	**350**	**2**	**32**
of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary				

* Includes any non-contractual severance payment made following judicial mediation and non-contractual payments in lieu of notice.

2016/2017
Staff Exit Packages

	Number of compulsory redundancies	Number of other departures	Total number of exit packages
<£10,000	6	21	27
£10,001 - £25,000	14	8	22
£25,001 - 50,000	11	2	13
£50,001 - £100,000	3	0	3
£100,001 - £150,000	0	0	0
£150,001 - £200,000	0	0	0
>£200,000	0	0	0
Total number of exit packages by type	**34**	**31**	**65**
Total resource cost (£000)	**848**	**350**	**1,198**

2014/2015
Staff Exit Packages
(comparative figures)

	Number of compulsory redundancies	Number of other departures	Total number of exit packages
<£10,000	1	0	1
£10,001 - £25,000	2	2	4
£25,001 - 50,000	2	0	2
£50,001 - £100,000	0	0	0
£100,001 - £150,000	0	0	0
£150,001 - £200,000	0	0	0
>£200,000	0	0	0
Total number of exit packages by type	**5**	**2**	**7**
Total resource cost (£000)	**118**	**32**	**150**

NHS Foundation Trust Code of Governance

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

The Trust Board has overall responsibility for the administration of sound corporate governance throughout the Trust and recognises the importance of a strong reputation. The Foundation Trust Code of Governance (the Code of Governance) was first published by NHS Improvement (NHSI) (formerly Monitor), the Foundation Trust regulator in 2006 and was last updated in July 2014, taking account of more recent developments in governance practices specific to NHS Foundation Trusts.

The purpose of the Code is to assist Foundation Trust Boards to ensure good governance and to improve their governance practices by bringing together the best practice of public and private sector corporate governance.

The Code imposes some disclosure requirements on Foundation Trusts and Boards are expected to observe the Code or to explain where they do not comply. It includes a number of main and supporting principles and provisions and Foundation Trusts are required to publish a statement in their Annual Report confirming how these have been applied.

The Board of Directors strives to operate according to the highest corporate governance standards. It is a Unitary Board with collective responsibility for a range of matters and is legally accountable for the following key responsibilities:

- Setting the strategic direction of the Trust
- Ensuring robust governance arrangements are in place with an effective assurance framework and sound systems of internal control
- Rigorous performance management ensuring all targets are met
- Ensuring Trust compliance with its Provider Licence.

There is clear division of responsibility between the Chair and the Chief Executive. The Chair ensures the Board has a clear strategy for the delivery of the plan and the development of the organisation. The Chief Executive is responsible for executing the strategy and delivery of key targets, allocation of resource and operational decision making.

The Board of Directors has in place a Scheme of Delegation for the discharge of responsibilities through the Chief Executive and Executive Directors, who provide leadership and oversee the day-to-day operations of the Trust. The Non-Executive Directors hold the Executives to account and receive assurance from them in relation to the effective and proper performance under the delegated authorities via the Board Committee structure. (Please refer to the Annual Governance Statement and Accountability sections of this report, for further details of the Board Committee structure and associated responsibilities, together with terms of appointment and meetings attended.)

The Board of Directors met monthly during period ending June 2016. All meetings were held in public, however the Board reserved the right to go into private session where items were considered to be service user, staff or commercially sensitive.

The Trust's Constitution sets out the required number of directors in each category. There should be at least 4 and not more than 5 Executive Directors and at least 4 and not more than 5 independent Non-Executive Directors plus a Non-Executive Chair. The Board considers all of its current Non-Executive Directors to be independent in character and judgment.

Committees of the Board of Directors

The Board has established and delegated specific authority to these committees:
- Audit Committee
- Remuneration Committee
- Strategy and Performance Committee
- Quality and Risk Committee.

Membership of the Committees and attendance at meetings are reported in the Annual Governance Statement section of this report.

Audit Committee

The role of the Audit Committee is to ensure that there is an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.

The Committee comprised three Non-Executive Directors with the Trust's Chairman specifically excluded from membership.

The Director of Finance and Information; Company Secretary; external and internal auditors and Local Counter Fraud service representatives were invited to attend each meeting, as per the Committee's Terms of Reference. The Chief Executive attends at least once a year to deliver the Annual Governance Statement.

The Audit Committee undertook an annual effectiveness review and evaluation of its work which would have been used to improve the way the committee did its work if the acquisition had not taken place and the committee was still established.

Remuneration Committee (for Executive Directors)

The Remuneration and Conditions of Service for the Chief Executive and Executive Directors are set by the Board's Remuneration Committee whose membership comprises the Chairman and all Non-Executive Directors.

The Remuneration Committee is accountable to the Trust Board and operates under agreed Terms of Reference. Further details concerning the Remuneration Committee can be found in the Remuneration Report.

Quality and Risk Committee

The role of the Quality and Risk Committee, which was comprises three Non-Executive Directors, is to deliver assurance to the Board that high standards of care are provided by the Trust and in particular that adequate and appropriate clinical governance structures; processes and controls are in place through the Trust.

The Quality and Risk Committee undertook an annual effectiveness review and evaluation of the committee and the findings from this process are used to inform the future work of the Committee.

Strategy and Performance Committee

The role of the Strategy and Performance Committee, which comprises three Non-Executive Directors, is to monitor and review financial and operational performance and the subsequent risk to the Trust. The Committee has a specific duty to contribute to the overall governance framework and to support the development and maintenance of effective financial and performance governance arrangements.

The Strategy and Performance Committee undertake an annual effectiveness review and evaluation of the committee and the findings from this process are used to inform the future work of the Committee.

Statement of Compliance with the Code of Governance Provisions

The Audit Committee has received assurances relating to the evidence base for compliance with Monitor's Foundation Trust Code of Governance (updated July 2014) for the period ending June 2016 and is of the opinion that the Trust is compliant with all of the code provisions

The Committee has also assessed the effectiveness of its own performance during the year and will report to the Board of Directors at the May 2016 meeting.
The Committee acknowledges the significant amount of work carried out by the Quality and Risk Committee, the Strategy and Performance Committee, the Director of Nursing and Quality and his team, and the Interim Company Secretary and his team in continuing to embed the Trust's governance and risk management systems for the period.

Annual Report of the Audit Committee period ending June 2016

Introduction
This three-month report to the Board of Directors and the Council of Governors provides an overview of the Audit Committee's activities from April 2016 to the end of June 2016 which was the date the acquisition of Calderstones by Mersey Care was completed.

Role of the Committee

The Audit Committee is required to report annually to the Board and to the Council of Governors outlining the work it undertook during the year and where necessary, highlighting any areas of concern. (This was done for the period 1 April 2016 to 30 June 2016 in the Annual Report of Calderstones for the same period.)

The Audit Committee is responsi ble on behalf of the Board for independently reviewing the systems of integrated governance, risk management, assurance and internal control.

The Committee's work included reviewing the whole of the Trust's governance agenda, not just the finances, and was in support of the achievement of the Trust's objectives. It followed best practice guidance as set out in the current NHS Audit Committee Handbook. Its responsibilities were set out in more detail in its terms of reference.

Membership and Meetings

Three Independent Non-Executive Directors (NEDs) were members of the Committee in the reporting period:

Ms Julia Possener	Member from December 2012 (Permanent Chair from July 2014)
Mr Ian Bevan	Member from January 2015
Ms Andrea Campbell	Member from December 2012

During the reporting period, the Committee was composed of three independent Non-Executive Directors with a quorum of two. The Committee met twice during the reporting period and all members attended both meetings.

Key activities undertaken by the Committee during the reporting period are shown in Table 2 below:

Table 2

APRIL 2016

KEY REPORTS:

- Review Draft Accounts and Financial Statements
- Review Draft Annual Report
- Review Draft Annual Governance Statement
- Internal Audit Progress Report
- Internal Audit Work Plan period ending June 2016 and Fees (April to June 2016)
- MIAA Insight
- Clinical Audits Undertaken:
  - -1516 004 Revalidation of Medical Staff
  - -1516 005 CIP Final
  - -1516- 803 Safeguarding
- Internal Audit Update – Personal Possession/Clothing of Service Users/patients
- Internal Audit Update – Sickness Absence Management Update
- External Audit Progress Report
- Value For Money Opinion Initial Risk Assessment Paper
- External Audit Benchmarking 2014/15 Annual Report Review
- External Audit KPI FT report
- Counter-Fraud Services Annual Report
- Counter-Fraud Work Plan period ending June 2016
- Review Information Governance Quarterly Report
- Review Losses and Special Payments
- Review Breaches and Waivers
- Review Debtors and Creditors
- Disclosure of Corporate Governance Arrangements - Code of Governance Declaration
- Review Trust's Compliance with its Licence
  - -Review Corporate Registers:
  - -Register of Interests
  - -Gifts and Hospitality
  - -Review of Standing Financial Instructions and Scheme of Delegation
  - -Whistleblowing Register
- Annual Effectiveness Review of the Committee – Self Assessment
- Annual Report of Audit Committee to Board and Council of Governors
- Head of Internal Audit Opinion

MAY 2016

YEAR END PROCESS-EXTERNAL AUDIT REPORTS:

- Grant Thornton ISA 260 Audit Memorandum
- Grant Thornton's Opinion on the Accounts
- Grant Thornton's Opinion on the Quality Account
- Reviewing and Approval as delegated by the Board of the Audited Annual Report And Accounts 2015/16:
  - -Financial Statements
  - -Annual Report
  - -Annual Governance Statement
  - -Quality Report
  - -Management Letter of Representation to Grant Thornton
  - -Audit Committee Letter of Assurance to Grant Thornton
- Clinical Audit Annual Report including Review of Clinical Audit Annual Plan

Regular attendees at the Committee Meetings were Grant Thornton (External Auditors), Mersey Internal Audit Agency (Internal Audit and Local Anti-Fraud), the Director of Finance and Information, the Company Secretary and Weightmans Solicitors, the outsourced provider of NHSLA Claims processing, also attended the April 2016 meeting. During the reporting period, the Committee also requested attendance at specific meetings to provide assurance in respect of certain Internal Audit reports of the Head of Clinical Governance, Senior Operational Managers and the Director of Operations.

Key reports received from Internal Audit requiring management response were:

- Internal Audit – Personal Possession/Clothing of Service Users/patients
- Internal Audit – Sickness Absence Management Update.

Our Internal Audit and Local Anti-Fraud requirements were provided by Mersey Internal Audit Agency (MIAA).

Terms of Reference

The Committee's Terms of Reference have not been reviewed and revised during this short reporting period.

Board Governance Arrangements

There were two other assurance committees: Quality and Risk, and Strategy and Performance. Both had a monitoring and oversight role and the Audit Committee was familiar with their work, with some members of the Audit Committee attending both between them. This helped to strengthen the Committee's effectiveness.

Business of the Committee

The following provides an overview of the business conducted during period ending June 2016 period demonstrating how an effective Audit Committee can benefit the Trust:

Governance, Assurance and Risk Management

During the period the Trust sought to build on the significant work undertaken in the previous year (2015/16) in this area with respect to a fully embedded integrated Governance and Risk management system and approach to comply fully with NHS Improvement (NHSI) Foundation Trust Code of Governance.

The Audit Committee monitored and tracked all material governance activity during the reporting period to ensure that the system of internal control, risk management and governance is fit for purpose and compliant with regulatory requirements and aligned to best practice where appropriate.

The Annual Governance Statement (AGS) is a key document which is part of the governance process. In order to be in a position to recommend to the Board its inclusion in the Annual Report, the Committee received regular reports on the control framework and the internal assurance processes from management during the period. Some of those reports are listed at Table 2.

Key reports received include:

- Advisory report on how compliance with the Foundation Trust's Licence
- Governance report on compliance with Monitor's Code of Governance
- Revision of the Standing Financial Instructions and Scheme of Delegation
- Revision of the Standing Orders.

The Committee requested and received separate reports from management on items of interest and concern including:

- Management of staff sickness
- Management of service users' property
- Medical devices management and review.

Internal Audit Activities

Each assurance report included an opinion and a management action plan to address any weaknesses. The responsible director or a senior member of their team attended the committee to provide assurances and to present the action plan for the recommendations arising from the internal audit reports. This was to ensure that all corrective actions are agreed with appropriate timelines for completion.

External Audit, Review of Financial Statements and Annual Reports

Grant Thornton continued its role as auditors to the Trust and during the period reported on the period ending June 2016 Financial Statements and Quality Accounts. No material or significant issues were raised in respect of these Statements and Accounts. Technical support was provided on an ongoing basis to the Committee and the Trust. Representatives of Grant Thornton attended each Audit Committee.

Grant Thornton will attend a Council of Governors (CoG) meeting of the newly merged Trust following the production of the Annual Report and Financial Statements for this period to ensure Governors are assured by the process undertaken to audit the accounts. In addition, they will also present their opinion on the Quality Account to the Council of Governors and at the Annual Members Meeting.

Anti-Fraud Activity

The Committee and the Trust were supported in carrying out Anti-Fraud activity by MIAA's Local Counter Fraud Service (LCFS) working to a programme agreed with the Audit Committee.

The role of LCFS is to assist in creating an anti-fraud culture within the Trust: deterring, preventing and detecting fraud, investigating suspicions that arise, seeking to apply appropriate sanctions and redress in respect of monies obtained through fraud. Where such cases are substantiated, the Trust normally takes appropriate disciplinary measures. At the time of writing this report there is a case of an alleged significant case or issues of Anti-Fraud. This is being investigated by MIAA and there is an indication of financial loss to the Trust although quantum is yet to be determined. This is an issue being carried forward to Mersey Care NHS Foundation Trust.

Council of Governors

The role of the Council of Governors is to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors and to represent the interests of the members of the Trust as a whole, together with the interests of the local population.

The Trust membership is open to anyone over the age of sixteen years who qualifies for one of the three constituencies:

- Carers
- Public
- Staff.

The Council of Governors is elected by members from the constituencies of the membership.

The Chairman of the Trust Board is also the Chairman of CoG and the Senior Independent Director attends every CoG meeting, and whilst there is no mandatory requirement to attend each meeting, the other Non-Executive Directors have a standing invitation to attend all Council of Governors meetings. Executive Directors attend meetings as appropriate. However, the Chief Executive usually attends each meeting.

The Council of Governors met in public twice during period ending June 2016 (21 April and 13 June).

The Council of Governors elects a Lead Governor as stipulated in the Council's Standing Orders, whose role is to:

- Lead the Council of Governors where it would be inappropriate for the Chair or Deputy Chair to do so
- Provide input to the Senior Independent Director in respect of the evaluation and appraisal of the Chairman.

Statutory Powers and Responsibilities

The Council of Governors has the following statutory powers and responsibilities:

- Appoint and if appropriate, remove the Chairman and Non-Executive Directors
- Agree the remuneration and other terms and conditions of the Chairman and Non-Executive Directors
- Approve the appointment of the Chief Executive by the Non-Executive Directors.
- Hold the Non-Executive Directors to account for the performance of the Board of Directors
- Be consulted on the Trust's annual forward plan by the Board of Directors who must regard the views of the Council of Governors
- Appoint and if appropriate, remove the external auditors
- Receive and consider the Annual Report and Accounts and Auditor's Reports
- Appraise the performance of the Chair of the Non-Executive Directors
- Strategy and Programme for acquisition.

In addition to the statutory responsibilities, the Council of Governors focuses on the following activities:

- Contribute to the business planning process and the development of forward plans for the Trust in co-operation with the Board of Directors
- Represent the interests of the communities served by the Trust and ensure they are appropriately represented
- Consult with members and reflects the view of the membership
- Develop and maintain the Trust's membership engagement strategy.

The Council of Governors owns the Membership Strategy and uses this forum to canvass opinions on the Trust Forward plan and other initiatives in which it is involved

Summary of Activities during 2016/2017

During the reporting period, the Council of Governors received, for assurance, the following:

- Clinical Model including Acquisition Update
- Compliance with Licence
- Draft Quality Account
- Outcome of Chair's Annual Appraisal
- Outcome of Non-Executives' Director Annual Appraisal
- Corporate Performance Report
- Annual Report and Accounts
- Quality Account
- External Auditors' Reports:
    - -Quality Report
    - -Audit Findings Report
- Annual Report of the Audit Committee.

The Council of Governors, in accordance with Section 56a of the NHS Act 2006 and under the Trust's Constitution, voted t o approve the action taken by the Board at its meeting on 26 May 2016 that a joint application with Mersey Care NHS Foundation Trust be made to NHSI for Calderstones to be acquired by Mersey Care NHS Foundation Trust.

Governors were provided with guidance in relation to their statutory responsibility in approving the transaction planned for the end of the financial year. The Trust also made it possible for Governors to access the Foundation Trusts' Governors Association (FTGA) development programme.

Governors have also been involved in Patient-Led Assessments of the Care Environment (PLACE) assessments across all services.

All governors are invited to attend the Board of Directors meetings and the Lead Governor is in regular attendance.

Dispute Resolution

In accordance with the recommendations contained in principle A.5.6 of The NHS Foundation Trust Code of Governance (Monitor, 2013) whereby:

- The Council of Governors should establish a policy for engagement with the Board of Directors for those circumstances when they have concerns about the performance of the Board of Directors, compliance with the conditions of the Monitor Provider Licence with Monitor, or other matters related to the general wellbeing of the NHS Foundation Trust
- The Council of Governors should ensure its interaction and relationship with the Board of Directors is appropriate and effective, in particular by agreeing the availability and timely communication of relevant information, discussion, and the setting in advance of meeting agendas, and use where possible of clear, unambiguous language.

The Trust has produced an engagement policy for the Council of Governors and Board of Directors, and a protocol for the resolution of disagreements between the Council of Governors and the Board of Directors.

The Protocol recommends that in the first instance the Governor(s) should consult the Company Secretary, who will seek to resolve the matter informally and will also advise the Governor(s) on the acceptability of the evidence offered and whether it is appropriate to take their concerns to the Chair. The advice of the Company Secretary is not, however, binding upon the Governor(s) and they retain at all times the right to raise the matter with the Chair. For concerns which it would be inappropriate to raise with the Chair, for example, regarding his or her own performance, the role of the Chair as described in this section will be undertaken by the Senior Independent Director (SID).

The Chair shall investigate all concerns brought to him/her by Governors at his/her discretion, and as soon as practicable after the conclusion of the investigation the Chair shall meet with the Governor(s) to discuss the findings. The protocol outlines the various potential findings of an investigation and the next steps which can be taken, including an escalation process, initially to the SID, or other Non – Executive Director if appropriate, and eventually to formal notification to the Panel for Advising Governors of Foundation Trusts if the issue is not resolved.

Constituencies

Carers Constituency

The Carers' Class of this constituency is open to all family members of the people who use services provided by the Trust's inpatient services and are encouraged to join membership on an 'opt in' basis.

Public Constituency

Public membership is open to all residents that reside within the electoral boundaries set out within the Trust's Constitution. The public constituencies are:

- Ribble Valley – the Borough of Ribble Valley.
- Lancashire (outside Ribble Valley) – the unitary boroughs of Blackburn with Darwen and Blackpool, the city of Preston and the Boroughs of Burnley, Chorley, Fylde, Hyndburn, Lancaster, Pendle, Rossendale, South Ribble, West Lancashire and Wyre.
- Greater Manchester – the Cities of Manchester and Salford and the Metropolitan Boroughs of Bolton, Bury, Oldham, Rochdale, Stockport, Tameside, Trafford and Wigan.
- Yorkshire and the rest of England – the City of Liverpool, the Metropolitan Boroughs of Knowsley, St Helens, Sefton and Wirral and the Unitary Boroughs of Cheshire East, Cheshire West and Chester, Halton and Warrington and all other parts of England.

The Trust is not constitutionally permitted to accept members residing in other nations of the United Kingdom or overseas.

Staff Constituency

The staff constituencies are as follows:

1. Medical, including psychologists and professional allied to medicines (PAMs); (consultants, doctors and junior doctors) who are registered with their regulatory body to practise; and psychology and professions allied to medicine (PAMS) (psychologists, occupational therapists, speech therapists, dieticians, social workers, podiatrists, dental technicians and forensic support staff).

2. Nursing professions; (nursing staff) who are registered with their regulatory body to practise.
3. Corporate services; non clinical support staff.
4. Other clinical and clinical support staff (support workers and senior support workers).

Membership is open to any employee with a permanent contract of employment or with a fixed-term contract of at least twelve months' duration, or who has been continuously employed for at least twelve months.

Membership is also open to any individual who exercises functions for the Trust, otherwise than under a contract of employment, provided that he or she has carried out those functions continuously for at least twelve months.

Any individual who is entitled to becomes a member of one of the groups of the staff constituency once invited by the Trust, unless he or she has informed us that they do not wish to be a member.

Elections to the Council of Governors

During 2015/16, elections were successfully completed on 8 April 2015 to appoint a Governor to the Qualified Nursing staff constituency. Following a special meeting of the Council of Governors in May 2015, Governors and the Trust Board approved changes to the Trust's Constitution regarding terms of office. Because of the planned organisational change in the Trust's future strategic direction, this change allowed Governors who had served two terms of three years to stand for election due to their impending departure from the Trust at the end of June 2015. Consequently, elections commenced on 22 May 2015 to the following constituencies:

- Ribble Valley – 1 vacancy
- Lancashire – 2 vacancies
- Carers – 1 vacancy
- Medical Staff – 1 vacancy.

The Ribble Valley and Lancashire constituencies received one candidate each and resulted in an unopposed election, with one vacancy left in Lancashire. No nominations were received for the Carer constituency. Elections to the Medical Staff constituency concluded on 21 July 2015 following two nominations. Both candidates received an equal number of votes which then had to be drawn from a lot and Dr Sayed Ahmed was elected.

There were no elections during this reporting period. Governors agreed to act within the existing arrangements as the acquisition programme was actioned and approved.

Sub-Groups of the Council of Governors

Governors' Nominations Committee (for Non-Executive Directors)

The committee comprises the Chair (except where the Chair is conflicted, when the Senior Independent Director will attend), 3 elected governors and 1 appointed governor. The Company Secretary provides support to the committee as appropriate.
The main functions of this Committee are to:

- Recommend to the Council of Governors the policy for the remuneration of the Chairman and the other Non-Executive Directors and the specifics of their remuneration packages
- To establish and carry out a formal selection process through open competition to select candidates for appointment by the Council of Governors as Non-Executive Directors, including the Chairman of the Board
- To advise the Council of Governors on their re-appointment and the balance of skills, knowledge and experience on the Board
- To review the performance of all Non-Executive Directors and the Chairman of the Board annually and to provide recommendations to the Council of Governors on their overall performance.

Appraisals

The Chairman's appraisal was carried out by the Senior Independent Director and included feedback from a variety of stakeholders including Board members and Governors. The outcome was reported by the Nominations Committee to a full Council of Governors meeting. The Non-Executive Directors appraisal was carried out by the Chairman based on a framework approved by the Council of Governors and the outcome was reported by the Nominations Committee to a full Council of Governors meeting.

Work of the Committee during 2016/2017

During period ending June 2016 committee members received feedback on the appraisals of the Non-Executive Directors and the Chairman, which were also reported to the CoG.

Process for appointments of Chairperson and Non-Executive Directors

The Trust utilises the expertise of an external search consultancy for the appointment of the Chairperson and Non-Executive Directors; for example Gatenby Sanderson were appointed to provide professional recruitment and selection services for the appointment of two Non-Executive Directors during 2014/15.

The external search consultancy would be expected to carry out the initial search and produce a long list of candidates for the Nominations Committee to consider. The long list would then be reviewed and a shortlist of candidates identified for interview.

The Nominations Committee, together with a representative from the external search consultancy would then interview the shortlisted candidates and following discussion with the Chair and Company Secretary, make a recommendation to a full Council of Governor meeting on the preferred candidate(s).

There have been no Non Executive Appointments during 2016/2017.

Process for the Appointment of the External Auditors

The Council of Governors has the responsibility to appoint the External Auditors. However, Monitor make it clear the Audit Committee plays an essential and important role in making recommendations to the Council of Governors which is also referred to Appendix G in the Governors Handbook.

The appointment is undertaken via a full market tendering process, which requires a working group with governor members and members from the Audit Committee. The current external Auditors, Grant Thornton, were appointed following the last tendering process held in September 2012.

The Council of Governors considered the decision of whether to extend the current contract by 1 or 2 years or to go to a full market tender. Following discussion, the Council of Governors recommended the extension to the external auditor's existing contract by one year to 1 October 2016.

The Chair and Chief Executive were in agreement with this decision.

The Trust maintains a Register of Interests which includes governors, which is provided at Table 16 overleaf:

NAME	Rupert Nichols	Dr Ahmed	June Brown	Richard Haggarty	Cllr Bridget Hilton	Paula Johnson	Charlotte Kennedy
POSITION/ROLE	Chairman		Non-Executive Director				
Directorship, including nonexecutive directorship held in private companies or PLCs (with the exception of those dormant companies)	(Independent NED) Chairman Eddie Stobart Logistics Ltd - Director ELUPEG Ltd - Director Needlesmart Ltd - Director						
Ownership, or part ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS	Nova Private Client LLP - Member						
Majority or controlling shareholdings in organisations likely or possibly seeking to do business with the NHS							
A position of authority in a charity or voluntary body in the field of health and social care	NHS Confederation Mental Health Network – Board Member DoH Learning Disabilities Programme Board – Board Member						
Any connection with a voluntary or other body contracting for NHS services							
Related to anybody that works for the Trust			Daughter (Staff Nurse)				
Other	St Helens Borough Council – Councillor Rainford Parish Council – Councillor Rainford High Technology College - Governor		Whalley Parish Council Elected Governor for Ribble Valley	Frazer John Recruitment	Ribble Valley Borough Council representative		
Date of entry on register or amendment	01.04.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	09.06.15 Confirmed 31.03.16	09.06.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16

Table 16 : REGISTER OF INTERESTS DECLARED BY GOVERNORS (AS AT 31/03/2016)

Stewart Lucas	James Rawson	Bronwyn Roberts	Lisa Roberts	Gordon Salthouse (Lead Governor)	James Smith	Dr John Spencer	Father David Sutton	Robin Talbot
				Johnson Press – Pension Trustee Director, Freshfields Enterprises - Director				
Lancashire Mind - Chairman								
		Royal College of Nursing – Board Member						
				Smith Sutcliffe Solicitors – Consultant, Coldwell Inn Project – Director, Padiham Town Team - Director				Health Education North West – Chair, Lakes College West Cumbria – Vice Chair, University of Cumbria- Executive Dean, C&L Local Workforce Education Group Member
07.09.15 Confirmed 31.03.16	06.05.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	08.05.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16	01.04.15 Confirmed 31.03.16

Contact Details

Full details of the Council of Governors and their declared interests are also available on the Trust's website and anyone wishing to contact the Governors can do so through the details provided on our website or via the Company Secretary.

Membership Numbers

Carers' Membership per Constituency	31 Mar 2016	30 June 2016
Secure Service Users	0	0
Community Service Users	0	0
Carers	32	32
Total	**32**	**32**

Public Membership per Constituency	31 Mar 2016	30 June 2016
Ribble Valley	1062	1062
Lancashire beyond Ribble Valley	1930	1930
Greater Manchester	334	334
Yorkshire and the rest of England	726	726
Total	**4,052**	**4,052**

Staff Membership per Constituency	31 Mar 2016	30 June 2016
Medical Staff	51	51
Qualified Staff	221	221
Clinical & Clinical Support Staff	673	0
Psychology and Professions Allied to Medicine (PAMS)	0	0
Non Clinical Support Staff	0	0
Corporate Services	229 2	29
Total	**1,174**	**1,174**

Total Membership	31 Mar 2016	30 June 2016
All constituencies	**5,258**	**5,258**

Membership Engagement Strategy

The Trust currently has a membership of around 5,300. However, as the Trust provides a single specialist service, forensic learning disabilities, with service user referrals originating from a geographically dispersed area, this presents a challenge in terms of membership. Therefore, the Trust's membership engagement strategy, which was approved at Trust Board in October 2014, outlines the Trust's plans to seek opportunities to retain and develop the membership.

The strategy also identifies engagement opportunities with members and the local community and facilitates communication and engagement between Governors and Members. This has enabled Governors to discharge their duty to represent the views of members and the local community.

The mechanisms listed below in Table 17, were implemented following the approval of the strategy and remain in place.

We have seen considerable stability of membership numbers against an extremely challenging backdrop of changes to policy and national attention on the organisation. The Trust's strategic journey, with the potential acquisition of the Trust by Mersey Care NHS which is expected to see it acquired by Mersey Care in July 2016, has meant that active membership recruitment has not currently been relevant or required. However, existing members and governors have been kept updated and engaged with using the majority of these channels.

Feedback from the membership magazine and from governors, as well as detailed evidence such as the NHS Staff Survey and 2016 Care Quality Commission report, can be seen to demonstrate the effectiveness of engagement with and communication from the Trust.

As the acquisition is successful, the membership database was dis-established and members were offered the opportunity to become members of the new organisation.

Table 17: Membership Engagement Strategy Mechanisms

Giving Information	Getting Information	Forums for Debate	Participation
Member Welcome Letter	Governor email address	Member interest groups	Member interest groups
Member Newsletter	Annual Report & Accounts	Governor Awareness Sessions	Annual Members' Meeting
Trust Website	Annual Members Meeting	Annual Members' Meeting	Elections to Council of Governors
Twitter	Member events		Completing online surveys, questionnaires
Emails	Online surveys		Attending governor awareness sessions
Annual Members' Meeting	Membership Office telephone number and email		
Prospective Governor	Prospective Governor		
Workshops	Workshops		
Member events			

Regulatory Ratings Report

Previously from Q1 2013/14 and throughout 2014/15, the Trust's Governance Risk Rating was rated 'Red' in 2015/16 and remained so in period ending June 2016. However, due to significant improvements in this area, the Trust is now rated 'Green' on governance and has a Financial Sustainability Risk Rating (formerly Continuity of Services Risk Rating) of 4.

Full details of the improvements undertaken are included in the Quality Account section of this report.

Table of Analysis

2016/2017	Trust Operational Plan	Q1	Q2	Q3	Q4
Financial Sustainability Risk Rating	4	4	N/A	N/A	N/A
Governance Rating					
2015/2016	Annual Plan (**)	Q1	Q2	Q3	Q4
Continuity of Services Rating (*)	4	4	4	4	4
Governance Rating					

Please Note:
(*) The Continuity of Services Rating is now known as the Financial Sustainability Risk Rating.
(**) The Annual Plan is now referred to as the Trust's Operational Plan.

2016-17 Annual Accounts of Calderstones Partnership NHS Foundation Trust (for the three month period ending 30 June 2016)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board

Joseph Rafferty
Chief Executive, Mersey Care NHS Foundation Trust

Mark Hindle
Director of Operations, Mersey Care NHS Foundation Trust (formerly Chief Executive, Calderstones Partnership NHS Foundation Trust

Neil Smith
Director of Finance Mersey Care NHS Foundation Trust (formerly Director of Finance, Calderstones Partnership NHS Foundation Trust)

Statement of the Chief Executive's Responsibilities as the Accounting Officer of Calderstones Partnership NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by Monitor.

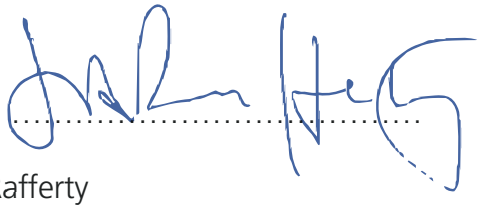
Under the NHS Act 2006, Monitor has directed Calderstones Partnership NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Calderstones Partnership NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- Prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed: 

Joseph Rafferty
Chief Executive of Mersey Care
NHS Foundation Trust

Date: 24 May 2017

Signed: 

Mark Hindle
Director of Operations,
Mersey Care NHS Foundation Trust
(formerly Chief Executive, Calderstones
Partnership NHS Foundation Trust)

Date: 24 May 2017

Annual Governance Statement 2016/2017 (April to June 2016)

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:

- Identifying and prioritising the risks to the achievement of the Trust's policies, aims and objectives.
- Evaluating the likelihood of those risks being realised and their impact, should they be realised; and
- Managing those risks efficiently, effectively and economically.

The system of internal control has been in place in Calderstones Partnership NHS Foundation Trust for the year ended 30 June 2016 and up to that date when the Trust was acquired by Mersey Care on 1 July 2016.

Capacity to handle risk

As Chief Accounting Officer, I have overall responsibility for risk management within the Trust and this responsibility is incorporated within the risk management strategy. Elements of risk management are delegated to members of my Executive Management Team and designated specialist staff:

Overall Risk Management	Director of Nursing & Quality
Clinical Governance	Director of Nursing & Quality
Corporate Governance	Company Secretary
Board Assurance and Escalation	Company Secretary
Financial Risk	Director of Finance
Compliance with NHS Improvement's Regulatory Framework	Company Secretary
Compliance with CQC's Regulatory Framework	Director of Nursing & Quality
Information Risk	Director of Finance (SIRO)

Our governance structure at Figure 1 overleaf illustrates the robustness and effectiveness of our governance, risk management and performance processes. A brief outline of the work of the Council of Governors, Board of Directors and assurance committees is also included.

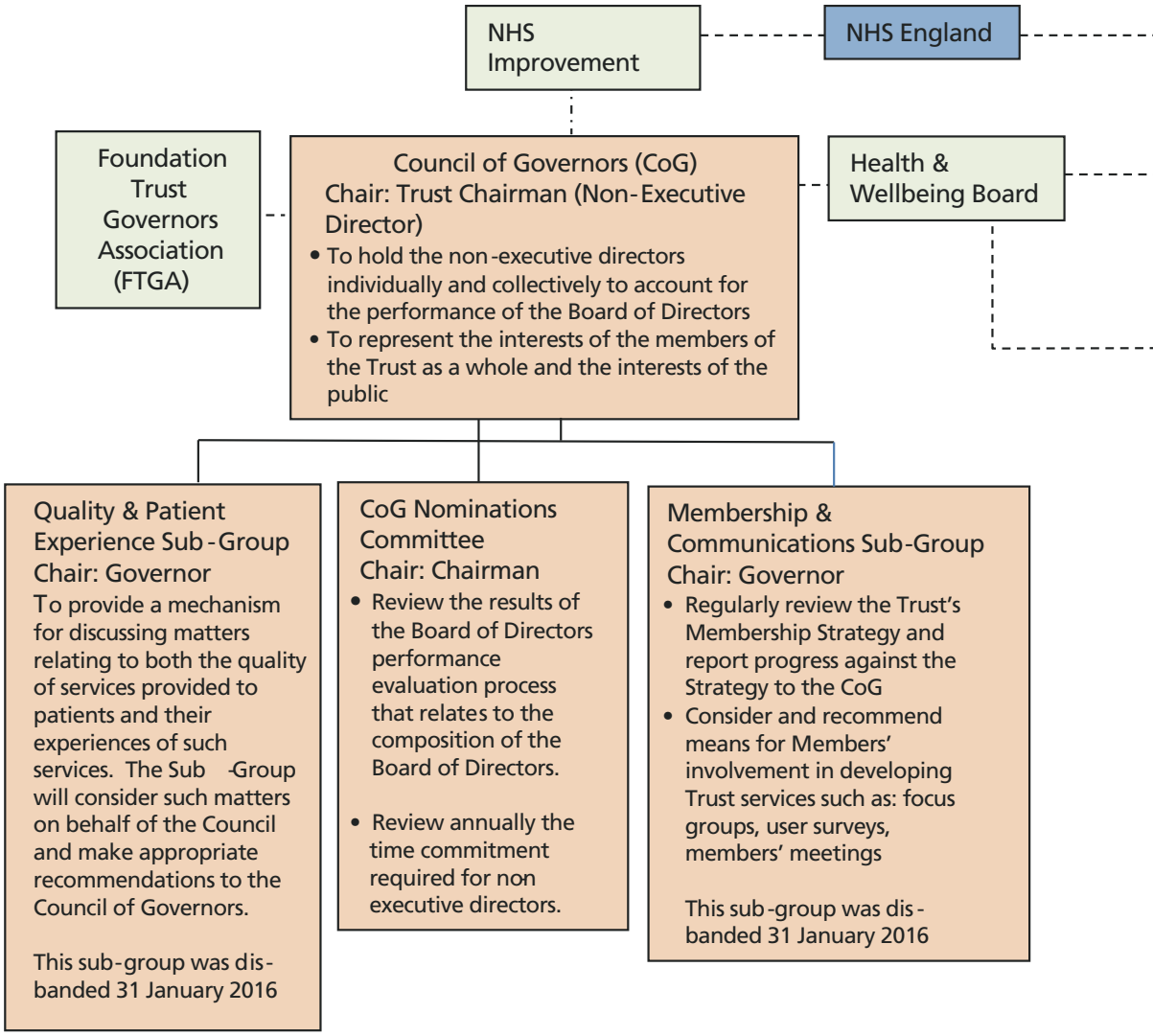
In addition, there are designated roles of Head of Governance and Clinical Risk and Patient Safety Manager providing leadership and support in their respective areas. Staff members have a responsibility for handling the management of clinical and nonclinical risks according to their roles and duties within the Trust. Mandatory training on key risk areas is undertaken by all staff at induction into the Trust and on a regular and monitored refresh basis.

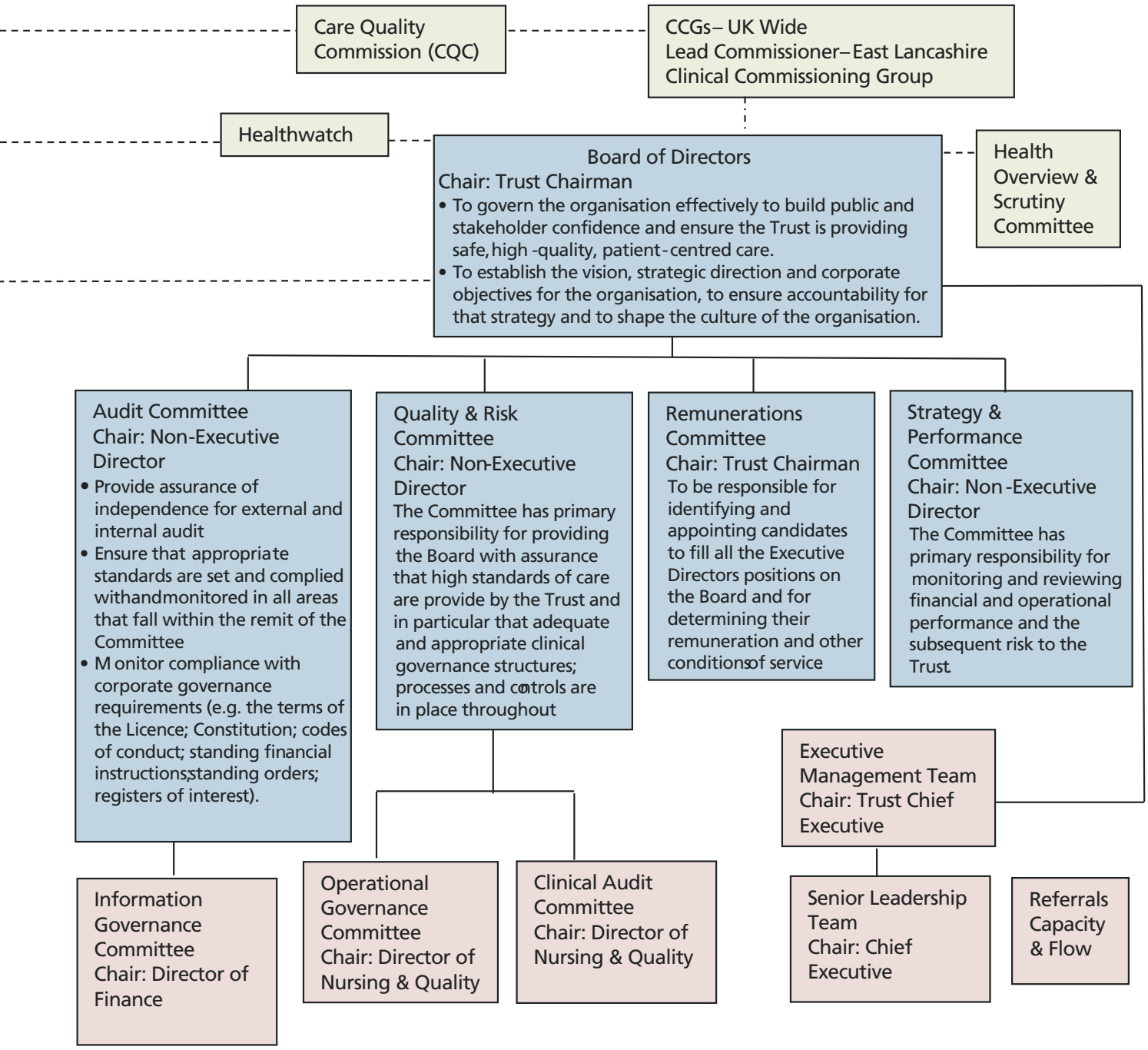
Capacity is developed across the Trust through training events commensurate with staff duties and responsibilities. This includes risk management training for all new staff. Awareness raising sessions have also taken place for existing staff teams.
Sharing the learning through risk related issues, incidents, complaints and claims is an essential component to maintaining the risk management culture within the Trust.

Learning is shared through Clinical Management Teams, Governance Structures and Trust wide forums such as the Quality and Risk Committee, Operational Governance Committee and Health and Safety Committee. Learning is acquired from a variety of sources which include:

- Analysis of incidents, complaints, claims and acting on the findings of investigations
- External Inspections
- Internal and external audit reports
- Clinical audits
- Outcome of investigations and inspections relating to other organisations.

Governance Structure




Care Quality Commission (CQC)
CCGs– UK Wide
Lead Commissioner– East Lancashire Clinical Commissioning Group
Healthwatch
Board of Directors
Chair: Trust Chairman
• To govern the organisation effectively to build public and stakeholder confidence and ensure the Trust is providing safe, high -quality, patient - centred care.
• To establish the vision, strategic direction and corporate objectives for the organisation, to ensure accountability for that strategy and to shape the culture of the organisation.
Health Overview & Scrutiny Committee
Audit Committee
Chair: Non-Executive Director
• Provide assurance of independence for external and internal audit
• Ensure that appropriate standards are set and complied withandmonitored in all areas that fall within the remit of the Committee
• M onitor compliance with corporate governance requirements (e.g. the terms of the Licence; Constitution; codes of conduct; standing financial instructions;standing orders; registers of interest).
Quality & Risk Committee
Chair: Non-Executive Director
The Committee has primary responsibility for providing the Board with assurance that high standards of care are provide by the Trust and in particular that adequate and appropriate clinical governance structures; processes and controls are in place throughout
Remunerations Committee
Chair: Trust Chairman
To be responsible for identifying and appointing candidates to fill all the Executive Directors positions on the Board and for determining their remuneration and other conditionsof service
Strategy & Performance Committee
Chair: Non -Executive Director
The Committee has primary responsibility for monitoring and reviewing financial and operational performance and the subsequent risk to the Trust.
Executive Management Team
Chair: Trust Chief Executive
Information Governance Committee
Chair: Director of Finance
Operational Governance Committee
Chair: Director of Nursing & Quality
Clinical Audit Committee
Chair: Director of Nursing & Quality
Senior Leadership Team
Chair: Chief Executive
Referrals Capacity & Flow

Independence

The Board is comprised of five Non-Executive Directors (NEDs) (one NED left on 12 June) including the Chair, who are all independent, four executive directors, including the Chief Executive and two other directors. The Company Secretary and Associate Director for Workforce also attend the Board. The independence of the NEDs is demonstrated by:

- The manner of their appointment. The services of a professional recruitment and selection services was sought to provide guidance for the appointment of the NEDs.

The recruitment firm carried out the initial search and produced a long list of candidates for the Nominations Committee of the Council of Governors to consider. The long list was then reviewed and a shortlist of candidates for interview identified by the Nominations Committee.

- All NEDs and executive directors must declare their interests to demonstrate that their decision making will not be influenced by any pecuniary or personal relations matter.
- These interests are published on the Trust's website and are presented at meetings of the Board and Assurance committees at which time the NEDs and executive directors must confirm that their interests are correct, up to date and do not conflict with any items on the agenda.
- In the event that any NED or executive director is conflicted they would be asked to leave the meeting for discussion and decision of said item.
- The Council of Governors hold the NEDs to account for the performance of the executive directors on the board, so although they are part of the unitary board, they are not accountable to it.
- The NEDs' independence is also demonstrated by their chairing of the Trust's assurance committees, holding management to account.

One of the independent NEDs is appointed as the Senior Independent Director (SID) by the Board in consultation with the Council of Governors (CoG). The SID acts as a sounding board for the Chairman and to serve as an intermediary for the other directors when necessary. The SID is also available to governors if there are concerns that contact through the normal channels of Chairman, Chief Executive, Finance Director or Company Secretary has failed to resolve. The SID also takes the lead in the appraisal of the Chairman.

Board Terms of Appointment and Attendances

Table 1 below shows the terms of appointment for board members, detailing leavers and joiners, together with their attendances, both at Board and its assurance committees.

Table 1:
Appointments and Attendance at Board of Director Meetings and Assurance Committees 1 April 2015 to 31 March 2016

Board Member	Term of Appointment	Trust Board	Audit Committee	Quality & Risk Committee	Strategy & Performance Committee
		ATTENDANCE (ACTUAL/MAX)			
Non-Executive Directors					
Rupert Nichols Chair	01/05/13- 30/04/16	3/3	-	-	-
Andrea Campbell	01/12/15 – 30/11/18	3/3	1/2	3/3	-
Julia Possener	01/12/15 – 30/11/18	2/3	2/2	-	1/1
Megan Nurse	08/05/14 – 08/05/17	2/3	-	2/3	1/1
Ian Bevan (SID)	01/01/15 – 01/01/18	3/3	2/2	2/3	-
Mark Hindle	29/9/13- 30/6/16	3/3	1/2	-	-
David Fearnley (secondment)	1/4/15 – 30/6/16	2/3	-	-	-
John Smith	9/5/14 – 30/6/16	3/3	-	3/3	-
Neil Smith (secondment)	1/2/16 – ongoing	0/3	-	-	-
Lee Taylor	1/4/15 – ongoing	3/3	-	3/3	-
Joanne Twist (secondment)	1/2/16 - ongoing	3/3	-	-	1/1
Joanne Worswick	1/5/14 - ongoing	1/3	-	-	1/1
Audley Charles	15/2/16-30/6/16	3/3	2/2	-	-

In accordance with its Standing Orders and as required by NHSI's Code of Governance, the Trust had an Audit Committee. Its role was to review and report upon the adequacy and effective operation of the organisation's overall system of governance and internal control which encompasses risk management, both clinical and non-clinical.

In order to assist both the Board and the Audit Committee, specific risk management was overseen by two other Board Assurance Committees:

- Quality and Risk Committee, which has the specific purpose of delivering assurance to the Board on the management of clinical risk and operational performance against the CQC domains.
- Strategy and Performance Committee, which provides assurance on management of risks relating to resources – both financial and human; and the strategic direction of the Trust.

The Risk and Control Framework

The Risk Management Strategy was reviewed in December 2014 to reflect the new risk management system (Ulysses), and has continued to work effectively during period ending June 2016. The risk management processes remained the same as defined within the Board Assurance and Escalation Framework. This clearly outlines the leadership, responsibility and accountability arrangements. These responsibilities are then taken forward through the assurance framework, the risk registers, business planning and performance management processes enabling the coherent and effective delivery of risk management throughout the organisation.

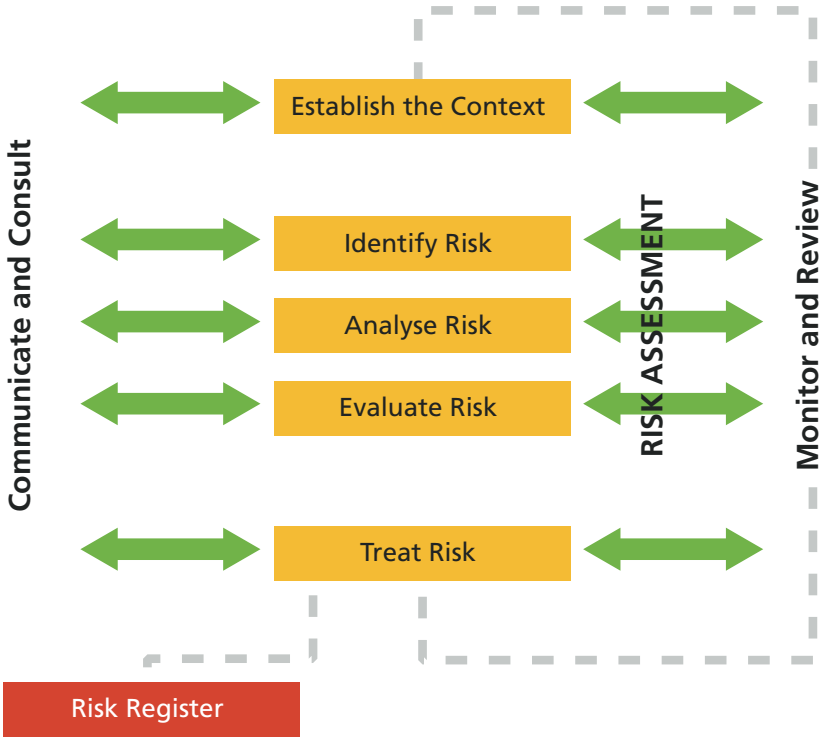
The Trust's main strategic risks for the reporting period were identified as:

- Lack of effective engagement with both service users and carers
- Lack of meaningful and effective engagement with commissioners
- Financial issues prevent investment in staff development
- Disengagement of staff during the transformation process
- Destabilisation of the Trust due to government policy on LD service provision driving changes in commissioning intentions having an adverse financial impact on the Trust
- The impact of the expected standard of quality of services does not match the income received from commissioners
- The deteriorating financial position prevents investment in services thereby affecting quality
- Reputational damage caused by Monitor governance rating and quality issues
- The Trust is not compliant with CQC standards or legislation
- The Trust is not compliant with its Provider Licence conditions.

A key strategic risk which emerged during the reporting period 2014/15 and continued into 2015/16 relates to the financial sustainability of the Trust. This is in the context of commissioning intentions and the need to invest in safety and quality of services, leading the Board to conclude that it was not financially sustainable as a stand-alone organisation. To address this, and other risks, identified within this statement, the Board took the decision to enter into negotiations with Mersey Care NHS Foundation Trust with a view to acquisition. The acquisition was enacted on 1 July 2016 and Calderstones Partnership NHS Foundation Trust ceased to be a legal entity from that date.

As Figure 2 overleaf shows, risk management involves the identification, analysis, evaluation and treatment of risks – or more specifically recognising which events (hazards) may lead to harm and therefore minimising the likelihood (how often) and consequences (how badly) of these risks occurring:

Figure 2: Risk Management



Source: AS/NZS 4360:1999

Risk is managed at all levels. In order to ensure triangulation between the Operational Plan and the Board Assurance Framework (BAF), the Trust produces a Corporate Performance Report for the Board on activity within the Significant Risk Register which details the risks that have either come onto the significant risk register or those that the Executive team has approved to come off that register.

The Audit Committee was responsible for scrutinising the overall systems of internal control (clinical and non-clinical) and for ensuring the provision of effective independent assurance via internal audit and external audit. The Audit Committee reports to the Board annually on its work in support of the Annual Governance Statement. It commented specifically on the fitness for purpose of the BAF, the completeness and embeddedness of risk management in the Trust and the integration of governance arrangements.

The Trust recognised the need for a robust focus on the identification and management of risks. Therefore risk was an integral part of our overall approach to quality and the management of risk was an explicit process in every activity in which the Trust and its employees take part.

Risk management in the Trust is discharged through clearly focusing executive responsibility for all clinical governance and risks with the respective Executive Directors. The Directors, working closely with the Chief Executive, have responsibility for all Trust care services and supporting corporate functions in this context. The management lead for risk rests with the Director of Nursing and Quality.

The Trust had a strong track record in the identification and mitigation of risks, and when there were untoward incidents, responded to them quickly and ensured that the lessons learned from them are implemented swiftly across the organisation. This was embedded in the culture of the organisation through robust processes and procedures such as concerns at work and other Board assurance processes.

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- The Head of Psychology allocated the incidents to an investigating officer, who adds them to the Trust's tracking matrices
- The Directorate of Nursing and Quality provided information to the investigator when their reports were due
- A draft report was produced which had to be critiqued by both the Senior Operations Manager and the Deputy Director of Quality and Nursing following which a final report was produced
- This would then be presented to the Operational Governance meeting (at which some comments or further suggestions may have been made and the report could be updated)
- The report was then submitted externally by Nursing and Quality Directorate if it was a Strategic Executive Information System (StEIS) incident. Internal reports were sent to the Clinical Governance Committee
- All action plans from both types of reports were logged on an action tracking matrix held by the Clinical Governance department and they were forwarded to all those needed to respond
- Responses were tracked and reported back to Operational Governance meeting.

The Nursing and Quality Directorate ensured that all reports and actions held on an action matrix were submitted to target dates. For period ending June 2016 there were 6 of which 3 related to one service user and there was one StEIS and were all on track with agreed timelines for completion.

The '*ward to board*' assurance processes were supplemented by the Chief Executive's Big Conversation Sessions. These have encouraged teams and individuals to openly share any risks and concerns as well as areas of good practice that should be celebrated. A similar approach has been taken through communication channels such as the Core Brief and social media. Staff members are encouraged to report positive achievements and noteworthy successes, both for themselves and service users. It is particularly positive to note the improvement in all areas of the Staff Survey in the creating and reinforcing of an open and transparent culture in which staff feel safe raising any concerns they may have via our *Whistle Blowing Policy.* In addition, our Being Open and Duty of Candour Policy provides an open approach to dealing with service users and relatives when care related incidents occur.

Being open and the Duty of Candour involve:
- Acknowledging, apologising and explaining when things go wrong
- Conducting a thorough investigation into the 'patient safety event' and reassuring people using our service, their families and carers that lessons learned will help prevent the 'patient safety' event recurring
- Providing support for those involved (both people using our service and staff) to cope with the physical and psychological consequences of a 'patient safety' event.

Board Assurance Framework (BAF)

The requirement to develop a Board Assurance Framework (BAF) was established by the Department of Health (now NHS England), Assurance: The Board Agenda (July 2002). The BAF is a tool for the Board to satisfy itself that risks are being managed and objectives are being achieved. The Board has established a robust BAF so that the Chief Executive can confidently sign the Annual Governance Statement which deals with statements of internal control.

Board assurance is a systematic method of:

- Identifying
- Analysing
- Evaluating, treating, monitoring and reviewing
- Communicating clinical and non-clinical risks and the integration and management of both.

Risk management by the Board is underpinned by four (4) interlocking systems of internal control:

- BAF
- Corporate Risk Register (informed by Directorates, Departments and Teams)
- Audit Committee
- Annual Governance Statement.

There was a clear process for escalating high or significant risks to the BAF (see Figure 3). The Trust does not have a static risk appetite. The Board may vary the amount of risk that it is prepared to tolerate depending on the circumstances at the time. In any event there must be consultation with the Board if there needs to be material altering of significant risk scores by directorates, departments or teams. The statutory committees have regular oversight of all relevant risks from the corporate risk register, the significant risk register and of course the BAF is robustly discussed and analysed at the Board. Updates of progress against actions are provided at each committee and Board.

A Board Assurance Framework has been in place throughout the year which is designed and operating to meet the requirements of the period ending June 2016 Annual Governance Statement. The BAF, which is board owned, provides a vehicle for the Board to be assured that the systems, policies and procedures in place are operating in a way that is effective and focussed on the key strategic risks which might prevent the Trust's strategic objectives being achieved. Risks monitored over the year included:

- Regulatory Compliance
- Finances
- Workforce
- Transformation
- Safety.

The BAF was reviewed once in the three months of period ending June 2016 and provided a structure and process to enable the organisation to focus on the risks that might compromise the achievement of its strategic objectives and therefore, the operational plan.

It maps out the key controls to mitigate the risks and provide a mechanism to inform the Board of the assurances received about the effectiveness of these controls. The Board received assurances directly or via its Assurance Committees: Audit, Quality and Risk, Remuneration and Strategy and Performance. Some of these BAF risks have been subsumed into the BAF of the new merged Trust and others into the risk register of the Specialist Learning Disability Division.

It is a dynamic tool which supports the Chief Executive to complete the Annual Governance Statement at the end of each financial year. It is part of this wider assurance and escalation framework to ensure the Trust's performance across the range of its activities is monitored and managed; resulting in targets being met, objectives achieved, and good outcomes for patients.

The formation and maintenance of the BAF is the responsibility of the Company Secretary and was regularly reviewed by each Principal Risk Owner (Executive Directors). This is to ensure the controls and assurances remain valid and any identified gaps are mitigated by timely implementation of clearly defined actions.

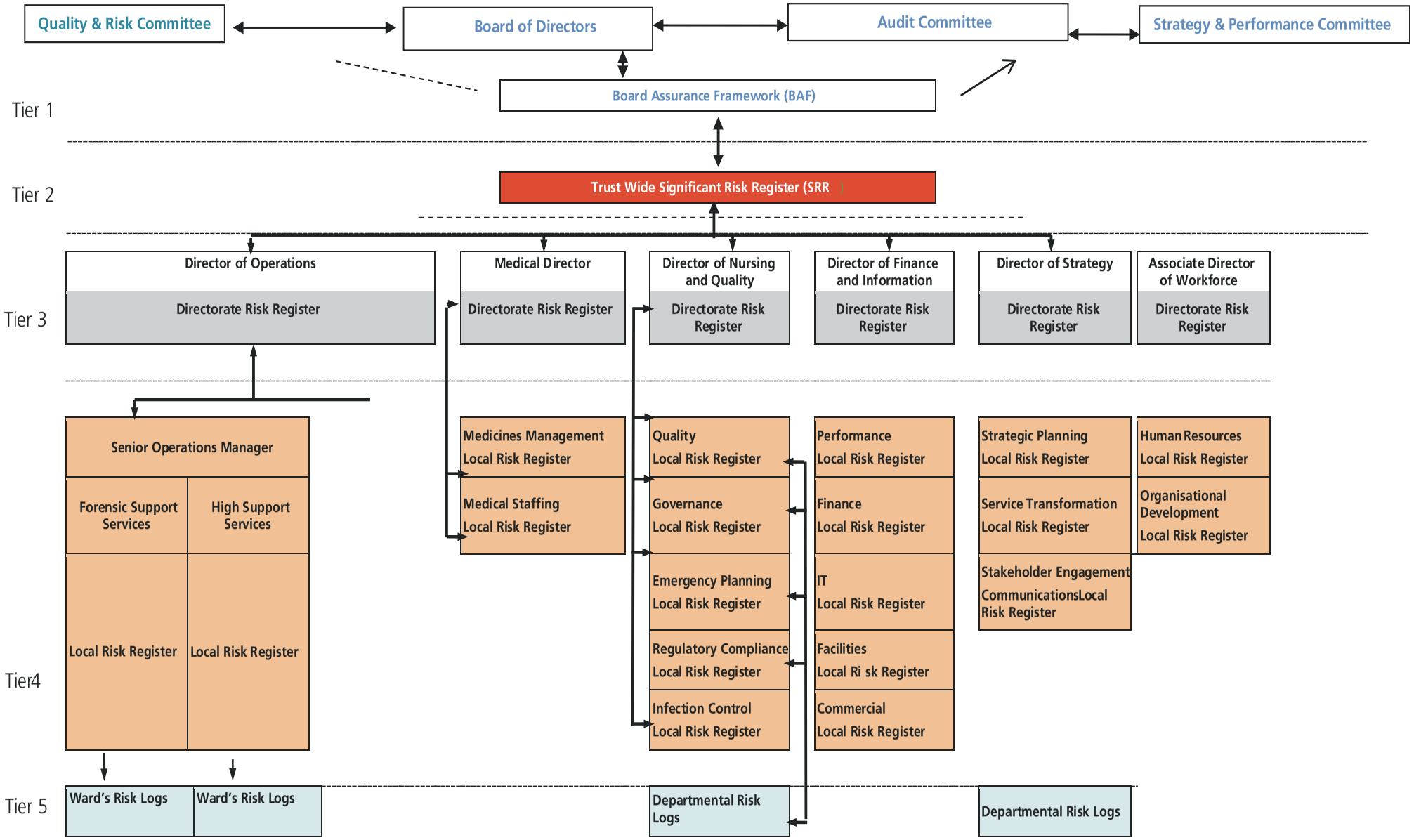
Trust's Risk Monitoring Escalation and Assurance Process

The Risk Management Strategy sets out how risk is identified and assimilated into the Risk Registers and reported monitored and escalated throughout the directorate and corporate governance structures.

In addition to the Board Assurance Framework (BAF), the Trust operates five tiers of risk management which are all interlinked via an escalation process. The escalation of a risk is dependent upon the level of the risk, or on whether it is felt that the risk needs specialist management at a higher tier, such as the risk requiring a multi-directorate approach to its management.

The registers are recorded using a standardised risk matrix. The severity of each risk is rated according to the Consequence x Likelihood risk assessment matrix within the Risk Management Strategy to establish the risk score which helps guide action at the appropriate level. This has recently been reviewed in line with a comparison of other NHS Trusts and our Risk Management System provider to reflect a more detailed risk score across four, not three domains-green/yellow/amber/red rating of the risk, where Green= Low (1-3), Yellow= Moderate (4-6), Amber=High (8-12) and Red=High to Severe (15-25). This determines who owns and is responsible for managing the risk. Figure 3 (overleaf) illustrates our risk monitoring and escalation process.

Figure 3: Board to Ward Risk Management Structure



Local and Directorate Risk Registers

Each ward team or department produces a local risk register. The register is developed in response to the identification of local risks that may impact on the delivery of their immediate service. Local risk registers are recorded using the Risk module on Ulysses.

Appropriate steps have been taken to ensure that processes are in place at both clinical service and departmental levels to update and maintain their risk registers. Monthly updates from local and directorate risk registers are provided via the Risk Manager for inclusion into the trust wide Significant Risk Register (SRR) where appropriate.

All local risks are systematically reviewed within a specified time frame by the local teams to ensure that controls in place are effective, and assess whether the risk changes over time.

Risks may be identified through internal processes, including complaints, incidents, claims, service delivery changes, risk assessments or financial interests. They may also be identified by external factors, such as national reports and recommendations or regulatory and enforcement notices.

Trust Wide Significant Risk Register (SRR)

The SRR is the aggregation of the local team risk logs/registers and directorate risk registers where the residual risk is more than 15. It also includes any further risks identified by the Directors, Quality and Risk Committee, Strategy and Performance Committee, the Audit Committee and the Trust Board which could prevent the Trust from achieving its objectives. The SRR also contains any additional sources of risk such as external or internal reviews. Each risk on the SRR identifies the risk owner (Executive Director Lead) for managing the risk. The register identifies the source, describes the risk and scores. It also provides a summary of the action taken to control it. It includes a review date and a residual risk rating. All risks are also linked to one of the Trust's objectives. The register is maintained centrally by the Trust's Risk Manager.

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

The Trust had performance management processes in place that review the economy, efficiency and effectiveness of the use of resources. The Executive Team reviews the operational performance of the Trust and leads the Trust's identification and implementation of Cost Improvement Plans (CIPs). Monthly reports to the Board provide updates on performance throughout the year and specific quarterly reports provide updates on progress against all elements of the Annual Plan, ensuring service delivery and cost improvements without jeopardising patient safety. Part of the remit of the Strategy and Performance Committee, which meets quarterly, is to support the Trust Board in gaining assurances on the economy, efficiency and effectiveness of the use of resources. The Trust had a policy and governance framework in place to guide staff on the appropriate use of resources through its Standing Orders, Standing Financial Instructions and Schemes of Delegation. In addition, the Trust had a robust system for developing and routinely reviewing policies and procedures and staff are appropriately updated and guided or trained on their application.

Independent assurance was provided through the Trust's internal audit programme and the work undertaken by NHS Protect, reports from which are reviewed by the Audit Committee. In addition, further assurance on the use of resources was obtained from external agencies, including the external auditors and the Regulators.

Information governance

As of the financial year (2014/15) a new requirement was introduced for NHS organisations to report cyber security incidents via the NHS Information Governance Toolkit website in addition to the existing requirement to report information security incidents via the same process. Reported incidents are scored from 0 to 2 based on factors such as the sensitivity and quantity of information involved where 0 is the least severe and 2 is the most severe. Level 2 incidents are automatically reported on to the Information Commissioner's Office and are subject to external oversight and review until their closure. The Information Commissioner has the power to intervene as necessary and potentially fine organisations for serious breaches. This system was maintained during 2015/2016 and period ending June 2016.

During the period ending June 2016 there has been no reported information security related incident which was scored at level 1 or level 2 by the Information Governance reporting process.

Annual Quality Report

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

The Trust has effective systems, processes, and mechanisms in place to produce the Quality Report to ensure a balanced view and appropriate controls are in place to ensure the accuracy of the data. This can be assured through the following processes:

- The Trust has had an independent review of Monitor's Quality Governance Framework, with a score of 3.5 which is an appropriate score for a mature Foundation Trust (FT)
- The Board identifies on a regular basis how quality drives the overall Trust strategy by setting ambitious goals based upon both national and local priorities
- The Board reviews the corporate performance report, quality exception reports and Quality Report Card from the Quality and Risk Committee
- The Quality and Risk Committee includes in its business cycle a review of the biannual Quality Report and is the delegated committee that identifies any necessary actions required to manage the risks associated with their delivery
- The Quality Report is also shared widely with partner organisations, Governors, members, local groups and organisations as well as the public.

However, the Trust Board recognises the importance of our services being underpinned by opportunities to continually improve the quality of care by drawing on the experiences of people who use our services and work for the Trust. The Board strives for continuous quality improvement and ensures quality is measured and monitored and continues to evolve by learning from experience.

The executive lead is the Director of Nursing and Quality and operationally the process is managed by the Head of Governance. The content of the report reflects the Trust's overall Clinical Quality Strategy 2013 to 2018 and the quality commitments it contains.

As we become part of Mersey Care, our quality priorities are underpinned by their vision, values and quality strategy. Given the preparation for acquisition, the quality priorities for the Trust post acquisition have a high degree of synergy with Mersey Care's quality priorities and remain pertinent as Calderstones becomes the Specialist Learning Disability Division.

The Quality and Risk Committee receives a bi-annual update on the Quality Report evaluating progress towards delivery of the quality priorities.

A Quality Account has been produced for the period 1 April – 30 June 2016 in accordance with guidance published by NHS Improvement. The external auditors have undertaken a review of the content of this document and completed testing on selected measures that provide assurance regarding data quality. Our Commissioners, the local Health, Overview and Scrutiny Committee and the local Health Watch are asked to comment on the report. Our Commissioners, the local Health, Overview and Scrutiny Committee and the local Health Watch are asked to comment on the report.

The limited assurance report audit conducted by the external auditors on the annual Quality Report includes a review and report against the Trust's policies and plans in ensuring quality of care provided, systems and processes, people and skills, and quality metrics focussing on data collection, use and reporting.

Complaints

The Trust adopts a risk based approach towards setting timescales for responding to complainants and monitors compliance with these timescales on a quarterly basis; reporting to Operational Governance and Quality and Risk Committee. The Trust responses to complaints are based upon the principles of openness, transparency and candour; providing a written apology when care has fallen below the standard we would expect, an explanation as to what went wrong and our plans to take remedial action and disseminate wider organisational learning. The Trust offers all possible forms of remedy as part of redress; alongside an apology, explanation, and remedial action financial compensation may also be considered. The Trust ensures resolutions to complaints are commensurate to the concerns that have been raised; and all compensation payments are monitored via the Trust's Audit Committee.

We have a clear commitment to listening to the views of people using our services and most importantly acting on them to further improve the standards of care and safety for our service users.

If we do not get things right it is important we hold our hands up, we acknowledge our mistake, openly apologise and take action to improve things. Most importantly, we share our learning with our staff, and the people using our services, to ensure continuous improvement within services. There is regular review of complaints via quality and operational forums, which include:

- Weekly Quality Surveillance Meetings
- Monthly Clinical Management Teams
- Monthly Service User Environment Group
- Monthly Operational Governance Meeting
- Quarterly Quality and Risk Committee.

There were 15 complaints between 1 April to 30 June 2016, with six still awaiting resolution. Table 2 below provides a comparison of the complaints received together with an analysis of the outcome of the complaints.

Table 2: Complaints

Outcome	2013-2014	2014-2015	2015-2016	1 April – 30 June 2016
Upheld	31 (32%)	16 (23%)	13 (19%)	3 (20%)
Partially Upheld	22 (23%)	19 (27%)	14 (20%)	2 (13%)
Not Upheld	24 (25%)	12 (17%)	15 (21%)	1 (7%)
Withdrawn	13 (13%)	18 (26%)	5 (7%)	1 (7%)
Complainant Satisfied	-	-	9 (13%)	1 (7%)
Referred to PALS	-	-	2 (3%)	-
Open	7 (7%)	4 (6%)	10 (14%)	6 (40%)
Inconclusive	-	-	2 (3%)	1 (7%)

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In describing the process that had been applied in maintaining and reviewing the effectiveness of the system of internal control, I have set out below some examples of the work undertaken and the roles of the Board and Committees in this process:

- The Board reviewed the Board Assurance Framework along with the Significant Risk Register
- The internal audit plan, which is risk based, was reported to the Audit Committee at its meeting in April 2016. Progress reports would normally be presented to the Audit Committee in the reporting period with the facility to highlight any major issues. The Acquisition in July meant that after the May meeting the Audit Committee did not meet again during the period. An annual report on the work of the Committee and a selfevaluation of its effectiveness, the latter being audited by the Internal Audit function were produced
- The Executive Management Team met weekly and had a process whereby key issues such as performance management, action plans arising from external reviews and risk management were considered both on a planned timetable and an ad-hoc basis if there was a need
- All relevant committees had a clear cycle of business and reporting structure to allow issues to be escalated via the 'ward to board' framework
- The Executive Directors considered the Significant Risk Register every week.

The Assurance Framework itself provided evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives had been reviewed. This review was also informed by the work of internal and external audit, the external review processes for the clinical negligence scheme along with the NHSLA and the Care Quality Commission.

During 2013/14, the Trust identified serious weaknesses in its overall governance processes. Following the commission of an independent review by Deloitte and receipt of an enforcement notice from Monitor, a significant amount of improvement work was undertaken during 2014/15 in order to address those areas of weakness. The final Quality Governance Assurance Framework's (QGAF) recommendation was signed off during Q3 2014/15. Improvements continued in 2015/16 and into period ending June 2016.

In October 2015, the Care Quality Commission (CQC) conducted an inspection of the Trust and commented on the progress made in all areas. They have rated the Trust 'Good' in all their domains, putting Calderstones in a stronger position than most other trusts. This was the CQC's verdict in February 2016 and these ratings and assessment were not negatively affected during period ending June 2016.

Overall ratings for services at this Provider	**Good** ●
Are Mental Health Services safe?	Good ●
Are Mental Health Services effective?	Good ●
Are Mental Health Services caring?	Good ●
Are Mental Health Services responsive?	Good ●
Are Mental Health Services well-led?	Good ●

source: Care Quality Commission 2016

In February 2016 the CQC held a Quality Summit and singled out the following for special mention:

- CQC openly acknowledged the immense change and 'turnaround' by the Trust
- Areas of outstanding and exceptional practices identified in 'caring' and also in 'well led' domains
- Expectation that in 4 to 6 months the threshold for 'outstanding' could be evidenced
- The 'must do' breach identified applied only to a minority of areas
- Partnership working and support from others recognised by all as positive.

We considered the CQC report and there is nothing of a strategic or significant nature going forward that would impact on the Trust's quality performance. These operational issues are being addressed by the appropriate teams.

We continued to develop performance dashboards at least twice per month. These are used consistently along with the CQC heat maps to drive quality and improvement at Clinical Management Team (CMT) and some local team meetings.

The key Board committees are viewed positively and have worked well with the quality of papers, chairing and debate. The Quality and Safety Committee has been particularly singled out as being viewed positively as far as its effectiveness is concerned. The committee has been more assurance focused.

This effectiveness was confirmed by the 'Good' CQC rating described above as well as the Trust's moving from Monitor's governance rating of Red to Green in 2016. This followed the issuing of a compliance certificate on 29 April 2015. Monitor issued it in respect of Paragraph 2 of the Trust's enforcement undertakings accepted by the Trust on 20 December 2013. In 2015/16 the Trust made huge strides in its governance compliance and achieved a rating of Green which continued into period ending June 2016.

The Head of Internal Audit provided an overall opinion of significant assurance based on their work during 2015/16. There was no specific programme of internal audit coverage at Calderstones for the period 1 April – 30 June 2016. However, as part of their work for Mersey Care NHS Foundation Trust, Mersey Internal Audit Agency have undertaken a programme of work which includes consideration of systems and controls operating in the Specialist Learning Disabilities Division based on the Whalley site. Based on a review of the work completed for Mersey Care by MIAA in 2016/17 I have not identified any concerns identified which impact on our understanding of the effectiveness of the system of the internal control operating at Calderstones for the period 1 April – 30 June 2016 or any other assertion made as part of this Annual Governance Statement.

Conclusion

In 2015 the Care Quality Commission assessed Calderstones as 'Good' across all its domains; the health regulator Monitor gave us a rating of Green for compliance and NHS England placed the Trust at 27th out of 230 organisations nationally for levels of safety, openness and transparency. These, and other achievements such as a top hygiene score from the local authority and continued academic accomplishments, have been delivered against the backdrop of national policy change, and organisational development affecting the future of the Trust. Nothing had changed in period ending June 2016 reporting period to negatively impact on those ratings and assessment.

As a result of my review of the system of internal control and despite the positive strides made by the Trust, I identified that further work needed to be carried out to support the ongoing improvement of quality governance and the robustness of assurances received during the early part of period ending June 2016 including:

- Investment within the facilities services to support the cleaning agenda
- Additional resource to lead and embed the Positive and Safe Care programme around reduction of restrictive practices particularly restraint
- Further development of quality reporting metrics.

These were achieved in part by a plan for on-going sustainability of services which is being addressed by the acquisition of the Trust by Mersey Care NHS Foundation Trust on 1 July 2016.

Mark Hindle
Director of Operations, Mersey Care NHS Foundation Trust
(formerly Chief Executive, Calderstones Partnership NHS Foundation Trust)

24 May 2017

Joseph Rafferty
Chief Executive
Mersey Care NHS Foundation Trust

24 May 2017

Quality Report

1 April to 30 June 2016

PART 1

Statement on Quality from Chief Executive

Calderstones Partnership NHS Foundation Trust (the Trust) is a specialist learning disability service, authorised on the 1st April 2009 by Monitor the Independent Regulator for Foundation Trusts. The Trust provides forensic and high support services to people with learning disabilities.

Calderstones Partnership NHS Foundation Trust continues to focus on improving the quality of care and the service we provide. I am therefore pleased to introduce on behalf of our Trust Board, our seventh Quality Account. This document summarises the quality improvements we have made to the safety and effectiveness of our services and the experiences of the people who use them.

The purpose of our Quality Account is twofold. Firstly, to demonstrate accountability to our service users, carers, commissioners, staff and the public for the quality of services we deliver. Secondly, to ensure the Trust Board assesses and reports on quality across all of the healthcare services we provide. It demonstrates that the leaders, Clinicians, Governors and staff are committed to continuous, evidence-based quality improvement.

The principle aims of this publication are to demonstrate:

- That we continuously review the quality of our services
- That we are transparent in our reporting of this information, reporting both where we are doing well, and where improvement is needed.
- The improvements plans we have for the forthcoming year.
- How we provide information on the quality of services to service users and other stakeholders, inclusive of our governors.
- Our organisational accountability to the Service Users, Commissioners, Staff, Governors and other relevant stakeholders.
- How we enable Service Users, Commissioners, Staff, Governors and other relevant stakeholders to review your services, comment on performance and identify priorities for improvement.

The central purpose of our Trust is to provide the highest quality specialist healthcare for people with learning disabilities that is person centred, and promotes independence and empowerment. This Quality Account describes the progress we have made over the last three months and outlines our quality priorities as we become part of Mersey Care Foundation Trust (MCFT).

Quality improvement work at the trust is guided by our clinical quality strategy which is based on our five commitments of:

1. Maintaining the very highest standards of care.
2. A promise to continuously strive to improve the quality of services.
3. Responding to the changing needs of people who use our services and those who commission them.
4. Safeguarding the welfare of the people we care for.
5. Listening and responding to the people we care for, their families and carers, staff and partners.

We are also guided by feedback from our service users and carers, which includes complaints, learning from incidents, regular audits of our services and feedback from our commissioners and regulators.

In the preceding couple of years there have been huge challenges for the Trust, however, we have responded to these challenges from board to ward, with the support of carers and families and our service users. As we become part of Mersey Care NHS Foundation Trust, we are recognised by commissioners and regulators as delivering the highest quality of care and wellbeing to our service users. It has been a considerable achievement in such a short time to gain a CQC "Good" across all domains (attained by a handful of trusts only), a ranking of 27 of 230 in the "Learning from Mistakes" league, a Monitor "Green" for Governance rating and recognition by Mersey Care that the culture and quality of services of Calderstones will add real value to their organisation.

The acquisition of Calderstones Partnership NHS FT by Mersey Care NHS Ft will signal the start of a bright future full of innovation, new developments and setting new standards for mental health care. During this process , we have already learnt so much from each other, sharing good practice and new protocols. I am sure that will continue now we are all working together as part of the same Mersey Care family. As part of the new organisation, there will be opportunities, new ideas and a chance to shape the way care is delivered for some of the most vulnerable people in society.

We welcome the opportunity to present this final Quality Account for the period April to June 2016. To demonstrate our continued commitment to delivering high quality care and ensuring quality is at the heart of the organisation.

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

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

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

By order of the Board

Mark Hindle
Director of Operations,
Mersey Care NHS Foundation Trust
(formerly Chief Executive, Calderstones Partnership NHS Foundation Trust)

Part 2

2.1 Priorities for Improvement 2016-2017

The quality standards for the Trust are clearly set out in the NHS Constitution and in the fundamental standards of quality and safety published by Care Quality Commission (CQC).

To meet these quality standards, we set out our quality priorities in the Trust's Clinical Quality Strategy 2013-2018; and our delivery plan for the year as part of our annual Quality Account. Our Clinical Quality Strategy 2013-2018, reviewed in 2014, underpins our quality commitments and the governance arrangements for the Trust's Annual Quality Account. Our Clinical Quality Strategy also takes account of the quality framework as outlined within High Quality Care for All (DH, 2008):

- Patient Experience
- Patient Safety
- Clinical Effectiveness

As we become part of the larger Mersey Care organisation, our quality priorities are underpinned by their vision, values and quality strategy. However, Transforming Care remains fundamental in ensuring that the service delivery is mindful of the 'five golden:

- Quality of life
- Keeping people safe
- Choice and control
- Support and interventions
- Equitable outcomes

Given the preparation for acquisition the quality priorities for the Trust post acquisition have a high degree of synergy with Mersey Care's quality priorities and remain pertinent as Calderstones becomes the Specialist Learning Disability division.

Quality Priority 1:
Violence Reduction Project

Why are we doing this?

National data from a variety of sources indicates that staff at Calderstones are more likely to be assaulted than those at comparator Trusts. Whilst these arguments can be countered to some extent insofar as Calderstones is the only Trust of its kind in the UK (i.e. a specialist learning disability Trust), the recent risk identification report provided by The Risk Authority Stanford (TRA Stanford) also highlighted violence to staff as the single most prevalent risk within the organisation.

Exposure to risk of this nature on a daily basis is highly likely to impact negatively on staff experience and thereby lower staff morale (even if individual staff members themselves are not assaulted). It may potentially undermine therapeutic relationships with service users, which could arguably stifle progression along the care pathway and result in increased lengths of stay. Staff victim to assault are likely to incur injuries, leading to personal discomfort and possible psychological trauma, which may in turn lead to days lost to sickness absence.

This requires backfill with bank and agency staff which not only carries a financial cost, but may also serve to detract from consistent team working and thereby perpetuate the risk.

Through the application of design thinking methodology , the violence reduction project will seek to develop a range of interventions to mitigate the on-going risk of assaults to staff.

[1] "Design thinking…used to solve problems and inspire innovative, and human centred solutions."
Innovators Handbook The Risk Authority Stanford 2016

This project is aligned to:

- Patient Safety and Patient Experience
- Commitment 4: 'Safeguarding the welfare of the people we care for'
- Golden Thread: 'Quality of life' and 'Keeping people safe'
- 'No Force First' quality priority for MCFT

How will we measure success?

In order to monitor effectiveness of the selected interventions a range of metrics will be used:

- The number of incidents of assault on staff;
- The severity of resultant harm/injury;
- Staff experience measures (possibly staff survey);
- Staff turnover;
- Days lost to sickness absence as a result of injuries sustained during assault;
- The cost of backfilling with bank and agency;
- The number of employer liability claims received;
- The cost of such claims.

Quality Priority 2:
Reduction in Self harm

Why are we doing this?

Self-harm is an important issue that affects our service users regardless of age, ethnicity or gender. It also affects the people around them, staff, other service users and their families and friends. On an individual level the Trust is highly responsive to people who self-harm. There is a procedure aligned to NICE guidance, which informs Integrated Care Plans and Positive Behaviour Support Plans that aim to support people who self-harm. We aim to ensure that service users co-produce their support plans and have guidance in place for service users and multidisciplinary teams also consider 'harm minimisation' as a support option.

However, we want to be a safe, non-judgemental and a responsive organisation. Therefore, the overall aim of this initiative is to reduce the incidence and severity of self-harm across the Trust, we plan to review and improve how we support our service users who self-harm to ensure:

- Service users feel good about themselves.
- We identify and respond early to service users in crisis.
- We increase our understanding of self-harm by our service users.
- We address the effects of self-harm.
- We manage the risk within the least restrictive principles.

This project is aligned to:

- Clinical Effectiveness and Patient Experience
- Commitment 3: 'Responding to the changing needs of people who use our services and those who commission them'
- Golden Thread: 'Choice and control' and 'Support and interventions'
- 'Towards Zero Suicide' quality priority for MCFT

How will we measure success?

- Agree a definition of self-harm and develop a non-stigmatising language and description of self-harm through review of procedure
- Increase awareness of self-harm and its determinants through audit of functional analysis
- Increase our understanding of effective methods of prevention evidenced through clinical audit of primary strategies of Positive Behaviour support Plans
- A reduction in the incidence of self-harm

Quality Priority 3:
Ward Accreditation

Building on the systems developed in the 2015-2016 period Ward Accreditation is at the fore of discussions with the planned acquisition by Mersey Care and how both organisations can learn from each other's processes. This aligns to the key objectives for the Nurse Executive Team

- Self-Assessment - against clearly defined standards of best practice aligned to both compliance frameworks and clinical quality strategy. The teams should be able to demonstrate improvement by building a portfolio of evidence.

- Key Performance Indicators – demonstrating change and impact for service users with comparative external benchmarking wherever possible and internally monitored through the use of 'heat maps'.

- Clinical Audit – a programme of clinical audit topics that review the quality of care against standards and the cycle of improvement.

- Quality Review Visit – reviewing the integration of the processes into everyday practice.

How will we measure success?

Embedding of the Ward Accreditation Scheme is viewed as the way forward in establishing:

- Evidence of demonstrable improvements in services evidenced through the monitoring and reporting of the processes contributing to the ward Accreditation Scheme.
- Improvement quality, experience and patient safety.
- Assurance about the quality of care and standards on wards.
- Trust and confidence for service users, families and key stakeholders in the quality of care evidenced from stakeholder feedback.
- Support for leaders and clinicians to understand how they deliver care; identify what works well and where further improvements are needed evidenced through analysis of Quality Review Visits.

Part 2.2
Review of Services

2.2.1 Statement of Assurance from the Board

During the reporting period 1 April to 30 June 2016 Calderstones Partnership NHS Foundation Trust provided for people with a learning disability:

- Specialist on-site in-patient services inclusive of:
  - Secure service provision
  - Enhanced services
  - Rehabilitation services
- Specialist forensic outreach support service

Calderstones has reviewed all the data that is available to them on the quality of care in the above NHS services (inclusive of social care provision). The income generated by the NHS services reviewed in the reporting period 1 April to 30 June 2016 represents 94.1% of the total income generated from the provision of NHS services by the Trust for the reporting period 1 April to 30 June 2016.

2.2.2 Participation in Clinical Audits

During 1 April to 30 June 2016 the Trust was eligible to participate in 0 national clinical audit 0 cases were submitted which is 100% of eligible cases.

There was a nil return for the Trust response to the National Confidential Inquiry into Suicide and Homicide by People with Mental Illness (CISH) covered NHS services that the Trust provides.

The reports of 5 local clinical audits were reviewed by the provider in 1 April to 30 June 2016 and as a division of MCFT intends to take action to improve the quality of healthcare provided.

All of the Trust's clinical audits were presented to and reviewed by the multidisciplinary Clinical Audit Committee. Selective reports were presented to the Quality and Risk Committee (as a subcommittee of the Trust Board) to provide the assurance that quality issues are being addressed at Board level. The Trust encourages all services to be quality focused and as such encourages all clinical areas and disciplines to participate in the review of services through clinical audit.

2.3.3 Participation in Clinical Research

The number of patients receiving NHS services provided or sub-contracted by Calderstones Partnership NHS Foundation Trust in the first Quarter of 2016-2017 that were recruited during that period to participate in research approved by a research ethics committee was 0. However, one new study on the NIHR portfolio has recruited 2 staff participants in that time period.

The level of participation in clinical research demonstrates Calderstones Partnership NHS Foundation Trust's commitment to improving the quality of care offered and to making a contribution to wider health improvement.

Calderstones Partnership NHS Foundation Trust was involved in conducting 2 clinical research studies in Quarter 1 of 2016/17. These studies are ongoing into Quarter 2 of 2016/17 as part of the Mersey Care portfolio of studies. The Trust used national systems to manage the studies in proportion to risk. Of the 1 new study given permission to start, 1 was given permission by an authorised person less than 30 days from receipt of a valid complete application. 1 of the studies were established and managed under national model agreements and this 1 new study used a Research Passport.

In the first Quarter of 2016-2017 the National Institute for Health Research (NIHR) supported 1 of these studies through its research networks, with it being given permission from Calderstones through the NIHR portfolio. The new study recruiting in the first Quarter of 2016/17 was registered on the NIHR portfolio and recruited a total of 2 staff to date, with more expected through the rest of 2016/17. In total 5 studies on the NIHR portfolio remain open and eligible to recruit from the Trust; 0 have closed during the first Quarter of 2016/17; 1 is in study set up.

In the last three years 23 publications have resulted from our involvement in clinical research or innovative practice in Calderstones, helping to improve patient outcomes and experience in this specialist field. During the first quarter of 2016/17 there have been a further 5 publications of studies conducted at Calderstones; however, none of these five new publications were studies on the NIHR portfolio.

The Trust has established working partnership links with Lancaster University and continues to be a member organisation of the Lancaster Health Hub, working collaboratively in developing research proposals.

2.3.4 Goals Agreed with Commissioners – The Use of CQUIN Payment Framework

A proportion of the Trust's income in 1 April to 30 June 2016 was conditional on achieving quality improvement and innovation goals agreed between the Trust, NHS England – North of England Specialised Commissioning and East Lancashire CCG (on behalf of 17 Associate CCGs within the North West).

Further details of the agreed goals for 2016-2017 and for the following 12 month period are available electronically at https://www.england.nhs.uk/wp-content/uploads/2016/03/cquin-guidance-16-17-v3.pdf

The amount of income for 1 April to 30 June 2016 is £8.5m and is conditional upon achieving quality improvement and innovation. The Trust achieved the indicators in 1 April to 30 June 2016 and successfully received the payment of £194k.

Table 1: Payment Schedule for CQUIN Goals

		Contract Income	
		East Lancashire CCG (on behalf of 17 North West Associate CCGs)	North of England Specialised Commissioning
		£000	**£000**
2016-2017	Contract	1,980.9	6,397.0
	CQUIN	34.7	159.0
	Total	**2,015.6**	**6,556.0**

The Trust continues to work with the North of England Specialised Commissioning Team and the Clinical Commissioning Groups (CCGs), to agree goals that reflect measured improvements in the performance of quality

The Trust is required to undertake a CQUIN Programme for the period 2016-2017 which is 2.5% of contracted income which amounts to £683,000.

2.3.5 Statements from the Care Quality Commission

The Trust is required to register with the Care Quality Commission and its current registration status is registered to carry out the following regulated activities:

- Treatment of disease, disorder or injury
- Assessment or medical treatment for persons detained under the Mental Health Act 1983

The Trust is registered without conditions and has been rated 'Good" across all domains.

OVERALL RATING FOR SERVICES AT THIS PROVIDER	GOOD
Are Mental Health Services safe?	Good
Are Mental Health Services effective?	Good
Are Mental Health Services caring?	Good
Are Mental Health Services responsive?	Good
Are Mental Health Services well-led?	Good

The 'Good' rating was awarded following a visit in October 2015 under the Care Quality Commission's new approach to inspection and regulation. Calderstones was previously inspected in 2014. At that time the CQC said that "the great majority of people" at Calderstones are treated "kindly and respectfully" but also raised a number of concerns. The regulators focused on determining whether services are safe, effective, caring, responsive and well-led in their exhaustive week-long inspection of the Trust.

In the latest report, the CQC noted:

- Caring, respectful staff
- Person-centred care
- In depth knowledge
- Clean, tidy and well maintained wards
- The service meeting 100% of (national good practice) criteria in four standard areas including relational security, safeguarding, physical healthcare, and governance.

The Trust has worked closely with the CQC and focussed on quality, safety, and compassionate care. There were areas identified that required improvement and there is an action plan in place to address these issues. The key areas for action include:

- Improved compliance with life support training
- All staff to receive an annual appraisal
- Review night time staffing arrangements
- Staff receive regular documented supervision and that this is documented
- Staff and patients are debriefed following a difficult incident
- Ensure regular staff meetings

The Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

In respect of reporting for April to June 2016 the inspection report from October 2015 remains the current ratings for Calderstones Partnership NHS FT.

2.3.6 Data Quality

NHS Number and General Medical Practice Code Validity
Calderstones Partnership did not submit records during 1 April to 30 June 2016 to the Secondary Uses service for inclusion in the Hospital Episode Statistics, which are included in the latest published data.

2.3.7 Information Governance Toolkit attainment levels

The Trust score for 2015-2016 for Information Quality and Records Management assessed using the Information Governance Toolkit was 77% and was graded satisfactory based upon scores of:

- level 2 for 26 applicable items
- level 3 for 16 applicable items
- exemptions granted for 2 items and
- 1 item marked "Not Relevant"

In light of the planned acquisition of the Trust by Mersey Care NHS Trust in July, the Information Governance action plan for 2016-2017 will be coordinated in conjunction with Mersey Care's Information Governance Lead. Activities prior to the acquisition will focus on alignment of policies, procedures and reporting standards in preparation for the Trust's Information Governance framework to be assimilated into the Mersey Care framework at which point Calderstones information Governance Toolkit will be closed down.

2.3.8 Clinical coding error rate

The Trust was not subject to the Payment by Results clinical coding audit during 1 April to 30 June 2016.

PART 3

3.1 Review of Quality Performance: Priorities for Improvement as at 30 June 2016

In June 2016 the Trust produced its seventh Quality Account, aligned to the Trust's quality commitments as outlined in the Clinical Quality Strategy 2013-2018 and the quality framework of patient safety, patient experience and clinical effectiveness. The following section outlines what we have achieved over the three months (1 April to 30 June 2016) against both our quality improvement priorities and our quality dashboard.

Quality Priority 1: Violence Reduction Project

Why are we doing this?

National data from a variety of sources indicates that staff at Calderstones are more likely to be assaulted than those at comparator Trusts. Whilst these arguments can be countered to some extent insofar as Calderstones is the only Trust of its kind in the UK (i.e. a specialist learning disability Trust), the recent risk identification report provided by The Risk Authority Stanford (TRA Stanford) also highlighted violence to staff as the single most prevalent risk within the organisation.

Exposure to risk of this nature on a daily basis is highly likely to impact negatively on staff experience and thereby lower staff morale (even if individual staff members themselves are not assaulted). It may potentially undermine therapeutic relationships with service users, which could arguably stifle progression along the care pathway and result in increased lengths of stay. Staff victim to assault are likely to incur injuries, leading to personal discomfort and possible psychological trauma, which may in turn lead to days lost to sickness absence.

This requires backfill with bank and agency staff which not only carries a financial cost, but may also serve to detract from consistent team working and thereby perpetuate the risk.

Through the application of design thinking methodology2, the violence reduction project we are developing a range of interventions to mitigate the ongoing risk of assaults to staff.

What have we achieved?

In order to monitor effectiveness of the selected interventions a range of metrics are used:

- The number of incidents of assault on staff monitoring for reduction in numbers and severity of resultant harm/injury;
- Monitoring days lost to sickness absence as a result of injuries sustained during assault

Two key work streams have been agreed.

Quality Priority 2: Reduction in Self harm

Why are we doing this?

Self-harm is an important issue that affects our service users regardless of age, ethnicity or gender. It also affects the people around them, staff, other service users and their families and friends. On an individual level the Trust is highly responsive to people who self-harm. There is a procedure aligned to NICE guidance, which informs Integrated Care Plans and Positive Behaviour Support Plans that aim to support people who self-harm. We aim to ensure that service users co-produce their support plans and have guidance in place for service users and multidisciplinary teams also consider 'harm minimisation' as a support option.

However, we want to be a safe, non-judgemental and a responsive organisation. Therefore, the overall aim of this initiative is to reduce the incidence and severity of self-harm across the Trust, we plan to review and improve how we support our service users who self-harm to ensure:

- Service users feel good about themselves.
- We identify and respond early to service users in crisis.
- We increase our understanding of self-harm by our service users.
- We address the effects of self-harm.
- We manage the risk within the least restrictive principles.

What have we achieved?

- Clinical audit completed reviewing compliance with standards for the prevention of suicide; findings recommend improved risk assessment and understanding of supportive observations.

Quality Priority 3: Ward Accreditation

Building on the systems developed in the 2015-2016 period Ward Accreditation is at the fore of discussions with the planned acquisition by Mersey Care and how both organisations can learn from each other's processes.

- Self-Assessment - against clearly defined standards of best practice aligned to both compliance frameworks and clinical quality strategy. The teams should be able to demonstrate improvement by building a portfolio of evidence.
- Key Performance Indicators – demonstrating change and impact for service users with comparative external benchmarking wherever possible and internally monitored through the use of 'heat maps'.
- Clinical Audit – a programme of clinical audit topics that review the quality of care against standards and the cycle of improvement.
- Quality Review Visit – reviewing the integration of the processes into everyday practice.

What have we achieved?

Early stages of development building on the quality review process.

[2] "Design thinking…used to solve problems and inspire innovative, and human centered solutions." Innovators Handbook The Risk Authority Stanford 2016

3.2 Review of Quality Performance: Quality Indicators as at 30 June 2016

3.2.1 Department of Health Quality Indicators

The Trust will report on the following indicators as required by Monitor's *Compliance Framework/Risk Assessment Framework*:

Indicator	Score	National Average	Highest Scoring Trust	Lowest Scoring Trust
Rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.	0% (n0/448)	N/A	N/A	N/A
The data made available to the trust by the Information Centre with regard to the percentage of patients aged: (i) 0 to 15; and (ii) 16 or over, readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust during the reporting period.	0%	N/A	N/A	N/A

The Trust does not routinely report this information to the Health and Social Care Information Centre as it is not routinely captured as part of the learning disability dataset.

Staff Survey 2015 results and subsequent actions are reported in the 'Staff Report' section of the full Annual report 1 April to 30 June 2016.

Complaints data for 1 April 2016 to 30 June 2016 is reported via the 'Complaints' section of the Annual report 1 April to 30 June 2016.

Duty of Candour

The Trust is required under statue to comply with the duty of candour (the duty); this requires us to act in an honest, open and transparent way in relation to care and treatment provided to service users. The application of duty of candour is not limited to the service user themselves, but takes account of persons acting on their behalf. This is particularly important when service users have limited or fluctuating capacity, and also in recognition of family and carers as partners in care delivery.

The duty means that, as soon as reasonably practicable after becoming aware that a notifiable safety incident has occurred, the provider must notify the relevant person that the incident has occurred, and provide reasonable support to them in relation to the incident.

To satisfy the statutory requirements the Trust has implemented the following:

- Clinicians taking the lead in the notifying the service user and/or their representative of any notifiable safety incident. This includes an account of all the facts they know about the incident at that time; any subsequent investigation; and an apology;
- The requirement for written records both as part of the clinical records and the Trust's Risk Management System (Ulysses).
- Investigation findings followed up in writing (with service user's and/or their representative agreement), verbally and an apology given.

The Trust has implemented processes through the Ulysses system to ensure that all notifiable safety incidents are identified and acted upon. All incidents of harm are reviewed to ensure the incident reporters have correctly assessed them. Once a notifiable incident has been identified, the Duty of Candour module within Ulysses is activated to ensure prompts and follow up for those healthcare professionals with responsibility.

The Trust also has systems to ensure compliance with other reporting requirements to the Care Quality Commission, the local safeguarding board, the Health and Safety Executive and Commissioners.

Other key actions to date:

- Being Open Policy amended to incorporate Duty of Candour.
- Incident Management Policy and Procedure requires amended to incorporate Duty of Candour
- Speak Up Guardian' appointed to support reporting of notifiable incidents.
- Awareness raising via Team Brief.
- All incidents graded as 'moderate' harm and above reviewed by the Risk Department to establish whether Duty of Candour applies (on individual case-by-case basis).
- Staff supported to contact individual affected/responsible individual where Duty of Candour is deemed to apply and ensure notes made of discussion(s).
- Duty of Candour recording mechanism on Ulysses Safeguard system developed and implemented.

Sign Up to Safety

The Trust has "Signed up To Safety" which is planned to run for the next three years. Sign up to Safety is linked indirectly to the NHS Litigation Authority (NHSLA) assessment process. This Trust's commitment to 'Sign Up to Safety' is to improve services as we are not eligible NHSLA discounts.

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The Trust has committed to four Safety Pledges all based on reducing harm. These pledges have been developed into full Safety Improvement Plans. The Trust's safety pledges are:

- Medication Safety Strategy - aim is to eliminate high risk medication errors (*see section 3.2.2 Patient Safety: Medicines Management*)
- Restrictive Intervention Reduction Plan – Reducing the need for all restrictive interventions across secure services – aim is to achieve a 74% reduction in the frequency of restrictive interventions and to eliminate altogether the use of prone restraint
- Reducing the Risk of Choking at Mealtimes – reducing the number of patient safety incidents from choking – aim is to have 0% harm resulting from choking incidents and 100% compliance with risk of choking screen assessments
- Vitalguard Seclusion Room Monitoring (contact monitoring)

The first three pledges are discussed elsewhere in this report the following is an overview of the fourth project Vitalguard Seclusion Monitoring.

The Safety Improvement Plans were submitted in May 2015 to the Programme Team and we received very positive feedback.

The Trust attended events run by the Advancing Quality Alliance (AQUA) linked to the Sign up To Safety Programme and sent representatives on the "Patient Safety Champion" training which ran in 2016.

Vitalguard

In settings of medium and low secure units, a seclusion room provides a place of safety where someone can be separated from their peers during a period of acute distress. Seclusion is considered an intervention of last resort and should only be used where failure to do so is likely to result in significant harm to service user or carer (UK Mental Health Act, 1983; Nelstrop et al. 2006; NICE 2005). At this time the person in seclusion may be considered to be vulnerable and at risk of physical health complications such as respiratory depression, hypotension or cardiovascular collapse depending on the level of distress and possible use of medication leading up to the clinical decision to use seclusion.

Having a technology based contactless monitoring system allows staff to assess the presence of life in a seclusion room without requiring the service-user to wear physical attachments or personnel to enter the seclusion room and disturb the person. The system is based upon radar technology identifies frequencies produced by human respiration and motion and determines the presence of life in the scan area. The system will alarm at a seclusion room location and/or a remote control room if the vital signs (respiration movement) fall below a threshold predefined by an administrator.

With this project the Trust had the following objectives:

- To introduce the use of technology to support seclusion monitoring.
- To evaluate whether such technology is able to accurately detect the presence of life in a seclusion room in a ward setting, without interference from background living noise and electronic 'noise' from other systems.

We introduced one example of Vitalguard and with its installation in the evolution of paperless seclusion records. We conducted a brief quantitative study to assess the reliability and validity of the technology. We tested its ability to respond to several situations that could occur during use of a seclusion room. We conducted a series of tests conditions, focussing on false positive i.e. indications of human presence when no human was present in the room and on false negatives i.e. not detecting a human presence when a human was in the room.

In our experimental conditions, the contactless monitoring system displayed 100% validity and reliability in terms of determining false positives and false negatives.

The Trust has purchased further monitoring units for the remaining seclusion areas in the Trust. Six months after all units are installed and working, we propose undertaking a qualitative study to gain nurses views on how the use of Vitalguard technology has altered practice, added to or detracted from confidence in seclusion room observations. We will also undertake a review to compare the new electronic seclusion records to the established paper seclusion records.

3.2.2 Development of a Quality Dashboard

The Quality Dashboard has been designed with clinical teams to help improve performance by providing regular, timely feedback against locally predetermined measures to assist successful intervention and improvement. They are an active performance-monitoring tool for safety, effectiveness, clinical outcomes and service user experience. They also provide opportunities to detect emerging quality and safety issues and permit timely mitigating actions to be taken - improving the overall level of high quality, person-centred care.

The Trust recognises that good quality information is a driver of performance amongst clinical teams, and helps to ensure the right services and best possible care is provided to service users. A key element of providing good quality information is ensuring that clinicians delivering the service receive regular and timely feedback on their performance

There are three different versions of the dashboard, one for the ward teams, one for directorate leads and one for the board. The individual dashboard functionality means clinicians as well as managers can view their compliance and performance against the measures for service users' cares planning, risk assessments, outcomes, and experience. With the clinical dashboard, you have a visual display, which enables clinicians and managers to look at differences between wards. Having the same information, which goes from 'ward to board' is key to monitoring quality.

The Quality Dashboard largely reflects effectiveness, safety and experience of service users on their care pathway. Our metrics are aimed at improving the efficiency and effectiveness of the care pathway for people using services.

The following information is an overview of the performance of the metrics that inform the Trust's Quality Dashboard. The information is structured around national priorities and the three domains of High Quality Care for All (DH, 2008):

- Patient Safety
- Clinical Effectiveness
- Patient Experience

The following key is used to explain Trust performance and trend in relation to the metrics:

NB All the data is sourced via the Trust's Business Intelligence System or Risk Management System

The direction of the arrow means:	**Improving**	**No change**	**Worsening**
	↑	→	↓
The colour of the arrow means:	**Achieving target**	**Just below target**	**Not achieving target**
	●	●	●

National Priorities

Whilst there is a national definition of 'delayed discharges' this does not adequately describe or define 'delay' in the context of discharge from secure services (see Table 1). The Trust has pressed our commissioners to agree a common definition, which has now been agreed:

'Patient will be a delayed discharge once it's agreed at CPA (that has been attended internally and externally) that the patient is clinically and legally ready for discharge and the patient then remains in the service for a further 12 weeks'.

A process was put in place with the support of the Governance and Information Services. All new delayed discharges are discussed weekly at Referrals Capacity and Flow for monitoring. The Trust has embarked upon an exercise to retrospectively review all service users against the new definition and has reported against this definition from April 2016. As can be seen this new definition has resulted in a much clearer identification of service users experiencing delays to planned discharges. This aligns to the Trust's overall contraction plans in line with the Transforming Care agenda. Care and Treatment Reviews are now six-monthly to ensure all stakeholders are fully engaged in the discharge plan.

All Annual Health Checks (see Table 1) are undertaken in the Trust's Primary Care Service based within the Calderstones site, and physical healthcare of service users is seen as an integral part of the care pathway. Every service user is provided with an appointment and the recall system' historically this was via a Primary Care System just operated with the Health Centre and the ward staff had local procedures for diarising appointments. This has resulted in a number of missed appointments, which creates a backlog of appointments and wasted time.

The Trust has developed a fully integrated record for physical healthcare which is now embedded within the Trust electronic patient record known as Carenotes. This now runs an appointment system and sends automatic reminders to teams when appointments are due.

To ensure that the annual schedule for Annual Health Checks could be delivered, the schedule was re-planned and the additional resources provided to ensure all service users were seen. The programme also makes allowances for those service users with complex behaviours that impedes on their ability to engage in health surveillance. For these service users Annual Health Checks were completed in sections at the pace that the can accommodate. There was also Work by the MDT supporting service users refusing to engage in an Annual Health Check.

Table 1: National Priorities

Metric	13-14	14-15	15-16	April to June 2016	Target	Trend
Delayed transfers of care	0.76%	2.69%	1.3%	15.79%	<= 7%	↓
Annual health check	96%	98.23%	93%	93%	100%	→

Patient Safety

One of the key aims of the Trust is to ensure everyone plays a part in helping to reduce harm and improve the safety of services. The vulnerable nature of many service users means staff play a particularly active and important role in safeguarding and improving safety. The Trust is dedicated to building a service where every member of staff has the commitment, confidence and skills to eliminate harm to service users, and by doing so builds the capacity and capability for improving the quality and safety of services.
The Trust's profile of metrics outlines the Trust's priority concern for safety and the provision of a safer environment for service users. The Trust is committed to ensuring that there is a strong safety culture. The metrics focus on the systems for assessing and managing the highest risks to service users, at specific junctures in the care pathway and across clinical teams.

Safe and Effective Physical Intervention

Whist restraint was once perceived as therapeutic practice now the Trust views it as traumatising practice and is only to be used as a last resort when less-restrictive measures have failed and safety is at severe risk.

The Trust continues to try to deal with the challenges of service users and staff becoming injured during physical intervention. There have been a number of initiatives attempting to address the significant differential between service user and staff injuries. There is standardised training for all staff using both the non-aversive British Institute of Learning Disabilities approved training, and the more commonly used care and responsibility methods with much more secure holds for people.

There has been deterioration from the previous year's results for both service users and staff (see Table 2). Analysis of the injuries for service users has revealed that they are minor harm incidents usually soft tissue or abrasions. It is anticipated that this will improve as compliance with Prevention and Management of Aggression training increases.

The majority of injuries to staff are still caused by a very few service users; cared for in personalised packages of care. These service users have enduring and complex needs that continue to present challenges to services. During 2015-2016 aligned to the Positive and Safe Programme, the Trust eliminated the routine use of prone (facedown) restraint, and all use of Emergency Response Belts. There is a hypothesis that this may have resulted in the additional staff injuries, but will continue to be monitored closely.

The Trust maintains an active Positive and Safe programme with clear targets and objectives for restraint reduction, which is the most effective approach to reducing injuries.

The direction of the arrow means:	**Improving**	**No change**	**Worsening**
	↑	→	↓
The colour of the arrow means:	**Achieving target**	**Just below target**	**Not achieving target**
	●	●	●

Table 2: Injuries during physical intervention						
Metric	**13-14**	**14-15**	**15-16**	**April to June 2016**	**Target**	**Trend**
Reduction of injuries sustained by service users as a result of physical intervention	1.5%	0.8%	2.7%	4% (n20/492)	<= 2%	↓
Reduction of injuries sustained by staff as a result of physical intervention	11%	7.94%	9.7%	9.8% (N48/492)	<= 5%	→

Care Planning

Concerning the 'Suicide Risk Screening Assessment', the results of 87.5% (n7/8) are still not meeting the 100% target; however this is an improvement on previous years. The failure to meet the target is again associated with the 24-hour timeframe from admission. All service users are assessed within 48 hours. However, the target remains unchanged, as it is important that we seek assurance that the wards recognise the increased risk of attempted suicide in the crucial first 24 hours of admission to hospital and ensure the safety of service users.

Table 3: Care Planning Measures						
Metric	**13-14**	**14-15**	**15-16**	**April to June 2016**	**Target**	**Trend**
All new admissions to the Trust will have a 'Suicide Risk Screening Assessment' completed within 24 hours of admission	67%	85%	89%	100%	>= 95%	↑

Medicine Management

The purpose of the Trust's Medicines Management Strategy is to proactively support staff and service users in achieving safe and effective medicines management. Medicine management for the Trust means service users getting the maximum benefit from their medicines whilst at the same time minimising potential harm. All healthcare practitioners have a duty to competently perform safe medicines management.

Table 4 outlines the measures for missed medications and high-risk errors based upon the number of people affected. The Trust introduced a target of 0% for medicine omissions without clinical reason and medication errors with highest potential for harm.

There has been increased monitoring of safe and effective medicines management, with an emphasis on missed dose incidents. There was no harm incurred by any service user as a result of any omissions or errors. However, the Trust recognises that there is potential for harm and reviews all incidents as an opportunity to learn and prevent errors in the future.

Progress has been made by the Trust detecting, reporting, and learning from medication errors, but we want to make improvements to maximise the learning from medication errors to minimise harm from medication errors. This also forms part of the Trust's 'Sign Up to Safety Plan'.

Medication errors are any incident where there has been an error in the process or processes of prescribing, preparing, dispensing, administering, monitoring, or providing advice on medicines. The incidents related to this metric are errors of commission for example, wrong medicine or wrong dose.

The data in Table 4 gives an outline of the number of incidents classified as presenting the highest risk of harm to service users although there have not been any medication errors that have caused harm to service users. The errors reported are in three classifications:

- Error without harm
- Intercepted error
- Potential error

Analysis of these errors is in recognition of the near-miss potential. As with omitted medicines, there has been an increase in reporting of errors through increased audit from both independent auditors and the pharmacy team. Improved recognition and reporting is fundamental to error prevention. Audit is viewed as by the Trust as educational activity to promote high-quality care. As part of the audit cycle, we put in place corrective actions to improve the performances of individuals and systems.

There have been some significant interventions by the Trust in response to learning from medication errors:

- Review of the medicine administration record
- Redesign of clinical areas to ensure no dual use
- Private consultation with service users when administering medicines to all time for therapeutic engagement and education
- Improving the handover process between MDTs

Table 4: Medication Errors

Metric	13-14	14-15	15-16	April to June 2016	Target	Trend
Medicine Omissions	N/A	N/A	N=44	N=9	> 0	N/A
Medication errors presenting highest risk of harm	N/A	N=31	N=39	N=11	> 0	N/A

Clinical Effectiveness

Clinical effectiveness is about whether a service user's treatment, care and support was successful and whether it has the impact that it is supposed to have is it achieving the best possible result or outcome for the service user.

Providing effective treatment, care, and support is at the heart of our vision to make a meaningful impact and change to our service users' lives. We aim to make sure that the care we provide to our service users and their families achieves the best possible impact on their health, wellbeing, and quality of life.

We continue to work with our clinical team to develop a set of clinical effectiveness metrics because we believe they act as an incentive to improve quality. Clinical effectiveness metrics also inform our service users and others to see how we are doing in relation to the effectiveness of the care pathway, and enable the Trust board, through its Quality and Risk committee, to monitor performance.

Safe and Effective Identification of Risk of Choking

The metrics in relation to risk of choking are indications of the Trust focusing on an evidenced based approach to mitigating against one of the highest risk of injury to our service users. The Trust has been at the forefront of developing a risk-screening tool for dysphagia. There have been focussed efforts on ensuring that all service users are risk assessed routinely and in response to a change in clinical presentation. This also forms part of the Trust's 'Sign Up to Safety Plan'. The screening upon admission, whilst it has not met the target has significantly improved. However, we are assured that all service users had a risk screen on admission but not within the first 2 weeks.

The annual review of risk of choking has achieved full compliance and is another indication of the effectiveness of the Integrated Treatment and Care Plan.

Table 5: Risk of Choking Assessments

Metric	13-14	14-15	15-16	April to June 2016	Target	Trend
All new admissions to the Trust have received a risk of choking screening assessment by week 2 of the care pathway	79%	78%	90%	100%	100%	↑
All service users receive an annual risk of choking screening assessment	97%	99%	100%	!00%	100%	→

The Care Pathway

NHS England has introduced an ambitious programme of change called 'Transforming Care (DH, 2015) to improve the care provision for people with learning disabilities. Fundamental to delivering the Transforming Care agenda is the Trust's care pathways. Our care pathways show a clear journey of care for service users, which set out what they can expect from their treatment, how long it may take and who will provide their care. Table 6 gives an overview of the metrics that identify key processes in the care pathway, and give an indication of their effectiveness.

The multi-disciplinary teams have been outstanding in the implementation of the new Integrated Treatment and Care Plan with 100% completion by week 12.

There is almost full compliance with six-monthly review of the risk assessment. This measures the routine review of the Trust's risk screening tool to ensure no service user goes longer than 6-months without a full review of all their risks. The areas of non-compliance are again related to the risk assessment being confirmed by the consultant psychiatrist, although the multi-disciplinary team had fully reviewed the risk assessments was part of the ward round process.

The relocation of all clinical staff not direct care roles on to the wards in response to introducing the metric 'service users have had a review in between their ward round review' has had a significant impact on the metric. We continue to have an ambitious target of 100% but for the 2015-2016 reporting period we have seen a 39% improvement on last year's metric and a further 2 % improvement for quarter 1 of 2016. We continue to monitor within the Medical team meetings to ensure we are maintaining our commitment to ensure that a psychiatrist regularly reviews our service users.

NICE guideline 'Challenging behaviour and learning disabilities: prevention and interventions for people with learning disabilities whose behaviour challenges' (NG11) makes clear recommendations for the monitoring of side effects of anti-psychotics for people with learning disabilities. The Department of Health issued advice regarding the use of antipsychotic medicines and potential for side effects for people with learning disabilities. The LUNSERS metric is an indication that the Trust already viewed this issue as concerning and had introduced steps to ensure monitoring and change. As previously reported we have not had any reported cases of service users experiencing side effects resulting in a 'high' score. We continue to monitor that service users are reviewed routinely every 12 weeks and we are extremely pleased that we have achieved compliance with the metric with 96%. Compliance with LUNSERS will continue to be driven through regular monitoring and education of clinical staff and service users.

Table 6: Care Pathway Measures						
Metric	**13-14**	**14-15**	**15-16**	**April to June 2016**	**Target**	**Trend**
All service users will have an Integrated Care Plan by week 12 of the care pathway	83%	88%	100%	100%	>= 95%	→
All service users will have a review of their current risk profile by the MDT at least every six months	99%	99.%	99%	99%	>= 95%	→
Service users have had a review in between their ward round review (new September 2014)	N/A	51%	91%	93%	100%	↓
3 monthly monitoring of side effects of antipsychotics using Liverpool University Neuroleptic Side Effect rating Scale (LUNSERS)	N/A	35%	72%	96%	>= 95%	↑

Patient Experience

NB There has been no change to these measures during 1 April 2016 to 30 June 2016. A new set of experience measures are in development aligned to MCFT. Whilst no data sets collected between April to June 2016 the service continues to learn from the 2015/16 findings

Feedback from our service users on their experiences is increasingly valued by the Trust. We have improved our data collection processes, our reporting of the data, and using it to improve services.

Staff engagement in service user experience work is fundamental to improving services. The Trust ensures that:

- Data is available at team and ward level
- Experience data is recognised as valuable and contributes to good outcomes and safety
- Staff are engaged in carrying out experience work (gathering and using data)
- Good clinical leadership
- Service users and families/carers are involved in dialogue about what the data means and what can be done about it

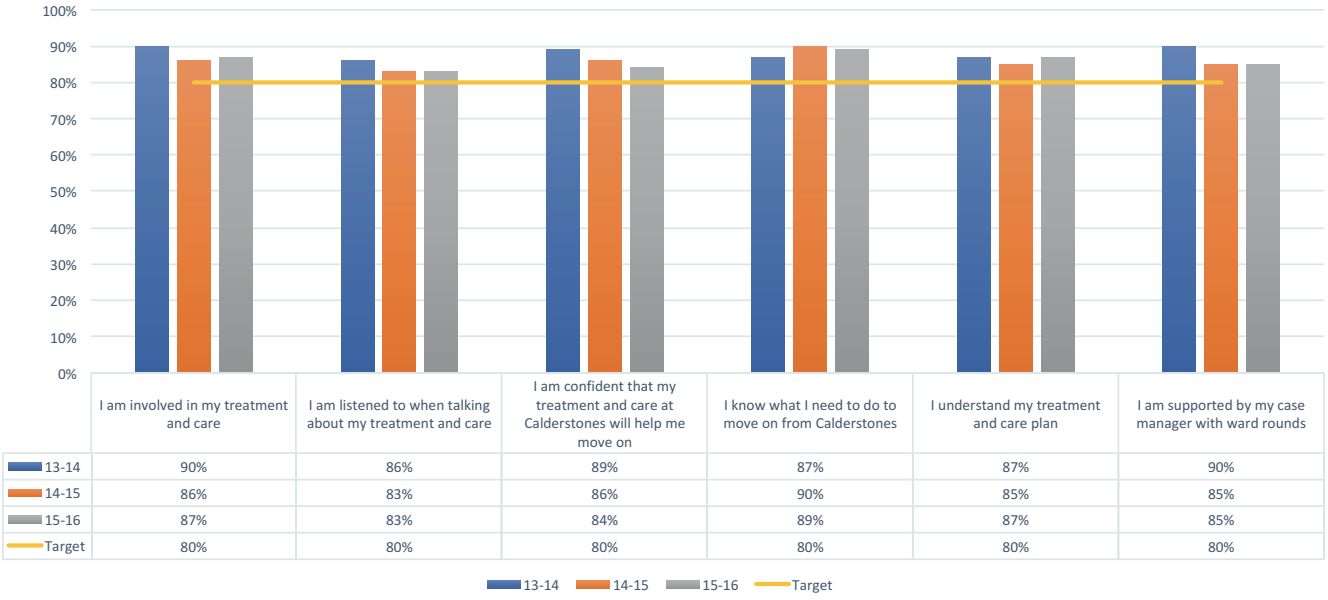
Listening to service users' views is essential to provide person-centred services. The experience metrics systematically gather the views of service users about the care they have recently received.

The metrics outlined in figures 5 to 10 focus upon the experience of service users, and endeavour to address the importance of the service user experience within the Trust, and ensure that service users are treated with compassion, dignity and respect within a clean, safe and well-managed environment (High Quality Care for All, 2008). The Trust has experience metrics aligned to the NICE Clinical Guidelines 136 (2011) "Service User Experience in Adult Mental Health", and the Department of Health's Final review of Winterbourne View (DH, 2012), the CNO's 6Cs, and the values and principles underpinning the preferred 'model of care'.

Partnership and Involvement

Good partnership and involvement makes a significant difference to our services users experience of care, it also helps to improve our services. Involvement in individual treatment and care increases self-esteem and improves outcomes. Involvement in care planning has beneficial effects on decision-making by service users. It is welcoming to see the performance of our partnership and involvement metrics all comfortably above their targets for the second year. With the investment in developing the new Integrated Treatment and Care Plan it is good news to see that involvement and understanding of treatment and care planning has improved.

Table 7: Partnership and Involvement Metrics



	I am involved in my treatment and care	I am listened to when talking about my treatment and care	I am confident that my treatment and care at Calderstones will help me move on	I know what I need to do to move on from Calderstones	I understand my treatment and care plan	I am supported by my case manager with ward rounds
13-14	90%	86%	89%	87%	87%	90%
14-15	86%	83%	86%	90%	85%	85%
15-16	87%	83%	84%	89%	87%	85%
Target	80%	80%	80%	80%	80%	80%

The Trust is committed to shared decision-making to ensure relationships more open and transparent. We want service users to be engaged and involved, more able to take responsibility for their actions, and more committed to following the care plans they have been involved in developing.

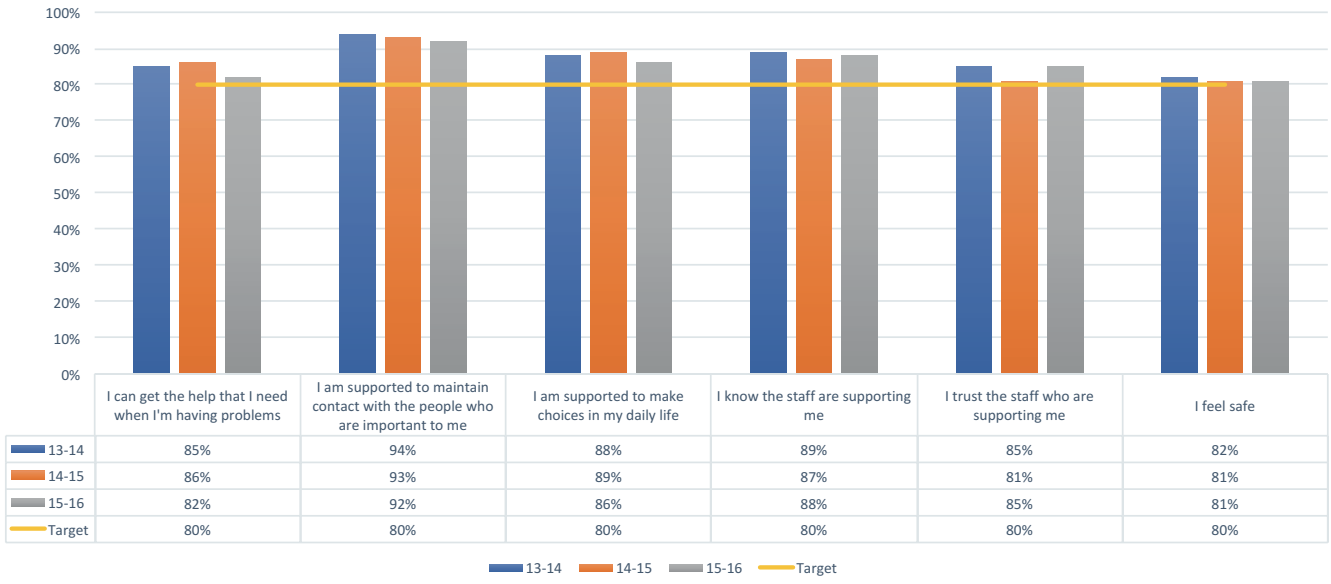
Trust and Support

A service users' 'trust' in their care teams is recognised as vital as it underpins a positive therapeutic relationship. We understand the concept of 'trust' to mean 'we keep our promises' to our service users.

Service users' experience of trust is a reflection of the commitment from our clinical teams in developing the relationships with our service users. It is important to build trust with our service users not only to ensure we provide the right level of support but also to promote optimism and aspiration as part of their recovery.

These metrics are a means of assessing service user satisfaction with the trust our service users have in the level of support they receive. All of the measures are meeting the 80% threshold, and in the case of supporting contact with significant others the feedback for a second year is excellent. This is important when considering future planning for service users and supporting the relationship between service users, family/friends and the care team. There has been improved performance with knowing and trusting the staff supporting our service users, which is a superb commendation for our staff commitment to building meaningful relationships.

Table 8: Trust and Support Metrics



	I can get the help that I need when I'm having problems	I am supported to maintain contact with the people who are important to me	I am supported to make choices in my daily life	I know the staff are supporting me	I trust the staff who are supporting me	I feel safe
13-14	85%	94%	88%	89%	85%	82%
14-15	86%	93%	89%	87%	81%	81%
15-16	82%	92%	86%	88%	85%	81%
Target	80%	80%	80%	80%	80%	80%

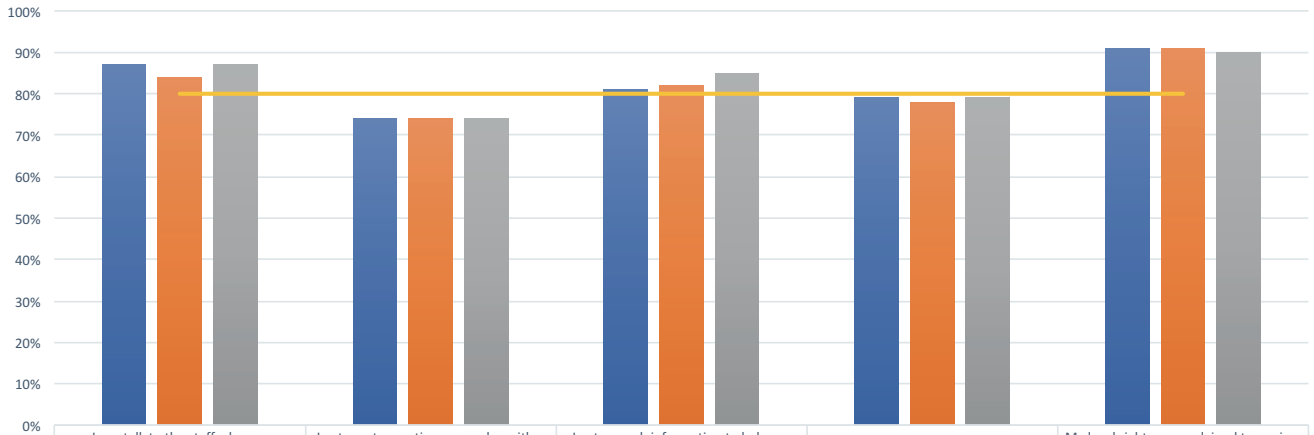
Communication and Support

Communication is vital in ensuring that people with learning disabilities can express themselves and make sense of what is happening within their treatment and care pathway. With the right support, people with a learning disability can achieve their full potential, as long as support is communicated in an understanding way. Communication as a Trust value means 'we are open and honest in our communication'. The metrics in Table 9 outlined in our experience metrics are a way of enabling us to evaluate how well we communicate with service users.

There is little variation in feedback between this year and last year, although this is evidence of considered responses from our service users. Again the service users appear to have confidence in talking to the staff, as well as trust and support, but it would appear that they may not be getting that one to one time with familiar staff. Yet there is incongruence between the feedback for being able to talk to staff, which is at 87% and feeling that they are understood. As part of the ICP development, the Trust has ensured that all service users have a communication and sensory needs screening assessment. Based upon this assessment were needed service users all have an augmentative and alternative communication plan.

In addition, the Trust has been leading a national piece of work on behalf of the National Offender Management Service (NOMS) to improve outcomes for offenders with leaning disability. This has been the development of a communication tool, which has been piloted in criminal justice services and is to be implemented across the Trust. It would be anticipated that this should improve service user's perceptions of being understood.

Table 9: Communication and Support Metrics



	I can talk to the staff who are supporting me	I get one to one time every day with a member of staff that I know	I get enough information to help me make important decisions	Staff understand me and my problems	My legal rights are explained to me in a way that I understand
13-14	87%	74%	81%	79%	91%
14-15	84%	74%	82%	78%	91%
15-16	87%	74%	85%	79%	90%
Target	80%	80%	80%	80%	80%

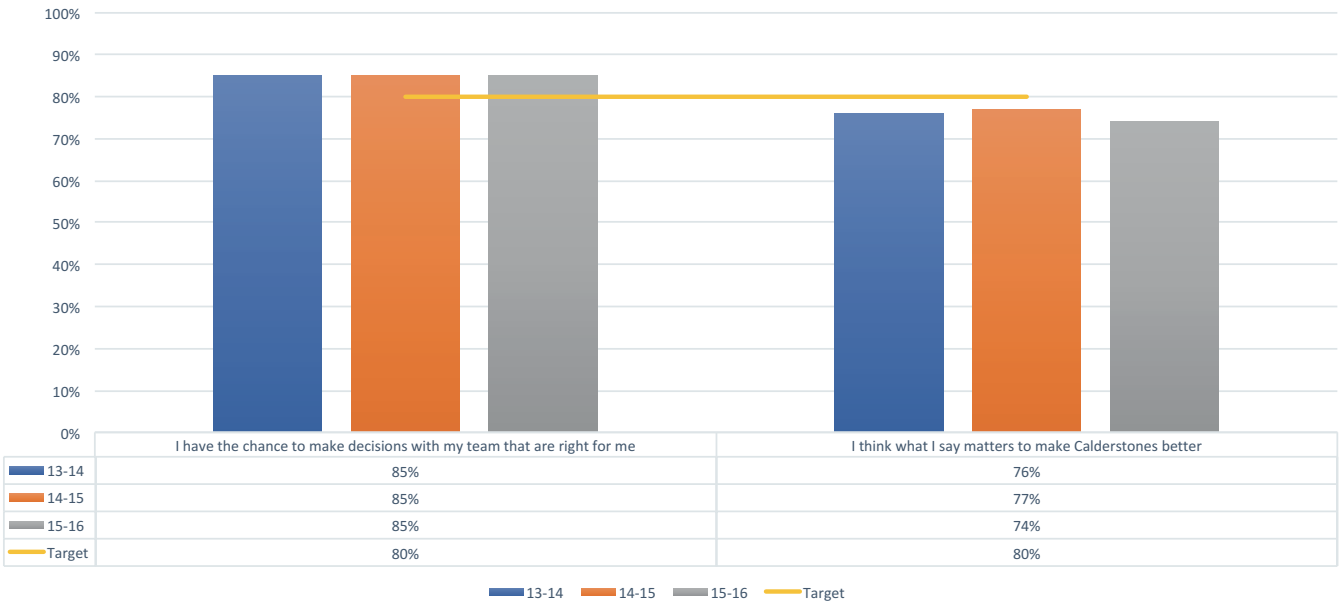
Ownership and Empowerment

Service user participation in decision making is considered an essential to recovery. There is great potential in shared decision to make an impact on service users' knowledge and positively influence their experience of care. To facilitate shared decision making, there is a need for increased knowledge regarding the users' own perspective. The principle aims are that service users are perceived as competent and equal decision makers.

People with learning disabilities when viewed as service users are not seen as equal partners in designing and implanting solutions to a wide range of issues and problems. These metrics are designed to get feedback from our service users on how empowered they feel about taking control and making decisions about personal care and service delivery at Calderstones. The service users' direct experiences of using services, means they have a unique insight into what works, which can be used to improve services. For service users with offending backgrounds involvement can support desistance, by giving them an opportunity to become active citizens, to gain skills and a sense of self-worth.
The feedback relation to decision making in treatment and care is very positive for the third consecutive year, and correlates with previous measures about involvement with treatment and care.

However, in relation to wider Calderstones issues the feedback is not as positive as we would have hoped. The Transforming Care agenda means Calderstones is experiencing a significant amount of change and there is a level of uncertainty but raised expectations form our service users. The results indicate the need for improved consultation with our service users and ensuring they are active in shaping the changes to services.

Table 10: Ownership and Empowerment Metrics



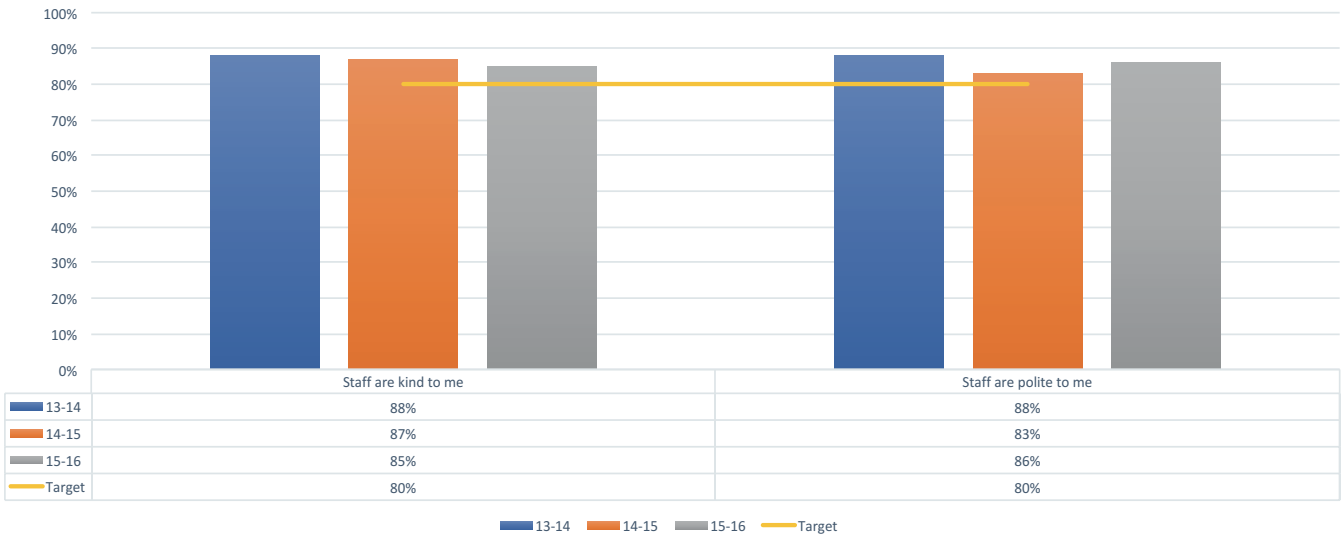
	I have the chance to make decisions with my team that are right for me	I think what I say matters to make Calderstones better
13-14	85%	76%
14-15	85%	77%
15-16	85%	74%
Target	80%	80%

Compassion and Respect

For the Trust values 'compassion' and 'respect' we endeavour to show empathy and sympathy to the needs of others, as well as engage, listen to and value the contribution of others. As a Trust, we believe that 'kindness' is central core value to ensure service users recovery. Kindness conveys openness and generosity without judgment and respects the dignity of the other person.

It is reassuring that our service users have given such positive feedback regarding the level of kindness and politeness they receive from staff both comfortably above target. It is indicative of the attentiveness of our staff to service users' needs and their empathy and compassion.

Table 11: Compassion and Respect Metrics



	Staff are kind to me	Staff are polite to me
13-14	88%	88%
14-15	87%	83%
15-16	85%	86%
Target	80%	80%

Excellence and the Meaningful Day

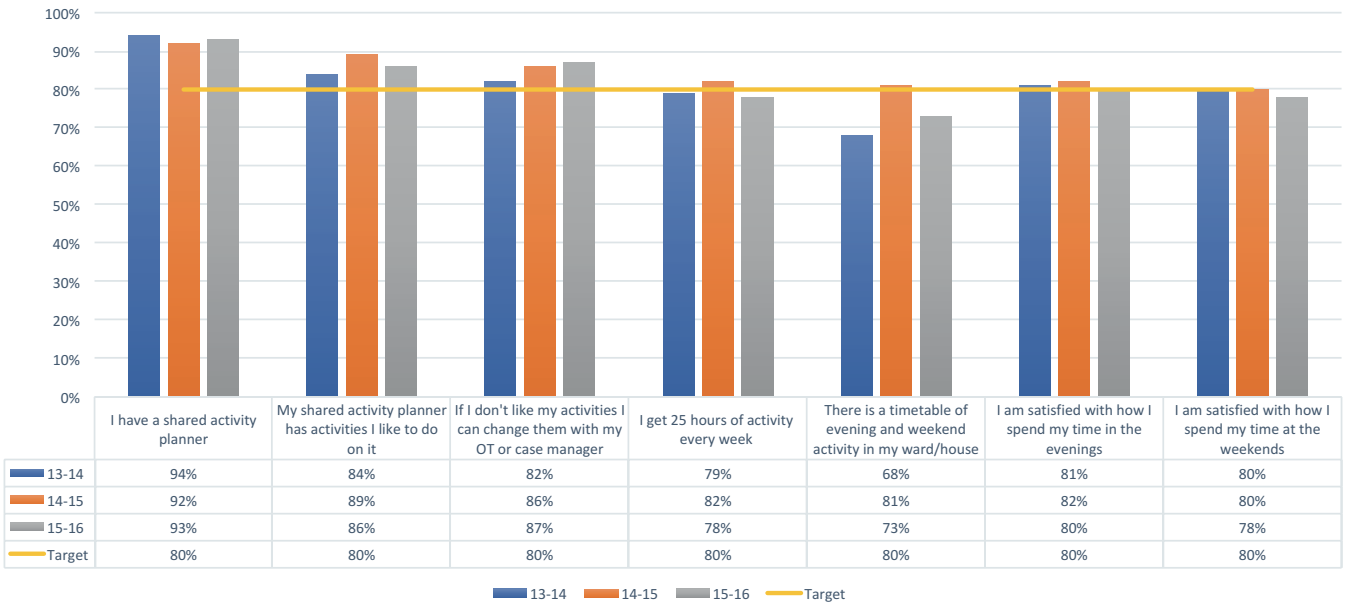
NICE Quality Standard 14 Service User Experience in Adult Mental Health states people in hospital for mental health care will access meaningful and culturally appropriate activities seven days a week and not restricted to 9am to 5pm. This should be tested through experience surveys and feedback that service users in hospital.

These metrics have been developed to test our compliance with the NICE standard, and how well we align to our Trust value of 'excellence'. Meaningful activities give the service user a sense of purpose and control over their life. Social interaction, learning, and employment (both paid and unpaid) are important factors in generating a sense of hope and meaningfulness.

A sense of meaningfulness is the belief that the activity the service user is undertaking is worth effort, commitment and emotional investment. The Shared Activity Planner is developed by actively engaging with service users about their goals and developing a programme of activities that will help meet their aspirations. Having a meaningful Shared Activity Planner ensures motivation and central to recovery.

All of the metrics are reporting above the target, with the exception of weekend activities. This feedback emerged early into the 2015 reporting period. The Trust took action to rethink and redesign the staffing resource to address this issue. A dedicated support role was created and appointed to each ward are to ensure the development of ward-based activities particularly at weekends. Teams deployed the role in varying ways; some introducing it as a rotational role for all staff to undertake, with the message that meaningful activities were all staffs' responsibility; and others creating a standalone role. There would appear to be greater success where the role is a standalone as that person develops their skills and expertise. There has been an agreement that the role will be implemented as dedicated role across the whole service.

Table 12: Excellence and Meaningful Day Metrics



	I have a shared activity planner	My shared activity planner has activities I like to do on it	If I don't like my activities I can change them with my OT or case manager	I get 25 hours of activity every week	There is a timetable of evening and weekend activity in my ward/house	I am satisfied with how I spend my time in the evenings	I am satisfied with how I spend my time at the weekends
13-14	94%	84%	82%	79%	68%	81%	80%
14-15	92%	89%	86%	82%	81%	82%	80%
15-16	93%	86%	87%	78%	73%	80%	78%
Target	80%	80%	80%	80%	80%	80%	80%

Appendix A:
Statements from Local Involvement Networks, Service Users Forum, Overview and Scrutiny Committee, Primary Care Trust and Specialist Commissioning

Healthwatch Lancashire's Response to Calderstones Partnership NHS Foundation Trust's Quality Account 1 April to 30 June 2016

Thank you for enabling Healthwatch Lancashire to comment on your Quality Account. First we must congratulate you on being rated 'Good' at your most recent CQC inspection. For a diverse Mental Health Trust undergoing many changes, this is indeed a highly creditable outcome.

We trust that those areas which still 'require improvement', especially any connected with the well-being of staff and the care of patients will be given urgent attention. We are somewhat concerned to note that staff appraisals are not yet fully comprehensive. Whilst recognising that other Trusts have problems in this area, it does seem to be an especially significant concern for a mental health organisation.

We note that you emphasise that one of the purposes of the Quality Account is to communicate your work with stakeholders, carers and patients. To us, this is a vital though by no means straightforward matter. We appreciate that the form of such Accounts is already prescribed for you. But that means that they are no 'easy read', and we would urge that such a version be produced if feedback from such groups is to be seen as genuinely sought.

As a Lancashire based body, we are still registering concerns about how former patients of Calderstones who were able to live 'in community' can continue to do so, especially given the shortage of locally available support staff and accommodation.

Finally, we hope that it may be possible for you to respond to our submission. Our experience in attempting to respond constructively to other Trusts and CCG's in the area in which we operate sometimes gives the impression that we are being consulted merely for form's sake rather than as genuinely concerned stakeholders.

We wish the Trust all success as it moves forward in a very uncertain environment.

Lancashire Overview and Scrutiny Committee Response to Calderstones Partnership NHS Foundation Trust's Quality Account 1 April to 30 June 2016

No comment provided

East Lancashire Clinical Commissioning Group Response to Calderstones Partnership NHS Foundation Trust's Quality Account 1 April to 30 June 2016
Comment anticipated not received as of 19 May 2017

Annex 2: Statement of directors' responsibilities for the quality report

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

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

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

- The content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16 and supporting guidance;

- The content of the Quality Report is not inconsistent with internal and external sources of information including:

    - Board minutes for the 1 April 2016 to 30 June 2016;
    - Papers relating to quality reported to the Board over the period 1 April 2016 to 30 June 2016;
    - Feedback from Commissioners dated 23 May 2017;
    - Feedback from local Healthwatch organisations dated 17 May 2017;
    - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 19 July 2016
    - The national staff survey dated 23 February 2016;
    - The Head of Internal Audit's annual opinion over the Trust's control environment dated 12 April 2017

- The Quality Report presents a balanced picture of the NHS foundation Trust's performance over the period covered;

- The performance information reported in the Quality Report is reliable and accurate;

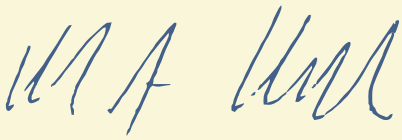
- There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;

- The data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and

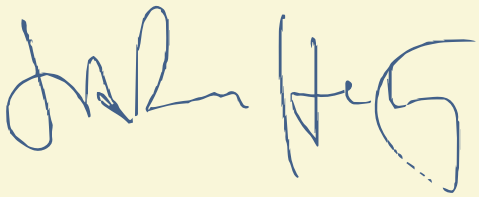
- The Quality Report has been prepared in accordance with NHS Improvement's annual reporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

By order of the board



Mark Hindle
Director of Operations,
Mersey Care NHS Foundation Trust (formerly Chief Executive, Calderstones Partnership NHS Foundation Trust)



Joseph Rafferty
Chief Executive of Mersey Care NHS Foundation Trust

20 June 2017

Appendix A:
Report on Clinical Audit Outcomes.
Qtr. 1 (April – June 2016)

Audit Topic	Date of Audit	Audit Objective	Re-Audit	Summary of Findings	Outcomes/Changes in Practice
1. Collaborative Risk Assessments	April 16	To ensure that all service users are involved in a process of collaborative risk assessment and management To ensure that adequate staff members have been trained enabling them to complete the collaborative risk assessments with service users	x	This audit was undertaken as part of the CQUIN measures set out by NHS England with regards to secure service users active engagement programmed (collaborative risk). • 100% of service users had a normal risk profile. • 99% of service users had a user friendly risk profile in place. • 93% of service user's had a clinical note confirming that the risk profile had been completed collaboratively. • Overall 100% of service users had either of a user friendly risk profile or a clinical note evidencing that their risk profile had been completed collaboratively. • Only 45% of the user friendly risk profile scores matched that of the normal risk profile. • 73% of the trusts qualified staff had received training on collaborative risk.	Following the audit a brief was sent out though the local team meeting (LTM) reminding staff to update the user friendly risk profile when changes are made to the normal risk profile. IT also sent out guidance to all staff on completing the user friendly version. Discussions are ongoing with IT regarding the possibility of adding the user friendly risk profile version onto Carenotes Assist to act as a prompt. As a result of the low number of the user friendly risk profiles matching that of the normal risk profiles IT will create and run a report which will clearly identify where there are differences. There are no plans for a re-audit in 16-17.

Audit Topic	Date of Audit	Audit Objective	Re-Audit	Summary of Findings	Outcomes/Changes in Practice
2. Smoking Cessation	April 16	To ensure that all service users within the trust who smoke are offered the relevant information and support with regards to smoking cessation.	x	This audit was undertaken as part of CQUIN measures set out by NHS England with regards to smoking cessation in mental health services. There is little evidence to suggest that when service users are admitted to the trust they are given any information regarding smoking cessation and the support that the trust can provide should they wish to give up smoking either following admission or at some point in the future. The service users did not appear to have received any information on the trusts policy re smoking or the benefits of stopping smoking. It would appear from the information available that if the service user said 'don't want to give up/ not ready to give up smoking' no further information was given to them. The trust's admission health physical form is completed and has to parts, A and B. Part A is completed within the 1st hour of admission and does not contain any smoking related questions. Part B which does have smoking related questions can be completed up to 7 days after admission.	As a result of the audit the following actions are currently in progress. This was slightly delayed due to the acquisition by Mersey Care but should now be back on track. • Band 4 and ward based "smoking cessation champions" to be trained up to provide information on benefits of smoking cessation as part of the programme and once in post implement NICE guidelines around pre-admission smoking cessation checklist. • Part A admission physical Health document to include questions relating to smoking habit of new admissions • Person centred smoking cessation plan to be integrated into individualised smoking cessation plan of current smokers. • Service users will be supported to comply with recommended pharmacotherapies in their smoking cessation plan/abstinence. This is a continuing CQUIN however there are no plans for this specific aspect of smoking to be re-audited in 16-17.

Appendix A:
Report on Clinical Audit Outcomes.
Qtr. 1 (April – June 2016)

Audit Topic	Date of Audit	Audit Objective	Re-Audit	Summary of Findings	Outcomes/Changes in Practice
3. Type 2 Diabetes	May 16	To ensure that the trust is discharging their responsibility with regards to NICE guidance for type 2 diabetes	x	This audit was undertaken to establish the trusts level of compliance with the NICE guidance for type 2 diabetes. Overall impressions for the management of type 2 diabetes at Calderstones NICE guidelines were followed. But there are areas, we could improve as follows: • Adherence to healthy life styles including weight management and smoking cessations. • Monitoring lipid profile annually. • Lipid lowering medication should be prescribed for all type 2 diabetes. • Albumin Creatinine ratio measurement check- up annually.	As a result of the audit Dr responsible for physical health is giving consideration for a protocol to be completed with regards to the unlicensed use of metformin. This is still ongoing. There are no plans for a re-audit in 16-17.

Audit Topic	Date of Audit	Audit Objective	Re-Audit	Summary of Findings	Outcomes/Changes in Practice
4. Standard of Completion of H5 Form	May 16	To set standard for completion of form H5.	x	This audit was requested to be completed by a consultant. It had come to light that there was a big variation in the completion of the H5 form. The audit found the following: • No mention of patient's exact diagnosis of mental disorder- Learning disability of Mild, Moderate or severe in nature. • Variation in description of Nature and degree of illness. • It appears that there is no uniformity of information given on completion of H5 form and no standard was set by the trust.	Following the audit it was agreed that the following should be standard items when completing H5: • Patient's admission date and Diagnosis if available. • Reason for admission briefly. • Nature and degree of illness especially degree. • Current risk at the time of completion of H5 should indicate patients health, safety and protection of others. • Brief reason why informal admission is not appropriate. There are no plans for a re-audit in 16-17.

Appendix A:
Report on Clinical Audit Outcomes.
Qtr. 1 (April – June 2016)

Audit Topic	Date of Audit	Audit Objective	Re-Audit	Summary of Findings	Outcomes/Changes in Practice
5. Medicines	April 16	To ascertain the compliance throughout Trust with storage and handling of medication procedures and to make any recommendations for improvement	x	This audit was completed by the trust's pharmacy team after reviewing the previous CQC report and identifying key areas where the trust did not meet the standards. Extensive improvements have been made in all areas throughout the year, most significantly in the reduced numbers of expired medicines and the reduction of untidy cupboards providing safer administration. Along with the action plans above and more proactive input from the pharmacy team further improvements should continue to be made. Savings have been made towards the end of the year with more control over supplies of monthly mediation supplied from BGH. Although not all wards were included in the March Savings, (11 wards only) the total saved reached £1009.50p. Other areas identified as needing improvement will be taken on board and will be addressed over the coming months, with the implementation of a robust system, specifically the medicine trail of supplied medicines to outside care providers (Leave medicines) and returned items back to the ward and BGH.	No recommendations were made from this audit. The storage and handling of medicines is continuously monitored by the trusts pharmacy team. There are no plans for a re-audit in 16-17.

Audited Accounts

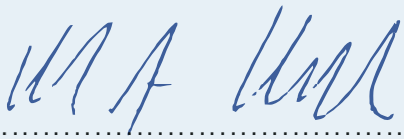
CALDERSTONES PARTNERSHIP NHS FOUNDATION TRUST

Three Month Period Ended 30 June 2016

These accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

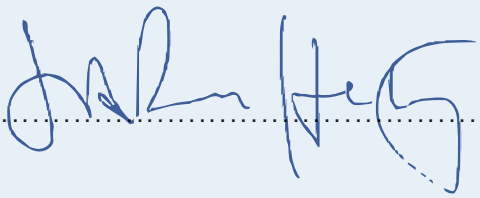
Further details relating to the adopted Financial Policies are set out in the notes to the accounts which, in common with all other NHS bodies, have been prepared under the International Financial Reporting Standards.

With effect from 1st July 2016, Mersey Care NHS Foundation Trust acquired Calderstones, this follows the agreement of both boards and was approved by NHS Improvement, the Foundation Trust Regulator.

Signed  .....

Mark Hindle
Director of Operations, Mersey Care NHS Foundation Trust
(formerly Chief Executive, Calderstones Partnership NHS Foundation Trus)

Dated 24 May 2017

Signed  .....

Joseph Rafferty
Chief Executive Mersey Care NHS Foundation Trust

Dated 24 May 2017

Independent Practitioner's Limited Assurance Report to the Council of Governors of Mersey Care NHS Foundation Trust on the Quality Report in respect of Calderstones Partnership NHS Foundation Trust

We have been engaged by the Council of Governors of Mersey Care NHS Foundation Trust on behalf of Calderstones Partnership NHS Foundation Trust, to perform an independent limited assurance engagement in respect of Calderstones Partnership NHS Foundation Trust's Quality Report for the period ended 30 June 2016 (the "Quality Report"), and certain performance indicators contained therein against the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and additional supporting guidance in the 'Detailed requirements for quality reports for foundation trusts 2016/17' (the 'Criteria').

Scope and subject matter

The indicators for the period ended 30 June 2016 subject to the limited assurance engagement consist of:

- Patient Safety indicator - Rate of patient safety incidents reported within the Trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.
- Care Pathway Measures - All service users will have an Integrated Care Plan by week 12 of the care pathway.

We refer to these indicators collectively as the 'Indicators'.

Respective responsibilities of the directors and Practitioner

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the NHS foundation trust annual reporting manual 2016/17 and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17'; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance and the six dimensions of data quality set out in the 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17.

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes for the period 1 April 2016 to 30 June 2016;
- papers relating to quality reported to the Board over the period 1 April 2016 to June 2016;
- feedback from Commissioners dated 23 May 2017;
- feedback from local Healthwatch organisations dated 17 May 2017;
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 19 July 2016;
- The national staff survey dated 23 February 2016; and
- The Head of Internal Audit's annual opinion over the Trust's control environment dated 12 April 2017.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the "documents"). Our responsibilities do not extend to any other information.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Mersey Care NHS Foundation Trust in respect of Calderstones Partnership NHS Foundation Trust as a body, to assist the Council of Governors in reporting Calderstones Partnership NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the period ended 30 June 2016, to enable the Council of Governors of Mersey Care NHS Foundation Trust in respect of Calderstones Partnership NHS Foundation Trust to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of Mersey Care NHS Foundation Trust in respect of Calderstones Partnership NHS Foundation Trust as a body, for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- limited testing, on a selective basis, of the data used to calculate the indicators tested back to supporting documentation;
- comparing the content requirements of the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is narrower in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the Quality Report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance.

The scope of our limited assurance work has not included governance over quality or non-mandated indicators which have been determined locally by Mersey Care NHS Foundation Trust NHS Foundation Trust in respect of Calderstones Partnership NHS Foundation Trust.

Our audit work on the financial statements of Calderstones Partnership NHS Foundation Trust is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as Calderstones Partnership NHS Foundation Trust's external auditors. Our audit reports on the financial statements are made solely to Mersey Care Foundation Trust's members in respect of Calderstones Partnership NHS Foundation Trust, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. Our audit work is undertaken so that we might state to Mersey Care Foundation Trust's members in respect of Calderstones Partnership NHS Foundation Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. Our audits of Calderstones Partnership NHS Foundation Trust's financial statements are not planned or conducted to address or reflect matters in which anyone other than such members as a body may be interested for such purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than Mersey Care Foundation Trust's members in respect of Calderstones Partnership NHS Foundation Trust, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of those audits.

Conclusion

Based on the work described in this report, nothing has come to our attention that causes us to believe that, for the period ended 30 June 2016:

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the NHS foundation trust annual reporting manual 2016/17 and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17'; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report have not been reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Manchester
25 May 2017

Statement of Comprehensive Income

	Note	Three Month Period Ended 30 June 2016 £000	Restated 2015/2016 £000
Operating income from patient care activities	2.1	9,051	40,160
Other operating income	2.1	647	7,166
Total operating income from continuing operations		**9,698**	**47,326**
Operating expenses of continuing operations	3.1	(10,495)	(47,162)
Operating surplus (deficit)		**(797)**	**164**
Finance costs:			
Finance income		11	56
Finance expense - unwinding of discount on provisions		0	(11)
Public dividend capital dividends payable		(429)	(1,703)
Net finance costs		**(418)**	**(1,658)**
Movement in fair value of investment property and other investments		(6)	(71)
Surplus (Deficit) for the period from continuing operations		**(1,221)**	**(1,565)**
Surplus of discontinued operations		0	0
Surplus (Deficit) for the period		**(1,221)**	**(1,565)**
Other comprehensive income			
Impairments of property plant and equipment		(4)	(359)
Revaluation gains on property plant and equipment		1,255	955
Other reserve movements		0	453
Total other comprehensive income		**1,251**	**1,049**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**30**	**(516)**

Comparatives for 2015/16 have been restated to net off reversal of impairments of property plant and equipment against impairments in operating expenses.

Notes 1 to 32 form part of these accounts.

2015/16

The Trust hosted East Lancashire Financial Services for the period to 31 January 2016. At this date the hosting arrangements transferred to Salford Royal NHS FT.

Statement of Financial Position

	Note	30 June 2016 £000	31 March 2016 £000
Non-current assets			
Intangible assets	6.1	79	88
Property, plant and equipment	7.1	51,977	47,837
Investment property	10.1	1,678	4,745
Other Financial Assets	31	200	400
Investment in Subsidiary	0		0
Total non-current assets		**53,934**	**53,070**
Current assets			
Trade and other receivables	12.1	1,967	2,042
Other Financial Assets	31	350	200
Cash and cash equivalents	21	3,604	4,578
Total current assets		**5,921**	**6,820**
Current liabilities			
Trade and other payables	14	(3,213)	(3,101)
Provisions	19	(1,433)	(1,551)
Other liabilities	16	(27)	(77)
Total current liabilities		**(4,673)**	**(4,729)**
Total assets less current liabilities		**55,182**	**55,161**
Non-current liabilities	19	(845)	(854)
Total non-current liabilities		**(845)**	**(854)**
Total assets employed		**54,337**	**54,307**
Financed by taxpayers' equity:			
Public dividend capital		18,818	18,818
Revaluation reserve	20	19,054	17,924
Income and expenditure reserve		16,465	17,565
Total Taxpayers' Equity		**54,337**	**54,307**

On the 1 July 2016 the Trust was absorbed by Mersey Care NHS Foundation Trust- See Note 32 'Events after the Reporting Period'.

Mark Hindle
Director of Operations, Mersey Care NHS Foundation Trust (formerly Chief Executive, Calderstones Partnership NHS Foundation Trust

Joseph Rafferty
Chief Executive Mersey Care NHS Foundation Trust

Statement of Changes in Taxpayer's Equity

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' Equity at start of period 1 April 2016	**18,818**	**17,924**	**17,565**	**54,307**
Surplus/(deficit) for the period			(1,221)	(1,221)
Impairments		(4)		(4)
Revaluation Gains		1,255		1,255
Other reserve movements		(121)	121	0
Taxpayers' Equity at 30 June 2016	**18,818**	**19,054**	**16,465**	**54,337**

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' Equity at start of period 1 April 2015	**19,318**	**17,622**	**18,383**	**55,323**
Surplus/(deficit) for the year	0	0	(1,565)	(1,565)
Transfer between reserves		(275)	275	0
Impairments	0	(359)	0	(359)
Revaluation gains	0	955	0	955
Transfers to the income and expenditure reserve in respect of assets disposed of	0	(19)	19	0
Public Dividend Capital	(500)			(500)
Other reserves movements			453	453
Taxpayers' Equity at 31 March 2016	**18,818**	**17,924**	**17,565**	**54,307**

Statement of Cash Flows

for the three month period ended 30 June 2016

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Cash flows from operating activities		
Operating surplus from continuing operations	(797)	164
Operating surplus	**(797)**	**164**
Non-cash income and expense:		
Depreciation and amortisation	363	1,526
Net Impairments	(11)	278
(Gain)/Loss on Disposal	0	6
(Increase) / decrease in trade and other receivables	74	173
(Increase) / decrease in other assets	50	(600)
Increase / (decrease) in trade and other payables	(88)	(1,779)
Increase / (decrease) in other liabilities	(50)	(75)
Increase / (decrease) in provisions	(127)	995
Net cash generated from / (used in) operations	**(586)**	**688**
Cash flows from investing activities		
Interest received	12	55
Purchase of intangible assets	0	(4)
Purchase of property, plant and equipment and investment property	(400)	(1,107)
Sale of property, plant and equipment	0	261
Net cash generated from / (used in) investing activities	**(388)**	**(795)**
Cash flows from financing activities		
Public Dividend Capital repaid	0	(500)
PDC dividend paid	0	(1,791)
Cash flows from (used in) other financing activities *	0	453
Net cash generated from / (used in) financing activities	**0**	**(1,838)**
Net increase/(decrease) in cash and cash equivalents	**(974)**	**(1,945)**
Cash and cash equivalents at 1 April	**4,578**	**6,523**
Cash and cash equivalents at the 30 June	**3,604**	**4,578**

* The £453k relates to the divestment of the Trusts subsidiary Future Directions and reflects the movements in working balances and cash which equate to the subsidiary's income & expenditure reserve balance as at 1 April 2015.

NOTES TO THE ACCOUNTS

Note 1 Accounting policies and other information

1.1 Accounting Policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the DH GAM 2016/17 issued by the Department of Health. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.3 Consolidation

The Trust does not have any Associates, Joint Ventures or Joint Operations.

Subsidiaries

The Trust does not have any subsidiaries.

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.5 Critical judgements in applying accounting policies

Estimates and judgements have to be made in preparing the Trust's annual accounts. These are continually evaluated and updated as required, although actual results may differ from these estimates.

The following are the critical judgements, apart from those involving estimations that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Segmental Reporting

The Trust has one material segment, being the provision of healthcare. Service divisions within the Trust all have similar economic characteristics; all of the healthcare activity is undertaken in relation to NHS patients.

1.6 Key Sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provisions

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the year, taking into account the risks and uncertainties.

Injury Benefits

The carrying amount of injury benefit provisions is estimated as the present value of those cash flows using HM Treasury's discount rate of 1.37% in real terms. the period over which future cash flows will be paid is estimated using the England life expectancy tables as published by the office of National Statistics.

Other Legal

Estimates are based on information supplied by the NHS Litigation Authority and the Trust's solicitors.

Non Current Asset Valuations

In line with accounting policies the Trust receives a full valuation carried out by the District Valuer, who is a member of the Royal Institute of Chartered Surveyors, every five years. The impact of this valuation was reflected in the accounts as at the 31st March 2014. In subsequent years desk top valuations of the Trusts estate were obtained as well as a desk top valuation as at 30th June 2016.

Actuarial Assumptions for costs relating to the NHS pension scheme

The Trust reports, as operating expenditure, employer contributions to staff pensions. The employer contribution is based on an annual actuarial estimate of the required contribution to the scheme's liabilities. It is an expense that is subject to change.

1.7 Income

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

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

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

1.8 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

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

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill health. The full amount of the liability for the additional costs is charged to operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

1.9 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.10 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000;
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, 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
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, the components are grouped into categories with similar asset lives, these groups are treated as separate assets and depreciated over their own useful economic lives.

Measurement

Valuation
All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken with sufficient regularity to ensure that the carrying amounts are not materially different to those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

In line with accounting policies the Trust receives a full valuation was carried out by the District Valuer, who is a member of the Royal Institute of Chartered Surveyors, every five years. The last full valuation was undertaken as at 1st April 2014. Interim desktop exercises ensure the estate value is updated annually. In addition to this a desk top valuation for land and property was carried out at 30 June 2016.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and any borrowing costs allowed to be capitalised under IAS23, for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and fittings are depreciated from their fair value at 1 April 2008 or later purchase cost over their expected useful lives.

Subsequent Expenditure
Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation
Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated, Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Revaluation gains and losses

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating expenses. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

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

Impairments
In accordance with the FT ARM, impairments that are due to a loss of economic benefits or service potential in the assets are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.
An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Reversals are netted off against impairments in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised.
Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.
Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

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

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.
Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

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

Investment Property
The fair value model has been applied for the valuation of investment property based on market value.

Where an asset is valued to Fair Value, IFRS 13 requires the valuer to make additional disclosures regarding the valuation technique applied to measure the Fair value and the nature of the inputs to that valuation technique, having regard to the fair value hierarchy prescribed at paragraphs 76 to 90 of IFRS 13.

The market value approach for Investment Properties uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets.

The inputs to this technique constitute Level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date. There has been no change in the technique adopted. The evidence gleaned from market evidence and discussion with agents indicated no change in the level of value since 2015 and no need for a separate policy to determine when transfers occur has been identified.

There have been no transfers between Level 1 and Level 2 in the period and no need identified for a separate policy.

1.13 Intangible assets

Recognition
Intangible assets are non-monetary assets without physical substance, which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust, where the cost of the asset can be measured reliably and where the cost is at least £5000.

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

Expenditure on research and development is not capitalised.

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

Measurement
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Revaluations, gains, losses and impairments are treated in the same manner as for Property, Plant and Equipment.

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

1.14 Government grants
Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS Trusts for the provision of services. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

1.15 Inventories
Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First In, First Out (FIFO) method or, for pharmacy inventories, the weighted average cost method.

1.16 Financial instruments 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
Financial assets are categorised as 'Fair Value through Income and Expenditure', 'Loans and receivables' or 'Available-for-sale financial assets'.

Financial liabilities are classified as 'Fair value through Income and Expenditure' or as 'Other Financial liabilities'.

Financial risk management
Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Clinical commissioning Groups and the way those Clinical Commissioning Groups are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and 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.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk
The Trust can borrow from the Foundation Trust finance facility for capital expenditure. The borrowings can be for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk
Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
"The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups and Local Authorities, which are financed from resources voted annually by Parliament .

With the introduction of the Risk Assessment Framework from 1 October 2013 Monitor assesses the level of liquidity and the ability of the Trust to service its debt. As a consequence capital expenditure will be limited by the extent to which the Trust generates its own funds and is able to finance any loans."

Financial assets and financial liabilities at "Fair Value through Income and Expenditure"
The Trust does not have any financial assets at fair value through income and expenditure.

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

Available-for-sale financial assets
The Trust does not have any available-for-sale financial assets.

Other financial liabilities
All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities. Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets
At the Statement of Financial Position date, the Trust assesses whether any financial assets are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

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

1.17 Leases

Finance leases
Where substantially all the risks and rewards of ownership are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

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

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

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

Leases of land and buildings
When a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

1.18 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount for which it is probable that there will be a future outflow of cash or other resources and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates. For early retirement provisions and injury benefit provisions the HM Treasury's pension discount rate of 1.37% in real terms is applied.

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 19 but is not recognised in the Trust's accounts.

Non-clinical risk pooling
The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to 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.

Other commercial insurance held by the Trust includes (building) contract works, contents and motor vehicle cover. The annual premiums and any excesses payable are charged to operating expenses when the liability arises. Additionally the subsidiary has a range of insurances appropriate to that business sector.

1.19 Contingencies
Contingent assets, that are assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Trust's control, are not recognised as assets but disclosed in note 23 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 23, 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 Trust's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.20 Public Dividend Capital (PDC) and PDC dividend

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial period. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) net cash balances held with the Government Banking Services (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) and PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.21 Value Added Tax

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

1.22 Corporation Tax

Under s519A ICTA 1988 Calderstones Partnership NHS Foundation Trust is regarded as a Health Service body and is, therefore, exempt from taxation on its income and capital gains. Section 148 of the 2004 Finance Act provided the Treasury with powers to disapply this exemption. Accordingly the Trust is potentially within the scope of Corporation Tax in respect of activities which are not related to, or ancillary to, the provision of healthcare and where the profits exceed £50,000 pa.

The Trust has had no activities which are not related to, or ancillary to, the provision of health care during this period or previous financial years, consequently no liability for Corporation Tax has arisen to date.

1.23 Foreign Exchange

The functional and presentational currencies of the Trust are sterling.

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

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

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

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

1.24 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed (in note 21 to the accounts) in accordance with the requirements of HM Treasury's FReM.

1.25 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Foundation Trust not been bearing its own risk (with insurance premiums then being included as normal revenue expenditure). However, the losses and special payments note is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.26 Basis of the preparation of the accounts – Going concern

On the 1 July 2016 the Trust was acquired by Mersey Care NHS Foundation Trust. Therefore, Calderstones Partnership NHS Foundation Trust ceased to exist on the 30 June 2016. The acquisition has not impacted on the valuation of balances as at 30th June 2016 as the services previously provided by the Trust will continue to be provided by Mersey Care NHS Foundation Trust. In these circumstances, and in accordance with the public sector adaptation to International Accounting Standard (IAS) 1 set out in the Department of Health Group Accounting Manual 2016/17 and the 2016/17 Treasury FREM (Financial Reporting Manual), the financial statements have been prepared on a going concern basis. Following the Winterbourne View Hospital reviews, the national implementation plan 'Building the right support: a national implementation plan to develop community services and close inpatient facilities', October 2015, endorsed the commitment to transform services to ensure that vulnerable people, particularly those with learning disabilities and autism, receive safe, appropriate, high quality care, based on their individual needs, close to home in community based services, with a substantial reduction in reliance on inpatient care.

In the summer of 2015, both Lancashire and Greater Manchester were included in the 'fast track' programme for Transforming Care. Calderstones has worked closely with both areas to develop detailed plans to reduce the number of inpatient beds for people with learning disabilities and/or autism. These plans have been incorporated into the national implementation plan, which contains a specific reference to Calderstones Partnership NHS Foundation Trust and provides that the plans developed by Greater Manchester and Lancashire Fast Tracks with NHS England Specialised Commissioners, subject to consultation, will implement a new service model resulting in the closure of remaining inpatient beds at Calderstones. Therefore, 2016-17 marks the first of the three year journey to close facilities on the Calderstones site, a decision which is unaffected by the acquisition by Mersey Care NHS Foundation Trust.

1.27 Accounting standards that have been issued but have not yet been adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2016-17. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 Revenue for Contracts with Customers - Application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

1.28 Transfers of functions to other NHS bodies

For property plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

Calderstones Partnership NHS Foundation Trust has transferred all its functions to Mersey Care NHS Foundation Trust on 1 July 2016, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net [loss / gain] corresponding to the net [assets/ liabilities] transferred is recognised within [expenses / income], but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the foundation trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

1.29 Pension Costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

1.30 Mergers and Acquisitions

Where the Trust combines with another entity within the Whole of Government Accounts boundary (including other NHS foundation trusts and NHS trusts) this represents a 'machinery of government change' regardless of the mechanism used to effect the combination e.g. statutory merger or purchase of the business.

In accordance with the FReM, the Trust has selected accounting policies and adopted merger accounting principles similar to those in FRS 6, whereby:

- the carrying value of the assets and liabilities of the combining bodies or functions are not adjusted to fair value on consolidation. Appropriate adjustments should be made to achieve uniformity of accounting policies in the combining bodies; and
- the results and cash flows of all the combining bodies (or functions) should be brought into the financial statements of the combined body from the beginning of the financial year in which the combination occurred, adjusted so as to achieve uniformity. The corresponding figures should be restated by including the results for all the combining bodies (or functions) for the previous period and their Statement of Financial Position for the previous Statement of Financial Position date.

A reporting entity that receives a transfer of functions should disclose in its financial statements that the transfer has taken place (including a brief description of the transferred function), giving the date of the transfer, the name of the transferring body and the effect on the financial statements.

1.31 Discontinued Operations

A discontinued operation is a component of the Trust that either has been disposed of, or is classified as held for sale, and:

- epresents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Surplus or Deficit from discontinued operations, including prior year components of surplus or deficit, is presented in a single amount in the Statement of Comprehensive Income.

This amount is further analysed in Note 29.

The disclosures for discontinued operations in the prior year relate to all operations that had been discontinued by the reporting date of the latest period presented.

2.1 Operating Income (by nature)

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Income from Activities		
Block Contract income	8,335	36,106
Other clinical income from mandatory services	716	3,554
Other non-protected clinical income	0	0
Additional income for delivery of healthcare services	0	500
Total Income from Activities	**9,051**	**40,160**
Of which related to discontinued operations		
Total Income from Activities- continuing operations	**9,051**	**40,160**
Other Operating Income		
Research and Development	2	7
Education and training	67	358
Charitable and other contributions to expenditure	0	7
Non-patient care services to other bodies	17	4,583
Reversal of Impairments property plant and equipment	0	0
Income in respect of staff costs	39	76
Sustainability and Transformation Fund income	125	0
Other income*	397	2,135
Total Other Operating Income	**647**	**7,166**
Of which related to discontinued operations	0	0
Total Other Operating Income - continuing operations	**647**	**7,166**
Total Operating Income - continuing operations	**9,698**	**47,326**

Comparatives for 2015/16 have been restated to net off reversal of impairments of property plant and equipment against impairments in operating expenses.

All income from activities for the Trust relates to Commissioner Requested Services as set out in the Trust's Terms of Authorisation and NHS Provider Licence.

* Other income includes the following significant items of funding:

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Transitional funding	0	1,196
ELFs/ANW other trading income non SLA	0	199
Income generation from property & energy	31	184
Income generation from catering	34	139
Projects & central funding e.g. winter pressures	0	87
I, M & T	0	75
Training income non core services	0	75
Childcare services	0	62
Service User recharges transport/phones	2	38
Transitional funding from Mersey Care Trust	297	0
Other	33	80
	397	**2,135**

2.2 Operating Income (by source)

	Three Month Period Ended 30 June 2016 £000	2015/2016 £000
Income from Activities		
CCGs and NHS England	8,619	37,742
Local authorities	152	899
Non NHS: Other	280	1,019
Additional income for delivery of healthcare services	0	500
Total Income from activities (by source)	**9,051**	**40,160**
Of which related to discontinued operations		
Total Income from activities (by source) - continuing operations	**9,051**	**40,160**
Other Operating Income		
NHS Foundation Trusts	253	1,642
NHS Trusts	63	2,500
Health Education England	38	271
CCGs and NHS England	125	826
Business with NDPBs	0	1
Business with other WGA bodies	0	3
Business with Local Authorities	0	11
Business with bodies external to Government	168	1,912
Total Other Operating Income (by source)	**647**	**7,166**
Of which related to discontinued operations		
Total Other Operating Income (by source) - continuing operations	**647**	**7,166**
Total Operating Income - continuing operations	**9,698**	**47,326**

2.3 Private patient income

The Trust had no private patient income in 2016/17 or 2015/16.

3.1 Operating Expenses

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Services from other Foundation Trusts	109	249
Services from NHS Trusts	31	193
Employee expenses - Executive Directors	136	498
Employee expenses - Non-Executive Directors	27	110
Employee expenses - Staff	8,862	36,395
Drug costs	30	148
Rentals under operating leases - minimum lease receipts	4	203
Supplies and services - clinical (excluding drugs costs)	9	45
Supplies and services - general	158	642
Establishment	116	694
Transport	26	142
Premises - business rates payable to local authorities	37	163
Premises	278	2,357
Increase / (decrease) in provision for impaired receivables	0	(1)
Increase in other provisions	(106)	(2)
Change in provision discount rates	0	(7)
Depreciation on property, plant and equipment	354	1,474
Amortisation on intangible assets	9	52
Net Impairments of property, plant and equipment	(11)	278
Audit fees payable to the external auditor		
- audit services - statutory audit	42	55
- other auditor remuneration	0	0
Clinical negligence	5	14
Loss on disposal of intangible assets	0	0
Loss on disposal of land and buildings	0	0
Loss on disposal of plant and equipment	0	6
Legal fees	22	158
Consultancy costs	102	363
Internal audit costs - (not included in employee expenses)	21	121
Training, courses and conferences	45	137
Car parking and Security	2	30
Redundancy - (not included in employee expenses note 4.1)	0	1,089
Redundancy - (Included in employee expenses note 4.1)	0	865
Publishing	0	4
Insurance	36	122
Other services, eg external payroll	74	147
Losses, ex gratia and special payments	1	4
Other Operating Expenses	76	414
Total operating expenses	**10,495**	**47,162**
Of which related to discontinued operations	0	0
Total operating expenses from continuing operations	**10,495**	**47,162**

Comparatives for 2015/16 have been restated to net off reversal of impairments of property plant and equipment against impairments in operating expenses.

2015/16 Reversal of Impairments recognised in Income	136
2015/16 Impairments charged to Expenditure	414
2015/16 Net Impairments	278

The Trust had no private patient income in 2016/17 or 2015/16.

3.2 Arrangements containing an operating lease

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Minimum lease payments	4	203

3.3 Arrangements containing an operating lease

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Future minimum lease payments due:		
Not later than one year	0	13
Later than one year and not later than five years	0	0
Later than five years	0	0
Total	**0**	**13**

2015/16 Expenditure on operating leases includes property and plant for East Lancashire Financial Services of £203k.

East Lancashire Financial Services transferred to Salford Royal NHS FT on 1 February 2016.

4. Employee expenses and numbers

4.1 Employee expenses

	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	6,861	6,861	0	27,991	25,599	2,392
Social Security Costs	588	588	0	2,037	1,808	229
Pension cost - defined contribution plans	719	719	0	3,279	3,216	63
Employers contributions to NHS Pensions						
Pension cost - other	0	0	0	1	1	0
Termination benefits	0	0	0	1,214	1,214	0
Agency / contract staff	836	0	836	3,268	0	3,268
Total	**9,004**	**8,168**	**836**	**37,790**	**31,838**	**5,952**
Of the total above						
Charged to Capital	6			32		

4.2 Early retirements due to ill-health

During the 3 month period to 30 June 2016 there was 1 retirement of employees of the Trust agreed on grounds of ill-health (2015/16: 1) at a cost of £45k (2015/16: £55k).

The cost of this ill-health retirement will be borne by the NHS Business Services Authority - Pensions Division.

Information provided at year end.

4.3 Directors remuneration & other benefits

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Remuneration	174	738
Benefits in kind	4	10
Employer contributions to a pension scheme	20	86

During the 3 month period to 30 June 2016 there were 7 directors (2015/16: 10 directors) to whom benefits are accruing under a defined benefit scheme.

5.1 Impairment of Non Current Assets

Three Month Period Ended 30 June 2016

Land
Increases of £80k to a specific number of land values have arisen due to changes in market values, this has been taken to the revaluation reserve, in addition an impairment of £5k to other land values have arisen due to market changes and has been recognised in operating expenses.

Buildings
Increases of £1,193 have arisen due to changes in market prices, of this £1,175k has been taken to the revaluation reserve and £18k has been recognised in operating expenses. In addition impairment of £1k has been recognised in operating expenses.

Dwellings
Impairments of £5k have arisen due to changes in market prices, of this £4k has been taken to the revaluation reserve and £1k recognised in operating expenses.

A revaluation was carried out by the District Valuer on 30th June 2016.

Restated

2015/16

Land
Increases of £2k to a specific number of land values have arisen due to changes in market values, this has been taken to the revaluation reserve, in addition impairments of £3k to other land values have arisen due to changes in market values, this has been taken to the revaluation reserve.

Buildings
Increases of £1,089k have arisen due to changes in market values, of this £953k has been taken to the revaluation reserve and £136k has been recognised in operating expenses. Impairment totalling £262k have arisen which have been charged to operating expenses and are as a result of the decommissioning of buildings. Impairments of £356k have been taken to the revaluation reserve due to changes in market prices.

Plant and Machinery
An impairment of £152k has been recognised in operating expenses, this is due to the revaluation of an asset.

Investment Properties
An Impairment of £71k have been recognised in operating expenses, this is due to changes in market prices.

A revaluation was carried out by the District Valuer on 31st March 2016.

Comparatives for 2015/16 have been restated to net off reversal of impairments of property plant and equipment against impairments in operating expenses.

6.1 Intangible assets

	Software Licenses purchased
	£000
Gross cost at start of period as at 1 April 2016	**378**
Additions purchased	0
Transfers to assets held for sale	0
Disposals	0
Gross cost at 30 June 2016	**378**
Amortisation at start of period as at 1 April 2016	**290**
Provided during the year	9
Transfers to assets held for sale	0
Disposals	0
Amortisation at 30 June 2016	**299**
2015/16	
Gross cost at start of period as at 1 April 2015	**387**
Additions purchased	4
Transfers to assets held for sale	0
Disposals	(13)
Gross cost at 31 March 2016	**378**
Amortisation at start of period as at 1 April 2015	**251**
Provided during the year	52
Transfers to assets held for sale	0
Disposals	(13)
Amortisation at 31 March 2016	**290**
Net book value	
Purchased as at 30 June 2016	79
Donated at 30 June 2016	0
Total at 30 June 2016	**79**
Net book value	
Purchased as at 31 March 2016	88
Donated as at 31 March 2016	0
Total at 31 March 2016	**88**

6.2 Intangible assets acquired by government grant

There are no intangible assets acquired by Government Grant.

6.3 Economic life of Intangible assets

	Minimum life	Maximum life
Intangible assets purchased		
Software	1	5

7.1 Property, plant and equipment

for the three month period ended 30 June 2016

	Land	Buildings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation as at 1 April 2016	6,078	40,441	0	0	450	321	1,885	805	49,980
Additions purchased	0	100	12	4	13	0	36	0	165
Impairments charged to revaluation reserve	0	0	(4)	0	0	0	0	0	(4)
Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Reclassifications*	767	(112)	2,412	0	0	0	0	0	3,067
Revaluation Gains	80	1,175	0	0	0	0	0	0	1,255
Transfers to assets held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Accumulated depreciation eliminated on revaluation	0	0	0	0	0	0	0	0	0
At 30 June 2016	**6,925**	**41,604**	**2,420**	**4**	**463**	**321**	**1,921**	**805**	**54,463**
Accumulated depreciation as at 1 April 2016	**0**	**0**	**0**	**0**	**167**	**189**	**1,292**	**495**	**2,143**
Provided during the year	0	288	7	0	10	6	24	19	354
Impairments charged to operating expenses	5	1	1	0	0	0	0	0	7
Reversal of Impairments credited to operating income	0	(18)	0	0	0	0	0	0	(18)
Transfers to assets held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Accumulated depreciation eliminated on revaluation									0
Depreciation at 30 June 2016	**5**	**271**	**8**	**0**	**177**	**195**	**1,316**	**514**	**2,486**

7.1 Property, plant and equipment

for the three month period ended 30 June 2016

	Land	Buildings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value									
Owned at 30 June 2016	6,920	41,333	2,412	4	286	126	605	291	51,977
Finance lease at 30 June 2016	0	0	0	0	0	0	0	0	0
Donated at 30 June 2016	0	0	0	0	0	0	0	0	0
Total at 30 June 2016	**6,920**	**41,333**	**2,412**	**4**	**286**	**126**	**605**	**291**	**51,977**

* Investment properties that are either occupied by staff or vacant have been reclassified to Land and Dwellings, this is to comply with IAS 40.

Restated

	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation as at 1 April 2015	6,079	40,250	0	59	441	354	1,622	1,225	50,030
Additions purchased	0	846	0	0	30	0	285	30	1,191
Impairments charged to revaluation reserve	(3)	(356)	0	0	0	0	0	0	(359)
Impairments charged to operating expenses	0	0	0	0	0	0	0	(152)	(152)
Reclassifications*	0	58	0	(59)	0	0	1	0	0
Revaluation Gains	2	953	0	0	0	0	0	0	955
Transfers to assets held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(21)	(33)	(23)	(298)	(375)
Accumulated depreciation eliminated on revaluation	0	(1,310)	0	0	0	0	0	0	(1,310)
At 31 March 2016	**6,078**	**40,441**	**0**	**0**	**450**	**321**	**1,885**	**805**	**49,980**

7.1 Property, plant and equipment

for the three month period ended 30 June 2016

	Land	Buildings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Accumulated depreciation as at 1 April 2015	**0**	**0**	**0**	**0**	**152**	**184**	**1,191**	**648**	**2,175**
Provided during the year	0	1,184	0	0	36	36	115	103	1,474
Impairments charged to operating expenses	0	262	0	0	0	0	0	0	262
Reversal of Impairments credited to operating income	0	(136)	0	0	0	0	0	0	(136)
Transfers to assets held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(21)	(31)	(14)	(256)	(322)
Accumulated depreciation eliminated on revaluation	0	(1,310)	0	0	0	0	0	0	(1,310)
Depreciation at 31 March 2016	**0**	**0**	**0**	**0**	**167**	**189**	**1,292**	**495**	**2,143**
Net book value									
Owned at 31 March 2016	6,078	40,441	0	0	283	132	593	310	47,837
Finance lease at 31 March 2016	0	0	0	0	0	0	0	0	0
Donated at 31 March 2016	0	0	0	0	0	0	0	0	0
Total at 31 March 2016	**6,078**	**40,441**	**0**	**0**	**283**	**132**	**593**	**310**	**47,837**

Comparatives for 2015/16 have been restated to net off reversal of impairments of property plant and equipment against impairments in operating expenses.

7.2 Economic life of property, plant and equipment

for the three month period ended 30 June 2016

	Minimum life Years	Maximum life Years
Buildings (excluding dwellings)	2	65
Dwellings	8	48
Plant and machinery	1	10
Transport equipment	1	7
Information technology	1	10
Furniture and fittings	1	9

8. Assets held under finance leases

There were no assets under finance leases in the 3 month period to 30 June 2016 or 2015/16.

9.1 Non-current assets for sale and assets in disposal groups

There were no assets for sale and assets in disposal groups in the 3 month period to 30 June 2016.

	Intangible Assets	Assets Under Construction £000	Information Technology £000	Furniture & Fittings	Total
Net Book Value of Non Current Assets held for sale at 1 April 2015	49	11	72	82	214
Less Assets sold in the year	(49)	(11)	(72)	(82)	(214)
Net Book Value of Non Current Assets held for sale at 31 March 2016	0	0	0	0	0

9.2 Liabilities in disposal groups

The Trust has not been exposed to liabilities in respect of disposal groups in the 3 month period to 30 June 2016 or in 2015/16.

10. Investments

10.1 Investment Property - carrying amount

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Carrying value at 1 April	**4,745**	**4,745**
Acquisitions in period	6	71
Impairments recognised in expenses	(6)	(71)
Reclassifications to PPE	(3,067)	0
Fair value gains (taken to I&E)	0	0
Carrying value at 31 March	**1,678**	**4,745**

10.2 Investment Property expenses

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Direct Operating Expense arising from Investment Property which generated Rental Income in the period	5	26

10.3 Investment Property Income

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Investment Property Income	31	139

11. Associates and joint controlled operations

The Trust did not have any assets or liabilities in respect of associates and joint controlled operations in the 3 month period to 30 June 2016 or 2015/16.

12.1 Trade and other receivables

	30 June 2016 £000	31 March 2016 £000
Current		
NHS receivables	634	972
Other receivables with related parties	764	606
Provision for the impairment of receivables	(9)	(9)
Prepayments	241	70
Interest Receivable	1	2
PDC receivables	47	47
Vat receivable	40	28
Other receivables	249	326
Total current trade and other receivables	**1,967**	**2,042**

12.2 Provision for impairment of receivables

	30 June 2016 £000	31 March 2016 £000
At start of period as at 1 April	9	10
Increase in provision	(1)	(1)
Amounts utilised	0	0
Unused amounts reversed	1	0
At 31 March	**9**	**9**

12.3 Analysis of impaired receivables

	30 June 2016 £000	31 March 2016 £000
Ageing of impaired receivables		
0 - 30 days	0	0
30-60 Days	0	1
60-90 days	1	1
90- 180 days	4	3
over 180 days	4	4
Total	**9**	**9**
Ageing of non-impaired receivables past their due date:		
0 - 30 days	181	122
30-60 Days	58	58
60-90 days	57	118
90- 180 days	179	187
over 180 days	537	443
Total	**1,012**	**928**

13. Other Assets

The Trust does not have any Other Assets.

14.1 Trade and other payables

	30 June 2016 £000	31 March 2016 £000
Current		
NHS payables - revenue	424	519
Amounts due to other related parties	1028	943
Trade payables - capital	120	349
Other trade payables	611	809
Other payables	465	66
Accruals	136	415
PDC Payable	429	0
Total current trade and other payables	**3,213**	**3,101**

15. The Late Payment of Commercial Debts (Interest) Act 1998

There were no claims for interest made against the Trust as a result of the late payment of commercial debt (2015/16 nil).

16. Other liabilities

	30 June 2016	31 March 2016
	£000	£000
Deferred income	27	77

The Trust had no Non Current Other Liabilities at 30 June 2016 or 31 March 2016.

17. Finance lease obligations

The Trust did not have any obligations under finance leases in the 3 month period to 30 June 2016 or 2015/16.

18. Private Finance Initiative contracts

The Trust had no PFI schemes deemed to be on-statement of financial position PFI contracts in the 3 month period to 30 June 2016 or 2015/16.

19. Provisions for liabilities and charges

	Current		Non-current	
	30 June 2016	31 March 2016	30 June 2016	31 March 2016
	£000	£000	£000	£000
Pensions relating to staff	35	35	845	854
Other legal claims	249	367	0	0
Re-structuring	1089	1089	0	0
Other	60	60	0	0
Total	**1,433**	**1,551**	**845**	**854**

	Pensions relating to other staff	Legal claims	Re-structuring	Other	Total
	£000	£000	£000	£000	£000
At start of period as at 1 April 2016	**889**	**367**	**1,089**	**60**	**2,405**
Change in discount rate	0	0	0	0	0
Arising during the period	0	30	0	0	30
Used during the year-accruals	(9)	0	0	0	(9)
Used during the period- cash	0	(12)	0	0	(12)
Reversed unused	0	(136)	0	0	(136)
Unwinding of discount	0	0	0	0	0
At 30 June 2016	**880**	**249**	**1,089**	**60**	**2,278**
Expected timing of cash flows:					
- not later than 1 year	35	249	1089	60	1,433
- later than 1 year and not later than 5 years	140	0	0	0	140
- later than 5 years	705	0	0	0	705
Total	**880**	**249**	**1,089**	**60**	**2,278**

Pensions Relating to other staff
Pensions provisions include:
Injury Benefit Pensions - the amounts have been calculated using information supplied by the NHS Pensions Agency which is based on the average life expectancies of the recipients. The provision is after discounting at 1.37% (2015/2016 1.37%)

Legal Claims
Legal Claims include:
Liabilities to third parties - the amounts and the timing of the cashflows are based on information supplied by the NHS Litigation Authority. The provision is for the excess amount payable by the Trust. A contingent liability exists for the same set of circumstances.

Employment Liabilities - the amounts and timing of cash flows have been based on the Trust's solicitor's valuations and are calculated on the expected probabilities of success.

Restructuring
The restructuring provision relates to severance payments for Enhanced Service due to the contract ending on the 30th September 2016. There were no costs incurred on restructuring for the 3 month period to 30 June 2016. The provision is based on expected staff redundancies within the financial year.

Other Provisions
Other provisions relate to staff holiday pay enhancements. The calculation reflects the probability of remaining claims submitted to the Trust being successful.

£Nil (2015/16: £Nil) is included in the provisions of the NHS Litigation Authority at 30/6/2016 in respect of clinical negligence liabilities of the Trust.

20. Revaluation Reserve - Trust

There were no claims for interest made against the Trust as a result of the late payment of commercial debt (2015/16 nil).

	Revaluation reserve - property, plant and equipment Three Month Period Ended 30 June 2016	Revaluation reserve - property, plant and equipment 2015/2016
	£000	£000
Reserves as at 1 April	**17,924**	**17,622**
Impairments	(4)	(359)
Revaluation surpluses	1,255	955
Transfers to the I & E reserve for impairments arising from consumption of economic benefits	0	(275)
Asset disposals	0	(19)
Reserves at 30 June 2016	**19,175**	**17,924**

21. Cash and cash equivalents

	Three Month Period Ended 30 June 2016	2015/2016
	£000	£000
Balance as at 1 April	**4,578**	**6,523**
Net change in period	(974)	(1,945)
Balance at 30 June 2016	**3,604**	**4,578**
Made up of		
Commercial banks and cash in hand	112	54
Cash with the Government Banking Service	3,492	4,524
Cash and cash equivalents as in statements of financial position and cash flows	3,604	4,578
Third party assets (liabilities) held by the Trust	**2**	**(3)**

22. Contractual capital commitments

Commitments under capital expenditure contracts at 30 June 2016 were £122k (2015/16 £31k).

23. Contingencies

23.1 Contingent liabilities

	30 June 2016	31 March 2016
	£000	£000
Gross value of contingent liabilities	(65)	(50)
Amounts recoverable against liabilities	0	0
Net value of contingent liabilities	**(65)**	**(50)**

Contingent Liabilities relate to Liabilities to Third Party Cases

23.2 Contingent assets

The Trust held no contingent assets at 30 June 2016 (2015/16 nil)

24. Related party transactions

Calderstones Partnership NHS Foundation Trust is a public interest body authorised by NHS Improvement - the Independent Regulator for NHS Foundation Trusts.

During the period none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Calderstones Partnership NHS Foundation Trust. The Trust did not have any material balances with Board members or key staff members. Also there were no significant transactions with Governors other than salary payments to staff Governors.

	Income from Related Party	Expenditure to Related Party	Amounts due from Related Party	Amounts owed to Related Party	Income from Related Party	Expenditure to Related Party	Amounts due from Related Party	Amounts owed to Related Party
	Three Month Period Ended 30 June 2016				2015/2016			
	£000	£000	£000	£000	£000	£000	£000	£000
Value of transactions / balances with other related parties:								
Department of Health		5	47	431	500	6	47	0
Other NHS bodies	9,098	297	694	474	42,982	970	972	519
Other WGA bodies & Local Authorities	432	1,472	804	1,030	1,932	5,626	634	943

As the parent organisation to the Trust, The Department of Health is regarded as a related party. During the period the Trust had material transactions with the Department and several with other entities for which the Department is also regarded as the parent Department. These entities are listed below:

	Three Month Period ended 30 June 2016 Income	Three Month Period Ended 30 June 2016 Expenditure	30 June 2016 Receivables	30 June 2016 Payables
	£000	£000	£000	£000
Department of Health				429
NHS England - North West Commissioning Hub	6,556		125	
NHS East Lancashire CCG	265			
NHS Lancashire North CCG	416			
NHS Bolton CCG	229			
NHS Cumbria				300
NHS Wigan Borough CCG	169			
NHS Blackburn with Darwen CCG	145			
NHS Greater Preston CCG	161			
NHS West Lancashire CCG	219			
NHS Central Manchester CCG	200			
Mersey Care NHS FT	253		314	
The Trust had a material transaction with the following local authority:				
Cumbria County Council	152		700	
Ribble Valley Borough Council		137		
In addition the Trust had a number of material transactions with Central Government Departments. These entities are listed below:				
Welsh Health Bodies	182			
National Insurance Fund		588		647
NHS Pensions Scheme		719		381

25. PFI schemes deemed to be off balance sheet.

The Trust had no PFI schemes deemed to be off balance sheet as at 30 June 2016 or 31 March 2016.

26. Financial Instruments

26.1 Financial assets by category

	30 June 2016 Loans and receivables	31 March 2016 Loans and receivables
	£000	£000
Trade and other receivables not including non-financial assets	1638	1,898
Investments	0	0
Other financial Assets	550	600
Cash and cash equivalents	3604	4,578
Total at 31 March	**5,792**	**7,076**

26.2 Financial liabilities by category

	30 June 2016 Other financial liabilities	31 March 2016 Other financial liabilities
	£000	£000
Trade and other payables not including non-financial liabilities	1,756	2,157
Borrowings	0	0
Total at 31 March	**1,756**	**2,157**

The transaction value for the financial instruments of the Trust is fair value.

27. Defined benefit obligations

The Trust did not hold any on-Statement of Financial Position defined benefit schemes during the financial period.

28. Losses and Special Payments

There were 15 (2015/16: 27) cases of losses and special payments totalling £2k (2015/16: £97k) paid during the 3 month period to 30 June 2016.

Losses are reported on an accruals basis but exclude provisions for future losses.

29. Discontinued operations

The Trust did not have any discontinued operations during the period to 30 June 2016.

30. Corporation tax

There was no corporation tax payable or receivable during the 3 month period to 30 June 2016.

31. Other Financial Assets/Liabilities

Financial Assets	30 June 2016	31 March 2016
	£000	£000
Loan - Current	350	200
Loan - Non Current	200	400
Total Financial Assets	**550**	**600**

The Trust has an outstanding loan with its previous subsidiary Future Directions CIC Limited. The final repayment is due in September 2017.

The Trust did not have any Other Financial Liabilities at 30 June 2016 (2015/16 nil).

32. Events after the Reporting Period

With effect from 1st July 2016, the Trust was aquired by Mersey Care NHS Foundation Trust and Calderstones Partnership NHS Foundation Trust was dissolved. This follows the agreement of both boards and Monitor and after the development and assessment of a full business case and due diligence.

The following table shows the assets and liabilities that were transferred to Mersey Care NHS FT on 1 July 2016:

Non Current Assets	53,934
Current Assets	5,921
Current Liabilities	(4,673)
Non Current Liabilities	(845)
Net Assets	**54,337**

Calderstones Partnership
NHS Foundation Trust

CALDERSTONES PARTNERSHIP NHS FOUNDATION TRUST
ANNUAL REPORT FOR THE THREE MONTH PERIOD ENDED 30 JUNE

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This report can be made available in other formats on request