Airedale NHS
NHS Foundation Trust

AIREDALE NHS FOUNDATION TRUST
ANNUAL REPORT AND ACCOUNTS
2012/13

CONTENTS PAGE

Section 1 – Annual Report and Quality Report

Section 2 – Accounts

Section 3 – Contact Details

CHAIRMAN'S STATEMENT

2012/13 was the year in which the Government's reforms of the NHS were implemented. A complete re-organisation of commissioning, Strategic Health Authorities abolished, public health transferred to local authorities, LINks replaced by HealthWatch, training devolved regionally and Monitor being given wider powers.

Into this upheaval, the second Francis Report was published with its pages of distressing reading about patient care at Stafford Hospital. Sir Robert Francis called on all organisations and individuals working in healthcare to scrutinise their behaviour, to rediscover the values of a compassionate health service, and to change for the better. On its own, the response to Francis is a major project.

Volume demand continued to grow by 3% to 5% a year, with providers having to find efficiencies of 4% to 5% a year to absorb this growth within a fixed overall real-terms budget.

In this strenuous environment, Airedale performed strongly. The Foundation Trust is well-run with a clear vision for the future. Performance is good, the Foundation Trust delivers high standards of clinical safety and effectiveness and we are committed to delivering a patient experience second to none. We were disappointed therefore when our Monitor governance rating slipped. Airedale had delivered a green governance rating in every quarter since a year before authorisation as a foundation trust but a combination of an extreme Clostridium Difficile target and unprecedented emergency demand meant that our governance rating slipped in the third quarter. In the end, the Trust performed well on both issues but we were disappointed to lose the unblemished record.

During the year Alan Sutton retired as a Non-Executive Director and Deputy Chairman and Jeff Colclough retired as a Non-Executive Director. Both made an excellent contribution to the Trust and I should like to thank them. In their place we were pleased to welcome Professor Anne Gregory, a former Pro-Vice-Chancellor of Leeds Metropolitan University, and Dr Mike Toop, a former practicing consultant and Regional Chairman of the Association for Clinical Biochemistry. Ron Drake was appointed Deputy Chairman.

Sheenagh Powell, Finance Director, left the Trust in December 2012 to take a senior role in NHS England. Andrew Copley, previously Deputy Director of Finance, succeeded her. Justine Steele, Director of OD & Workforce, left the Trust to pursue opportunities outside the NHS. Rob Dearden, who had been Interim Director of Nursing, was appointed to the substantive role. Christine Miles, Director of Operations, announced her intention to retire in 2013. I should like to congratulate all the new appointees on their appointments and thank those leaving the Trust for their contribution.

There were changes to the Council of Governors. At the annual elections a small number of Governors retired or lost their seats. All the Governors are volunteers and work hard for the Trust, many of them putting in hours of additional work, and I should like to thank them for their very considerable contribution. The Trust has a strong Council with good attendance and few vacant seats and we believe it is effective and representative.

This year the Annual General Meeting is on Thursday 25 July, with the annual Public Open Day taking place on Thursday 22 August. I encourage everyone to attend these events to see how we run your hospital on your behalf.

Lastly, on behalf of the Board, I should like to thank every member of staff for their contribution during a tough year. I should also like to thank the volunteers without whom the hospital would not have the character it has. And I should like to thank our commissioners and the GPs who refer patients to us for their continued support.

Colin Millar
Chairman

CHIEF EXECUTIVE'S OVERVIEW

I am delighted to welcome you to this annual report and accounts for 2012/13.

Our continuing strategy to focus on patient safety and quality of service has delivered improved care for all our patients. This was recognised by the Dr Foster organisation naming Airedale as one of two runners up in the national 'Trust of the Year' award for its low mortality and high clinical efficiency rating over the last 12 months – a fantastic achievement for the hospital and recognition of the professionalism and dedication of our staff throughout the year.

The Foundation Trust itself, our staff and, most importantly, the people we serve are seeing the benefits from our status as a foundation trust as we continue to expand and develop our services, both at Airedale Hospital, our community sites at Castleberg and Skipton and in the community. We are confident these benefits will increase as we develop and mature as a Foundation Trust and our ability to invest surpluses in improving patient services and our estates infrastructure continues to grow.

During the year we have started work on our new £2.1 million endoscopy unit which will not only provide extra capacity to deal with the increase in demand following public awareness initiatives and allow room for growth in the future by providing an extra procedure room. In addition, the new unit will improves patient experience by offering same sex facilities in all areas where this is necessary, for example, dedicated male and female waiting areas for when patients have changed into gowns.

I also want to take this opportunity to thank the professionalism, talent and commitment of our staff who were instrumental in helping us to continue to improve performance across all service areas.

I am also immensely proud of our infection prevention successes this year as the Foundation Trust has not recorded an incidence of hospital acquired MRSA bacteraemia since August 2012. This achievement is unprecedented and is recognition again of the commitment and expertise of our staff. Our work to improve our rates of Clostridium Difficile also continued with 17 cases in 2012/13 against the previous year end of 21. Our tough target for this remains the same.

Despite these achievements, we are aware that the coming year and beyond will be challenging for the NHS, particularly in relation to the economic climate which will impact on the funding available at a local level. We are therefore looking at ways to become more efficient and effective to cut our costs and to secure a number of new services which will grow our income. In particular our work in the telemedicine field goes from strength to strength, as evidenced by the Trust agreeing contracts with the local CCG to provide a medical video conferencing solution to a further 15 nursing homes.

As we look forward to a time of significant changes in the NHS, it is vital we don't take the support of local people for granted. The loyalty of our patients and local community is one which we have to earn by involving them in decisions about their care and the services we provide. We, in turn, will work to maximise the resources we have available and embrace the new challenges and opportunities this year will bring.

Finally, I would like to thank our public and staff, our volunteers and members for their continued commitment and support as well as all our patients for choosing Airedale. We are delighted that so many members of our community wish to be involved with the hospital. I hope you agree that the future for our Foundation Trust is a very exciting one, so if you would like more regular news and information visit www.airedale-trust.nhs.uk or become a member and play a part in our future success.

Bridget Fletcher
Chief Executive

WHO WE ARE AND WHAT WE DO

Airedale NHS Foundation Trust is an award winning NHS hospital and community services trust. We provide high quality, personalised, acute, elective, specialist and community care for a population of over 200,000 people from a widespread area covering West and North Yorkshire and East Lancashire.

We employ over 2,400 permanent staff and have around 400 committed volunteers. Last year, we cared for over 27,000 elective inpatients and day cases, more than 27,500 non-elective patients and over 149,000 outpatients. Our Accident and Emergency department saw more than 55,500 patients and over 2,300 babies were born at the hospital last year. We have an annual budget of £141 million.

We provide services from our main hospital site, Airedale Hospital, and from community hospitals – such as Castleberg Hospital, near Settle, Coronation Hospital in Ilkley and Skipton Hospital – as well as health centres and general practices (GPs). Last year, 2012/13, was the final year that Primary Care Trusts (PCTs) commissioned health services from us for the patients within their GP practices and the three main PCT's referring patients to us were – NHS Airedale, Bradford and Leeds (formerly NHS Bradford and Airedale), NHS North Yorkshire and York and NHS East Lancashire. In the future our health services will be commissioned by a combination of the newly established local Clinical Commissioning Groups (CCGs), regional specialist commissioners and NHS England (formerly the NHS National Commissioning Board).

At Airedale we have a vision -

"To be the hospital chosen by the community for putting patients first, providing excellent, innovative and diverse services, delivering safe standards of care, all underpinned by the constant pursuit of efficiency."

We are serious about safety and believe there is a clear link between providing safe healthcare and delivering strong finances.

In support of this, during 2012/13, we worked to a series of key principles supporting the delivery of the vision for the years ahead.

These have been further updated to reflect the progress already made by the Foundation Trust against its key milestones and to respond to the key priorities outlined both nationally and locally.

- ***Safety, quality and the patient experience remain at the centre of everything the organisation does***
- ***The need to be serious about efficiency and business control in order to be viable in the future***
- ***In response to the changing landscape, continuing to develop our existing services whilst also designing and delivering new ways of working, using diversified models of care both in and out of a hospital setting***
- ***Partnership working forms a significant part of the design and delivery of our services***
- ***Ensuring the value of the Airedale brand is retained within the community and beyond***
- ***Adapting the size and shape of the workforce in response to the updated service strategy***

Overall, our vision is about an approach centred on increasing the pace of quality improvement whilst delivering significant savings.

In this annual report and accounts we summarise our progress against these strategic objectives as we record another successful year in pursuit of our vision.

OPERATING AND FINANCIAL REVIEW

OUR FINANCES

The Foundation Trust once more delivered an operating surplus and ended 2012/13 with a surplus of £2,181k although reversal of previous year's impairments of £1,030k caused by the change to Modern Equivalent Assets valuation reduces the underlying surplus to £1,151k.

These results arise from continuing to implement cost improvement plans and new ways of working during the year, and will continue next year.

The tables on pages 64 to 67 provide a high level comparison of the Foundation Trust's summary financial position.

INCOME AND EXPENDITURE

Total income from continuing activities for 2012/13 was £141 million. An analysis of this is shown on pages 58 and 59.

CASH

The Foundation Trust had a cash balance of £13.7 million at the close of the financial year.

BORROWING LIMIT

At 31 March 2013, the Foundation Trust has a total borrowing limit, set by Monitor, of £23.6 million. This is the amount of money the Foundation Trust can borrow based upon a detailed financial risk assessment. Included within this is a working capital facility of £10 million.

MONITOR RISK RATING

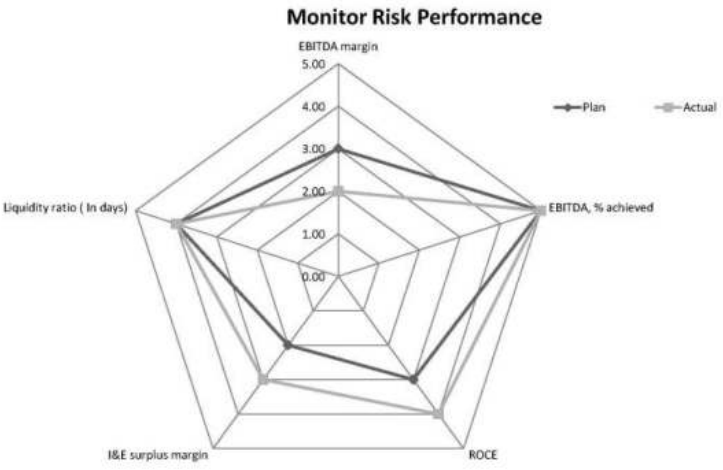
Monitor, the independent regulator for NHS Foundation Trusts, assesses the financial risk of Foundation Trusts using a rating whereby 1 is significant and 5 is no financial risk.

The Foundation Trust achieved a financial risk rating of 3 at the end of 2012/13. The tables in the next column summarise the rating performance throughout the year and provide a comparison to the previous year.

	Annual Plan 2012/13	Q1 2012/ 2013	Q2 2012/ 20131	Q3 2012/ 2013	Q4 2012/ 2013
Financial risk rating	**3**	**3**	**4**	**3**	**3**
Governance risk rating	**Amber/ Green**	**Green**	**Green**	**Amber /Red**	**Amber /Green**

	Annual Plan 2011/12	Q1 2011/ 2012	Q2 2011/ 2012	Q3 2011/ 2012	Q4 2011/ 2012
Financial risk rating	**3**	**3**	**3**	**3**	**4**
Governance risk rating	**Green**	**Green**	**Green**	**Green**	**Green**

The analysis below shows the Foundation Trust's financial position against key performance indicators.



Details of any post balance sheet events are provided in note 24 of the accounts.

FINANCIAL OUTLOOK

In our long term financial planning we have considered a range of severe financial possibilities given the current economic climate, and we believe the Foundation Trust can withstand the impact of these possibilities.

The Foundation Trust will however be expected to improve overall efficiency by 5% in 2013/14 and 5% in the following year, which is in line with our strategic three year plan, set out last year. The Board remains determined to deliver efficiency improvements to ensure the long term sustainability of the Foundation Trust.

CAPITAL INVESTMENT ACTIVITY

The Foundation Trust's capital programme has invested over £4 million in 2012/13 to improve its buildings and equipment.

The largest single significant investment has been the creation of a new bigger endoscopy unit at Airedale Hospital at a cost of £2.1 million. The new unit will help address the current capacity issues by providing an extra procedure room. The work began in September 2012 and is expected to be completed in July 2013.

The Foundation Trust was successful in its bid for capital development funding from the Department of Health to improve the birthing environments at Airedale Hospital to improve the experience of pregnant women, their babies and partners. The Foundation Trust received £748,000 in January 2013 from the *New Life* bid to create a more homely environment for women giving birth.

ACCOUNTING POLICY

There has been a change in accounting policy in respect of Donated Assets, in so far as donated assets are charged to the Income, in the year in which they are received and not as previously to the donated asset reserve. The implementation of this change has been back dated to 1/4/10, and has therefore affected the opening balance on the Income and Expenditure reserve.

INVESTMENTS

The Foundation Trust made no investments in 2012/13.

PRIVATE PATIENTS

Section 164(3) of the Health and Social Care act removes condition 10 (which restricts income from private charges), from the Foundation Trust Terms of Authorisation. The Foundation Trust is now required by the Act and constitution (rather than by the terms of Authorisation) to ensure that income derived from activities related to the Foundation Trusts principle purpose of delivering goods and services for the purpose of the NHS exceeds income derived from other activities. To increase this income in any financial year by 5% or more, the Foundation Trust is required to seek approval from the Council of Governors. In 2012/13 the Foundation Trust has not increased the percentage beyond the 5% threshold. The private patient income for 2012/13 was £369,000.

COST IMPROVEMENT PROGRAMME (CIP)

A formal cost improvement programme (CIP) was approved for 2012/13, which set targets and actions plans aimed at improving efficiency. The CIP was monitored monthly and achieved the target of £5 million within the financial year. The full year effect target of previous projects increased the value of the year to £6.3 million. Examples of higher value schemes are:

- Staffing and skills mix review £1,076k; and
- Savings from procurement cost reductions £1,000k.

COUNTERING FRAUD AND CORRUPTION

The Foundation Trust complies with the Secretary of State's directions on counter fraud measures issued in 2004. The Foundation Trust has a Reporting Concerns and Whistleblowing Policy which incorporates counter fraud measures. A specific Counter Fraud and Corruption Policy also exists which was updated during 2012/13.

The Foundation Trust has a dedicated section on counter fraud on the staff intranet. Presentations were given to staff during the year about tackling fraud in the NHS and who to contact if they suspected fraud has been committed. Articles are also published in our weekly staff briefing. To support ongoing awareness among staff, the Local Counter Fraud Specialist also attends staff events to promote awareness.

CHARITABLE FUNDS

The Trust, which is directed by the Board, acts as Corporate Trustee of the Airedale NHS Foundation Trust Charitable Funds. The Foundation Trust's charitable funds are operated for the benefit of the staff and patients in accordance with the objects of the charity. The funds are used for the purchase of equipment and the provision of amenities

for both patients and staff, in accordance with the objects of the charity.
The Foundation Trust received a number of very generous donations throughout the year, from many parts of the community for which it is very grateful. The Friends of Airedale and Airedale New Venture were again very supportive in their fundraising efforts. During the year the Charitable Funds purchased a large number of items of equipment and enhancements to fixtures and fittings for the wards and departments within the Foundation Trust.

The establishment of a new fundraising post was approved by the Board, as charitable fund trustees, to support external fundraising activities for some of our larger capital projects, such as the A&E redevelopment.

A full set of accounts relating to charitable funds is available from the Director of Finance at the address shown on the final page of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITORS

To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditors are unaware.

Each of the Directors has taken all steps that a Director might reasonably be expected to have taken to be aware of all relevant audit information and to establish that the Foundation Trust's Auditors are aware of that information.

AUDITORS AND AUDIT FEE

The Foundation Trust's external auditor is PwC. Disclosure of the cost of work performed by the auditor in respect of the reporting period is shown right/below.

Audit Area	Fee 2012/13 (£)
Statutory Audit	**£42,985***
Quality Report	**£8,151***

* All the above figures exclude VAT

PwC also undertook external assurance audit work on the 2012/13 Quality Report.

Ensuring conflicts of interest are avoided is a fundamental criterion in the selection of any third party auditor for assignments with which the Foundation Trust is involved.

ANNUAL REPORT AND ACCOUNTS

This annual report and accounts is available on our website at www.airedale-trust.nhs.uk

If you need a copy in a different format, such as large print, braille or in another language, then please contact our Interpreting Services on Tel: 01535 292811 or email interpreting.services@anhst.nhs.uk

BUSINESS REVIEW

SERVICE DELIVERY

Focus on access times has seen us deliver on a number of high profile requirements.

Almost all of our patients – over 90 – are being treated within 18 weeks of their referral to us and the majority (95%) of our patients are being admitted, treated or discharged within four hours of arriving in our Accident and Emergency Department.

The Foundation Trust's performance on the national cancer standards has also met or exceeded the required levels with all (100%) cancer patients receiving their first treatment within 31 days of being diagnosed and all (100%) cancer patients receiving their second or subsequent treatment within 31 days. In addition, following significant work by our cancer team, the majority (97%) of patients with suspected cancer are seen within two weeks of their urgent GP referral.

Through contracts with our PCT Commissioners, the Foundation Trust has delivered an increased level of activity in 2012/13 across non-elective, elective and outpatient work. This work reflects dealing with both an increased level of demand whilst also delivering on key access waiting time targets.

Key requirements around performance and information have been met and the Foundation Trust has also delivered on the local clinical quality schedule and received the full incentive allocation associated with it.

Progress against all the business objectives set out in the Foundation Trust's Business Plan, are reported to the Board on a quarterly basis. The year end position showed the majority of the objectives had been delivered and for the areas not yet completed, work is ongoing that will be carried forward for completion in 2013/14. Progress against each of the objectives will be monitored via the Board Assurance Framework.

DEVELOPING SERVICES

Investment in and development of a number of clinical services took place during 2012/13.

The new Patient Administration System (SystmOne) went live in late 2012. This implementation, delivered in partnership with technical partners TPP and Accenture, is an important step in delivering the foundation trust's ambition to improve the patient experience. Through this development – one of the first in the country - we will be able to better integrate care for the local population as we now have the basis of an electronic shared record with primary care.

The next phase of the project was successfully introduced in 2013 enabling us to produce and save clinical letters onto the IT system and make them available to all staff who have rights of access.

Following external peer review, the Foundation Trust's stroke service received provisional accreditation in 2012. In April 2012, we also received confirmation we have achieved trauma unit status for our trauma service. Both these accreditations are essential to our future service model and are a credit to the clinical front line staff and support teams.

The Foundation Trust received a positive report following a peer review in 2012 under the auspices of the British Society for Rheumatology and British Health Professionals in Rheumatology Peer Review Scheme. The report highlighted many areas of good practice, as well as recommendations for improvement.

A review of the acute oncology service and chemotherapy service was also undertaken in 2012/13. The panel reported that the acute oncology service was 'the best they had seen' and feedback from panel members was that 'they wished they worked here'. Elements of best practice reported by the panel indicated that the 'team were excellent and that the service had 'good compliance with cancer measures, comprehensive training and education package'. The review also found the service 'very patient centred' with lots of good practice such as dedicated time in job plans and positive working relationships with radiology.

In gynaecology, we have introduced an assessment and treatment unit – for women in the early stages of pregnancy for example – designed to offer an alternative pathway of care for that avoids admissions, where appropriate.

Our endoscopy unit has met all of the requirements to be awarded JAG accreditation for 2013.

The Telehealth Hub, which opened the in September 2011 as part of its key strategic approach to digital healthcare, continues to offer a range of Telehealth care across a range of specialties including:

- Remote consultant opinion to the HM Prison Service in England;
- Supporting elderly patients with long term conditions in their own homes, nursing and residential care homes;
- Supporting children with diabetes to manage their condition at home;
- Supporting rural communities with community based remote outpatient consultations; and
- Enhancing recovery for stroke patients through our telemedicine service.

The Transform Programme continues to make good progress and has entered a new phase with an emphasis on implementation. The infrastructure for delivering new ways of working is being implemented including the formation of eight integrated community teams for improving the proactive care of patients around GP practice populations. The intermediate care and specialist locality level services have been further developed in order to provide services for preventing patients coming to hospital when they can be managed in community settings.

At the same time, changes are being made to the ambulatory care, long term conditions and end of life pathways, using them as the integration mechanism to ensure care is co-ordinated across primary, intermediate and acute care. Part of the development for integration includes the use of SystmOne as a common depository for pathways, assessment and care planning tools encouraging consistency across the health economy. Telemedicine, telemonitoring and telecare, carer assessments and patient information for self help, are also being incorporated into the pathways in ways which personalised packages can be developed to meet the needs of individual patients and their families.

Community Services, which were successfully transferred to the Foundation Trust in 2011 and continue to cover Craven, Airedale and Wharfedale, are:

- Craven Virtual Ward (district nurses, community matrons, case manager)
- Craven Fast Response Team and Out of Hours nursing service
- Castleberg Hospital, Skipton Hospital and Settle Health Centre
- Site support services
- Airedale Collaborative Care Team (ACCT)
- Specialist nursing team (specialist neurological rehabilitation, heart failure, diabetes, cardiac rehabilitation, haemoglobinopathies counsellor)

Reablement funding was also secured for the next two years to support transformation of care, which is central to the Foundation Trust's strategy.

This enabled the Foundation Trust to make additional beds available in the community, at Castleberg Hospital, near Settle and at local nursing and residential care homes.

PERFORMANCE

PUTTING PATIENTS FIRST

The past year has seen the Foundation Trust build on the previous year's performance. Not only did we finish the year having achieved national targets we also met our PCTs local quality standards.

In May 2012, Airedale Hospital won a national award for patient safety by CHKS - an independent provider of healthcare intelligence and quality improvement services. The awards are made on the basis of publicly available datasets of over 20 criteria. Airedale was one of 19 acute sector organisations from across the UK to be shortlisted for its five national top hospitals programme awards The Foundation Trust was also shortlisted as one of the top five for providing high quality of care to patients which is appropriate to their diagnosis and was the only Trust in the country to be shortlisted for more than one category.

A team of staff from Airedale were shortlisted for the musculoskeletal care category in the Care Integration Awards for 2012, following work to both create and improve best practice for the fractured neck of femur pathway at the Foundation Trust. Following the introduction of a joint orthopaedic and geriatric ward round, the team have increased the number of patients following all best practice criteria from virtually zero to 80% in just 12 months.

Midwives at Airedale Hospital received a regional Health Innovation and Education Cluster (HIEC) award in July 2012 for best practice in maternal and infant care in the Yorkshire and Humber region.

The 2012 Hospital Guide was published by Dr Foster at the start of December. Airedale Hospital received the accolade – one of two runners up for the Trust of the Year award – for its low mortality and high clinical efficiency rating over the last 12 months.

In January 2013, a team leader for the Airedale collaborative care team and Craven virtual ward, Stephanie Lawrence, was one of four nurses short listed from more than 150 nominations for the Claire Rayner's patient choice award. Stephanie was nominated by a patient's daughter for single-handedly restoring the family's faith in the NHS.

The gynaecology assessment and treatment unit (GATU) at Airedale Hospital won a national Lean Healthcare Award in February 2013 – in the sustained improvement category – for its work to support women who need urgent gynaecological care or treatment. The team established a dedicated area where women can be cared for by

specialist staff and have easier and quicker access to scans and treatment.

The Quality at a Glance Report is the first report of its kind to rank hospital trusts based on quality. This report by the specialist health policy and communications consultancy, comes as a Government-commissioned review on the use of Ofsted-style aggregate quality ratings for NHS providers is due at the end of this month. Airedale featured in the top 25 per cent and was ranked 24th in the list of 147 trusts compiled after a study by MHP Health Mandate, which looked at the issues deemed most important to patients – including a good hospital experience, operation waiting times and infection rates. Airedale was also one of five acute trusts nominated for CHKS 'Quality of Care Award' for 2012/13.

Continuing to put patients first and developing improvements to quality and safety have been the top priority in 2012/13. This is also evidenced by the fact that the Foundation Trust has not had a hospital acquired MRSA case since August 2012.

HOW THE FOUNDATION TRUST IS MONITORED

Monitor requires each Foundation Trust board to submit an annual plan, quarterly and ad hoc reports. Performance is monitored against these plans to identify where potential and actual problems might arise. Monitor publishes quarterly and annual reports on these submissions and assigns each Foundation Trust with an annual and quarterly risk rating, which are designed to indicate the risk of a failure to comply with the terms of authorisation. Five risk ratings are published for each NHS Foundation Trust on:

- Governance (rated red, red/amber, amber/green or green);
- Finance (rated 1-5 where one represents the highest risk and five the lowest); and
- Mandatory services risk rating (services the Foundation Trust is contracted to supply to its commissioners).

Based on these risk ratings, the intensity of monitoring and the potential need for regulatory action is considered on a case-by-case basis. This also applies where a Foundation Trust is performing well, for example moving from the usual quarterly monitoring to six-monthly monitoring. Monitor's analysis of our submissions and the Foundation Trust's current ratings are:

REGULATORY RATINGS

Performance against the 2012/13 Monitor Compliance Framework for Quarter 4 is rated green. The Foundation Trust achieved a green rating for governance and a financial risk rating of 3, for all four quarters in 2012/13.

NATIONAL SURVEYS

The Foundation Trust welcomes the opportunity to take part in a range of annual national patient surveys that are initiated by the Care Quality Commission. This is an ideal way of obtaining regular patient feedback as a means of seeking to improve our patient experience.

The results of the 2012 A&E survey were published in December 2012. The survey involved 147 acute and specialist NHS trusts and received more than 46,000 responses.

The independent survey asked the views of adults who had visited Airedale Hospital's A&E department in March 2012. Patients were asked what they thought about different aspects of the care and treatment they received

The survey highlighted a number of positive findings, including, doctors and nurses listening to what patients had to say; explaining conditions and treatments in a way patients could understand; involving patients in decisions about their care and treatment; and ensuring that friends and family also had the opportunity to speak to doctors or nurses about their relative or friends care and treatment.

The results of the tenth survey of adult inpatients, which was conducted in August 2012, were published by the Care Quality Commission in April 2013.

It involved 156 acute and specialist NHS trusts and looked at the experiences of over 64,500 people who were admitted to hospital with at least one overnight stay.

The Foundation Trust scored well for privacy and dignity and infection prevention practices and Airedale's score for patient's satisfaction with the length of time they were on the waiting list after being referred for treatment improved (9.3 from 8.3).

A programme of work to address the areas identified for improvement in both the outpatient and inpatient survey reports will be addressed during 2013/14.

REAL TIME INPATIENT SURVEY

The Foundation Trust continued to implement its own real time inpatient survey in 2012/13 as a means of helping staff make improvements to the care and services that are provided to patients. The survey is undertaken on a daily basis, Monday to Saturday, supported by the Foundation Trust's volunteers who assist patients being discharged that day to complete the survey.

The project is overseen by a steering group whose members continually monitors progress and include volunteer representatives. There has also been a volunteer event, which proved a useful way of sharing experiences, refining the way the survey is conducted and also feeding back to the volunteers on how their work helps the teams on the wards to improve their care of patients. The opportunity was also taken to provide the volunteers with additional training regarding questioning techniques.

During 2012, the survey was expanded into other areas and now also covers maternity services, physiotherapy and paediatrics. Further areas for consideration include endoscopy once the new unit is open.

PATIENT ENVIRONMENT AND ACTION TEAM (PEAT)

Airedale has received confirmation of its PEAT scores for 2012 and our score for privacy and dignity has moved from excellent to good. This serves as a timely reminder of the relentless requirement, day in, day out, to focus on what really matters – the patient experience.

CLEANER AND SAFER

The Foundation Trust has continued to make improvements in reducing healthcare acquired infections.

During 2012/13, the Foundation Trust had two cases of hospital acquired MRSA bacteraemia with no MRSA cases since August 2012. This compares to 12 MRSA cases in 2008/09 and 21 in 2003/04. For Clostridium difficile, the number of people affected was 18 hospital acquired cases in 2012/13 compared to 21 in the previous year.

Our Matron for Infection Prevention works closely with all staff, the Interim Director of Nursing and the Director of Infection Prevention and Control in order to ensure that we provide best practice in infection prevention and control. Important patient safety initiatives aimed at achieving even further reductions in the number of healthcare acquired infections have been introduced. These include enhancing staff training to improve hand hygiene; developing up to date information for both patients and staff; and training and assessing our staff in asepsis practice and techniques.

STATEMENT IN RESPECT OF INFORMATION GOVERNANCE SERIOUS INCIDENTS REQUIRING INVESTIGATION

The Foundation Trust manages the reporting of personal data related incidents through the Incident Reporting System. All incidents are classified in terms of severity on a scale of 0-5 in terms of either/both risk to reputation and risk to individuals in accordance with the Department of Health Gateway Reference 13177 dated January 2010.

The Foundation Trust had no incidents classified at a severity rating of 3-5 that met the criteria for inclusion in the annual governance statement. The Foundation Trust recorded 1 classified at a severity rating of 2 which is shown below. All incidents are investigated and actions plans put in place to mitigate risks.

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

During 2012/13 the role of Senior Information Risk Owner (SIRO) was the responsibility of the Medical Director.

SUPPORTING SAFE, QUALITY CARE

The following departments continue to work with the Director of Nursing, the Medical Director and their teams to help support the delivery of high quality, safe care.

- Quality and Safety
- Complaints Management and PALS
- Nursing Practice Development Team
- Patient and Public Engagement and Experience
- Infection Prevention
- Safeguarding

SAFER PATIENT INITIATIVE

Following completion of The Safer Patient Initiative 2 (SPI2), we have continued using the methodology learnt in SPI2. As agreed with the Institute of Health Improvement and Health Foundation we are continuing to report our safety and quality data on a monthly basis. The organisation continues to be an active member of the Safer Patients Network run by the Health Foundation, ensuring greater learning and understanding is applied around safe patient care.

EMERGENCY PLANNING

The Foundation Trust has continued to develop its plans to deal with emergencies in line with national regulations and guidance. The proposed industrial action by the British Medical Association (BMA) for doctors on 21 June went ahead. Plans were drawn up at Airedale to keep disruption to patients to a minimum with patient safety being our number one priority. A small number of clinical colleagues took part in the industrial action, which was in protest at government plans to change pension arrangements.

PRIVACY AND DIGNITY

The Foundation Trust's Dignity Room, an initiative set up by a group of staff at the hospital in 2009, continues to go from strength to strength. Their passion for dignity, together with the help of the Friends of Airedale and Airedale New Venture charities, has ensured that the initiative not only continues but grows each year.

In 2012/13, the Dignity Room was a finalist and highly commended in the Nursing Times annual awards, in the category 'Enhancing Patient Dignity'.

The Dignity Room has been successful because of its potential to touch every patient within the hospital and to treat patients with compassion, kindness, dignity and respect, thereby enhancing the patient experience.

The Dignity Room, located on Ward 4 in the hospital, stocks a range of essential items which are all provided free of charge, including slippers, warm clothing, underwear and toiletries such as soap, shaving foam, razors, toothpaste, toothbrushes, shampoo and combs. It enables patients who have been admitted to hospital in their nightwear and without toiletries to access day to day essential items. This allows them to go home or be transferred to other places of care wearing day clothes.

During 2012/13 the Dignity Room has expanded its range of clothing to include skirts as an option instead of trousers and extra large sizes as well as additional toiletries such as lip balm and dry shampoo. It is also working with other areas of the

hospital, such as the children's unit, to see what support it may be able to offer to younger patients.

A patient's relative, who was helped by the Dignity Room, says: "On his discharge, he was sent home with these articles which belong to the Dignity Room. It gave him pleasure to wear them whilst on the ward as they were so much more suitable than his own clothes."

SAME-SEX ACCOMMODATION

The hospital provides same-sex accommodation by having separate male and female wings on all wards and doors which have been added to all of the four-bedded bays on all our inpatient wards. Toilet and shower facilities in some wards/departments have also been upgraded. This means the Foundation Trust continues to be compliant with the Department of Health's requirements to provide same-sex accommodation.

LEARNING FROM COMPLAINTS

The Foundation Trust continues to deal with complaints in accordance with the legislation for complaints handling, which came into effect in April 2009. The Patient Liaison Service (PALS) and complaints team respond to individual concerns at the point of contact which results in the early intervention by clinical staff and managers. As a result, the Foundation Trust has seen a 6.9% reduction in the number of formal complaints during the year, from 72 in 2011/12 to 67 in 2012/13. We have worked hard to learn from formal complaints. Examples are:

Your concern *… "there was a lack of communication between various members of the community team."*

Our response *… this was identified and in response new handover methods and documentation has been implemented. The team leader has undertaken observational audit of the new process and provides constructive feedback to the team.*

Your concern *… "there was a significant delay in the reporting of a blood result."*
Our response *… A review of systems and processes has taken place, including auditing of the auditing of the changes within the pathology department.*

CLINICAL GOVERNANCE

Clinical governance is the framework through which NHS organisations deliver and continually improve the quality of their services and safeguard high standards of care, by creating an environment in which excellence in clinical care will flourish.

This means being able to produce and maintain effective change so that high quality care is delivered.
The Foundation Trust has a committee structure designed to monitor and take forward the improvements to the clinical quality and safety of the services it offers patients. The Board of Directors is the accountable committee for quality. It is supported by a Board sub-committee and a number of other specialist groups and committees.

The Board of Directors receives a regular detailed report documenting progress and assurances from these various groups and committees that quality is improving. We have a corporate risk register that sets out potential risks to us meeting our targets and objectives. Our committee structure incorporates regular reviews of the corporate risk register and the Board Assurance Framework. The principal risks and uncertainties facing the foundation trust known at this time are:

- Influencing the wider health economy to ensure the health needs of the local population are sustained;
- Delivering patient safety, quality, productivity and efficiencies;
- Diversifying sufficiently to attract new income; and
- Achieving widespread change in clinical practice.

DIRECTORS' REPORT

The Board of Directors is responsible for exercising all the powers of the Foundation Trust and is the body that sets the strategic direction, allocates the Foundation Trust's resources and monitors its performance.

Its role is to:

- Set the organisation's values;
- Note advice from, and consider the views of, the Council of Governors;
- Set the strategic direction and leadership of the Foundation Trust;
- Ensure the Terms of Authorisation are complied with;
- Set organisational and operational targets;
- Assess, manage and minimise risk;
- Assess achievement against the above objectives;
- Ensure that action is taken to eliminate or minimise, as appropriate, adverse deviations from objectives; and
- Ensure that the highest standards of corporate governance are applied throughout the organisation.

The full Board of Directors has met formally with the Council of Governors during the year, to seek and consider the views of the Governors in considering the Foundation Trust's Annual Plan for the coming year. As Airedale entered its second full year as a Foundation Trust, the emphasis was again placed on ensuring Governors engaged fully in planning for the 2013/14 Annual Plan. Regular meetings are held with Governors, attended by Directors, in which specific topics chosen by Governors are discussed. The Chairman, who chairs both the Board of Directors and the Council of Governors, ensures synergy between the two Boards through regular meetings and updates.

In addition, Governors and Directors, including the Chairman attend members' events that are held regularly at the hospital on subjects requested by members. Past topics have focused on arthritis, applying for medical school, eye conditions.

The Directors (both Executive and Non Executive) meet regularly with Governors during their day to day working through meetings, network sessions, Chairman's briefings, consultations and information sessions. Examples include participation in Foundation Trust working groups, and consultations about the Annual Plan and Quality Account. The Foundation Trust has also established a buddying system in which each of the Executive and Non Executive Directors meet informally with a number of Governors to provide briefings and up to date information about the Foundation Trust.

The Board is made up of five Executive Directors and six Non Executive Directors including the Chairman. It also has two Associate Directors – the Director of Organisational Development and Workforce and the Director of Operations.

Responsibility for the appointment of the Chairman and Non Executive Directors resides with the Council of Governors. The Appointments and Remuneration Committee, which comprises five members of the Council of Governors and two Non Executive Directors plus the Chairman, is responsible for bringing recommendations to the Council. The Committee may have an independent adviser in attendance if appropriate.

A separate committee (Board Appointments, Remuneration and Terms of Service Committee) comprising Non Executive Directors has been established with responsibility for the recruitment and selection of Executive Directors

The composition of the Board for the year of the report is set out on the following pages, which also includes details of background, committee membership and attendance at meetings. The Board may delegate any of its powers to a Committee of Directors or to an Executive Director and these matters are set out in the Scheme of Decisions Reserved to the Board and the Scheme of Delegation. Decision making for the operational running of the Foundation Trust is delegated to the Executive Directors Group, which comprises all of the Executive Directors, Associate Directors and the Company Secretary.

The Board has an annual schedule of business which ensures it focuses on its responsibilities and the long-term strategic direction of the Foundation Trust. It meets ten times a year to conduct its business and

periodically to discuss matters requiring strategic debate. Board members also attend seminars and training and development events throughout the year.

Since becoming a Foundation Trust, the Board has undertaken a rigorous evaluation of its own performance and of individual Directors. The aim is to conduct a full performance evaluation every three year supplemented by more frequent baseline assessment of skills, experiences and competencies. Prior to the year end a baseline assessment had been initiated for the purpose of informing the process of future recruitment and selection of Non Executive Directors. An annual appraisal process for Non Executive Directors is in place. The Chairman appraises the performance of the Non Executive Directors and provides a detailed report to the Appointments and Remuneration Committee, while the Senior Independent Director leads the Chairman's appraisal and provides a summary report also to the Appointments and Remuneration Committee. In preparing the appraisals, both the Chairman and Senior Independent Director consult with the Lead Governor and take in to account the views of Governors. Individual Directors have also had detailed appraisals of their roles and an annual appraisal process is in place with regular reviews of objectives set by the Chief Executive for Executive Directors.

Non Executive Directors are involved in regular development activities including Board workshops, and attendance at seminars and conferences. We consider we have the appropriate balance and completeness in the Board's membership to meet the ongoing requirements of an NHS Foundation Trust.

The Board of Directors who served during the year comprised the following Executive and Non Executive Directors:

The Council of Governors is responsible for appointing the Chairman and Non Executive Directors of the Foundation Trust.

Disclosures of the remuneration paid to the Chairman, Non Executive Directors and senior managers are given in the Remuneration Report on page 89.

NON EXECUTIVE DIRECTORS

Colin Millar, Chairman
Colin, appointed Chairman in December 2005 and currently serving a second term of four years, will retire in November 2013. His early career was in marketing with an international consumer goods company, principally in the UK. Subsequently he held senior marketing appointments in the financial services sector. Latterly, he owned and ran a market research company supplying information to companies and trade organisations throughout the world. He is Non Executive Director of a regional building society and a Trustee of a hospice in Leeds. He has held a number of voluntary appointments in education and social housing. As well as being chair of the Board of Directors and Council of Governors, Colin is chair of the Appointments and Remuneration Committee.

David Adam, Non Executive Director and Senior Independent Director
David was appointed a Non Executive Director in February 2007. His current term of office is due to end in February 2014. David is a chartered accountant with almost 40 years financial management experience, including 13 years as a PLC Finance Director with two publicly listed companies. He previously worked as Finance Director in a number of large UK plc subsidiaries and has also held the post of Chief Executive of a large educational supply company. He has also held Non Executive Director roles in three UK companies as well as being a Pension Fund Trustee for over 20 years. David is chair of the Board Appointments and Remuneration and Terms of Service Committee.

Ronald Drake, Non Executive Director and Deputy Chairman
Ronald was appointed a Non Executive Director in February 2007 and is serving his second term of office. Ronald has over 30 years as a qualified solicitor since being admitted to the Roll in 1978. He retired as partner with a national legal practice in 2012 and is currently acting as a Consultant specialising in employment law. He has also been a part-time employment tribunal Judge since 1997. Ronald is chair of the Clinical Specialty Assurance Committee (formerly Quality and Safety Assurance Committee.

Professor Anne Gregory, Non Executive Director
Anne was appointed a Non Executive Director in June 2012. Anne has 30 years of experience in public relations and is currently employed at Leeds Metropolitan University, where she also served a term as pro-vice chancellor, until 2010. For eight years Anne was a Non Executive Director of South West Yorkshire Partnership NHS Foundation Trust and previously served eight years on the board of Bradford Community NHS Trust

Sally Houghton, Non Executive Director
Sally was appointed a Non Executive Director in February 2006 and is currently serving a third term, which is due to end in 2015. Sally is a qualified accountant and has over twenty years experience in multi-national manufacturing and engineering companies, some of which was at Finance Director level. Sally is chair of the Audit Committee and Airedale NHSFT Charitable Funds Committee.

Dr Michael Toop, Non Executive Director
Michael was appointed a Non Executive Director on 1 February 2013 and is a retired consultant in chemical pathology. Previously he managed the chemical pathology department at Harrogate Hospital for 25 years until his retirement in 2011. Michael also worked in various specialties at Leicester Royal Infirmary and then as registrar in Birmingham. Throughout his career Michael has held a number of formal positions including with the Royal College of Pathologists and Association for Clinical Biochemistry.

During the year, Mr Alan Sutton and Mr Jeff Colclough retired as Non Executive Directors in May 2012 and January 2013, respectively.

The Board considers that all the Non Executive Directors are independent.

EXECUTIVE DIRECTORS

Bridget Fletcher, Chief Executive
Bridget was appointed Chief Executive in November 2010, having previously been Chief Operating Officer/Chief Nurse. She joined the Foundation Trust as Director of Nursing in 2005. Prior to this she held various senior management roles in other NHS Trusts and was responsible for acute health services and professional nursing services

Rob Dearden, Director of Nursing
Rob joined Airedale NHS Foundation Trust as Interim Director of Nursing in August 2011 and was appointed to the substantive role of Director of Nursing on 1 August 2012. Prior to this, he was Deputy Director of Nursing at Calderdale and Huddersfield NHS Foundation Trust. He qualified as a Registered General Nurse in 1987 at Manchester Royal Infirmary and then as a Registered Mental Nurse at Wigan Infirmary in 1990. He later specialised in Care of Older People and Rehabilitation Medicine in Manchester, Wirral and Halifax. Rob has a significant background in Practice Development.

Andrew Copley, Director of Finance
Andrew was appointed Director of Finance in January 2013, having previously been Deputy Director of Finance. Andrew is a Fellow of the Association of Chartered Certified Accountants with nearly 20 years of financial management experience. He joined the Foundation Trust from Calderdale and Huddersfield NHS Foundation Trust in 2008. Andrew initially trained as a radiographer at Pinderfields and Pontefract hospitals and later joined St Luke's hospital, Bradford.

Dr Andrew Catto, Medical Director
Andrew was appointed Medical Director on 1 August 2009, having previously been Assistant Medical Director and Commissioning Director with the Foundation Trust. Between 2005 and 2009 he was Head of the Bachelor of Medicine and Surgery degrees at the University of Leeds. He joined Airedale in 2005 having been involved in clinical research since 1993 and being a Senior Lecturer in Medicine between 2000 and 2005.

Ann Wagner, Director of Strategy and Business Development
Ann joined Airedale in September 2006 as Director of Corporate Development, since when her portfolio has developed and now encompasses business development including responsibility for the Telehealth Hub. Her previous experience includes holding a number of Executive Director roles at the Strategic Health Authority where she

was responsible for service improvement and performance development.

REGISTER OF INTERESTS

A register of interests for all members of the Board of Directors is held within the Foundation Trust and is continually updated. There are no company Directorships or other significant interests held by Directors that are considered to conflict with their Board responsibilities. The Register of Interests is available on request from the Company Secretary.

STATEMENT OF DISCLOSURE TO AUDITORS

For each individual who is a director at the time that the Annual Report is approved, so far as each director is aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware, and the director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the NHS Foundation Trust's auditor is aware of that information.

STATEMENT ON GOING CONCERN

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

Bridget Fletcher
Chief Executive

22 May 2013

BOARD OF DIRECTORS

Attendance at meetings 2012/13

Members	Board of Directors	Audit Committee	BART	Charitable Funds Sub Committee	CSAC
Colin Millar	11/11				6/7
David Adam	10/11	5/5	7/7		
Jeff Colclough (to January 2013)	9/9	3/3	5/6		
Ron Drake	8/11		6/7		6/7
Professor Anne Gregory (from June 2012)	8/9		1/1		3/7
Sally Houghton	10/11	5/5		4/4	
Alan Sutton (to May 2012)	2/2				
Dr Mike Toop (from February 2013)	2/2	1/1			1/7
Bridget Fletcher	10/11		7/7		
Dr Andrew Catto	10/11				6/7
Andrew Copley (from January 2013)	3/3	1/1		1/1	
Rob Dearden	10/11				7/7
Sheenagh Powell (to December 2012)	6/8	4/4		2/3	
Ann Wagner	11/11				

NOTE: The Board Appointments Committee and the Remuneration and Terms of Service Committee merged with effect from 28 May 2012. No meetings of either committee took place in the period 1 April 2012 to 28 May 2012.

COUNCIL OF GOVERNORS

The Council of Governors consists of 36 Governors – the majority, elected – who play a vital role in the governance of the Foundation Trust, working closely with the Board of Directors. They represent the interests of the Foundation Trust's public and staff constituencies as well as its members and partner organisations in the local community including healthcare, universities, voluntary organisations and local authorities under the terms of the Foundation Trust's Constitution. The Council has a number of statutory duties as defined in the Constitution which include:

- The appointment (or removal) of the Chairman and Non Executive Directors of the Foundation Trust and approval of the appointment of the Chief Executive;
- Deciding on the pay and allowances, and other terms and conditions of office, of the Chairman and Non Executive Directors;
- Appointing the Foundation Trust's auditors;
- Approving changes to the Constitution of the Foundation Trust;
- Being consulted on future plans of the Foundation Trust and having the opportunity to contribute to the planning cycle;
- Scrutinising the Annual Plan and receiving the Annual Report and Accounts; and
- Developing the membership of the Foundation Trust.

The Council also holds to account the Board of Directors for its management of the organisation and we value the contribution our Governors make and the different perspectives they bring to the development of services. We have 26 Governors elected by our members (including staff members) who represent the following constituencies (groups):

- **Bradford Metropolitan District Council (five Governors)**
- **Craven District Council (five Governors)**
- **Pendle Borough Council (five Governors)**
- **Leeds City Council (one Governor)**
- **Rest of England (one Governor)**
- **Staff and Volunteers (six Governors)**

Of the remaining 10 nominated Governors, these represent the interests of partner organisations in the local community including healthcare, universities, voluntary organisations and local authorities.

During the latter part of the year a review of the Foundation Trust's Constitution took place involving Governors, the Chairman, a Non Executive Director and an Executive Director. The review considered the size and composition of the Council and agreed the dis-establishment of the three seats held by NHS Bradford and Airedale, East Lancashire and North Yorkshire and York following the enactment of Part 4 of the Health and Social Care Act. Also agreed was the dis-establishment of the seat allocated to a business representative as this seat had remained vacant since the Trust became a Foundation Trust. These proposals along with a number of other changes to the Foundation Trust's Constitution were considered by the Council of Governors in April 2013 and approved.

A ballot of Governors was held during 2012 for the appointment of a Lead Governor. Mr Adrian Mornin, one of the Governors for Keighley Central, was duly elected as Lead Governor. Mr John Roberts, Governor for Worth Valley was subsequently elected as Deputy Lead Governor following a separate election process. Elections for the appointment of Lead Governor and Deputy Lead Governor are held on an annual basis.

A joint meeting with the Board of Directors is held twice yearly to review progress on the Foundation Trust's Annual Plan and to consider priorities for the forthcoming year. During the year our Governors were fully engaged in different activities and working groups and continued to familiarise themselves with the complexities of such a large organisation.

In consultation with the Council of Governors, the Board re-appointed Non Executive Director, Mr David Adam, as the Senior

Independent Director. Mr Adam is available to Governors if they have concerns, which contact through the normal channels of Chairman, Chief Executive or Director of Finance have failed to resolve or for which contact is inappropriate.

Governors from the public and staff constituencies were elected to office for one, two or three years (determined by numbers of votes polled in the inaugural 2010 election, with the three-year tenure going to individuals receiving the most votes until all three-year tenure seats are filled) and can serve no more than three consecutive terms of office (resulting in a maximum of nine years' tenure). The overall make-up of the Council of Governors, together with their attendance at Council of Governors meetings in 2012/13 is shown below.

COUNCIL OF GOVERNORS MEETINGS

Attendance at Council of Governors meetings 2012/13

Governors	Tenure	Constituency	Meetings attended
Elected Governors			
Janet Ackroyd	3 years from June 2011	South Craven	3/4
Peter Allen	3 years from June 2010	Skipton	3/4
Peter Beaumont	3 years from June 2010	Wharfedale	3/4
Nick Beeson	1 year from June 2012	Ilkley	3/3
Catherine Bourgeois	3 years from June 2012	Skipton	2/3
Andrew Brocklehurst	Resigned January 2013	Settle and Mid Craven	1/3
David Child	1 year from June 2012	Bingley	3/4
Alan Davies	3 years from June 2012	Craven	3/3
Jean Hepworth	2 years from June 2011	Keighley East	4/4
Valerie Kimberley	3 years from June 2011	West Craven	4/4
Anne Medley	3 years from June 2011	Keighley West	4/4
Adrian Mornin	3 years from June 2012	Keighley Central	4/4
Mohammed Nazam	Disqualified January 2013	Keighley Central	0/4
Chris Nolan	3 years from June 2012	West Craven	4/4
John Osborn	3 years from June 2010	Rest of England	3/4
Sheila Paget	Resigned May 2012	Ilkley	0/1
Barbara Pavilionis	Not re-elected May 2012	Skipton	1/1
Alan Pick	3 years from June 2012	South Craven	4/4
John Roberts	3 years from June 2010	Worth Valley	3/4
Pat Thorpe	3 years from June 2010	Bingley Rural	3/4
Valerie Winterburn	Resigned May 2012	Craven	1/1
Stakeholder Governors	**Tenure**	**Constituency**	**Meetings attended**
Appointed Governors			
Anne Forster	Appointed from June 2010	University of Leeds	3/4
Neil Franklin	Resigned May 2012	NHS Bradford & Airedale	0/0
Robert Heseltine	Appointed from June 2010	North Yorkshire County Council	3/4
Naz Kazmi	Appointed from June 2010	Voluntary Sector	0/4
Dorothy Lord	Appointed from May 2011	Pendle Borough Council	0/4

Bill Redlin	Appointed from August 2010	NHS North Yorkshire & York	2/4
Pauline Sharp	Appointed from June 2010	Bradford Metropolitan District Council	4/4
Marcia Turner	Appointed from June 2010	Craven District Council	4/4
Staff Governors	**Tenure**	**Constituency**	**Meetings attended**
Elected Governors			
Rachel Binks	Resigned May 2012	Nurses and Midwives	0/1
Val Henson	3 years from June 2012	Nurses and Midwives	2/3
Stephanie Lawrence	3 years from June 2012	Nurses and Midwives	3/3
David Petyt	3 years from June 2010	Registered Volunteers	3/4
Naren Samtaney	3 years from June 2012	Doctors and Dentists	0/4
Karen Swann	Not re-elected May 2012	Nurses and Midwives	1/1
Katie Watson	Resigned June 2012	All Other Staff	1/1
In addition the Council of Governors meetings were attended by the following Directors:			
Non Executive Directors	**Job Title**		**Meetings attended**
Colin Millar	Chairman		4/4
David Adam	Senior Independent Director		4/4
Jeff Colclough	Non Executive Director		3/4
Ronald Drake	Non Executive Director		3/4
Anne Gregory	Non Executive Director		1/3
Sally Houghton	Non Executive Director		3/4
Alan Sutton	Non Executive Director		1/1
Executive Directors			
Bridget Fletcher	Chief Executive		3/4
Andrew Catto	Medical Director		3/4
Andrew Copley	Director of Finance		1/1
Robert Dearden	Director of Nursing		4/4
Sheenagh Powell	Director of Finance		3/3
Ann Wagner	Director of Strategy and Business Development		3/4

MEMBERSHIP

The Foundation Trust has two membership constituencies:

- a public constituency; and
- a staff constituency

Public constituency

An individual who lives in one of the following public constituencies may become a member of the Foundation Trust by making an application for membership to the Foundation Trust.

As of 31 March 2013 the Trust had 9,957 public members.

Constituencies within the public constituency	Local Authority electoral areas/or local authority electoral areas falling within the following Electoral Wards
Bingley	Bingley
Bingley Rural	Bingley Rural
Craven	Craven
Ilkley	Ilkley
Keighley East	Keighley East
Keighley Central	Keighley Central
Keighley West	Keighley West
Wharfedale	Wharfedale
Worth Valley	Worth Valley
Skipton	Skipton East Skipton North Skipton South Skipton West Embsay with Eastby Grassington Upper Wharfedale Barden Fell
Settle and Mid-Craven	Settle and Ribblebanks Gargrave and Malhamdale Hellifield and Long Preston Penyghent Bentham Ingleton and Clapham
South Craven	West Craven Aire Valley with Lothersdale Cowling Glusburn Sutton in Craven
West Craven	Coates Craven Earby
Pendle East and Colne	Barrowford Boulsworth Foulridge Horsfield Vivary Bridge Waterside
Lower Wharfe Valley	Rawdon & Guiseley Otley & Yeadon
Rest of England	Rest of England

Staff constituency

An individual who is employed by the Foundation Trust under a contract of employment (which includes full and part time contracts of employment) may become a member of the Foundation Trust provided:

- he or she is employed by the Foundation Trust under a contract of employment which has no fixed term or has a fixed term of at least 12 months; or
- he or she has been continuously employed by the Foundation Trust under a contract of employment for at least 12 months.

Individuals who exercise functions for the purposes of the Foundation Trust, otherwise than under a contract of employment with the Foundation Trust, may become members of the staff constituency provided such individuals have exercised these functions continuously for a period of at least 12 months.

The staff constituency is divided into the following constituencies:

Doctors and dentists who are registered with their regulatory body to practice.
Nurses and midwives who are registered with their regulatory body to practice.
Allied health professionals and scientists who are registered with their regulatory body to practice.

All registered volunteers (with a minimum of 12 months service)
All other staff

Automatic membership for staff

All eligible staff are automatically made members in the staff constituency unless they inform the Foundation Trust they do not wish to do so.

This automatic membership of the staff constituency does not apply to the volunteer constituency who are given the option to opt in to membership.

As at 31 March 2013, 11 current members of staff had chosen to opt out of membership. All other staff are registered as members.

The Foundation Trust also had 120 volunteer staff members, as of 31 March 2013.

SUMMARY OF MEMBERSHIP STRATEGY

The Membership Development Strategy covering the period 2012/13 is reviewed by the Membership Development Group, the Council of Governors and the Foundation Trust Board of Directors on a regular basis.

The strategy, along with the communications plan and patient and public involvement strategy, will ensure that the membership and the public are:

- fully represented at all levels
- clearly informed
- used appropriately in decision making around service provision

The strategy aims to:

- ensure public membership is representative of the community it serves (in terms of nationality, gender, disability, ethnic origin, age, social background, geographical spread and social deprivation)
- ensure that all staff groups are given equal opportunity to become involved
- identify levels of involvement and participation within the membership according to the wishes and needs of individuals
- ensure a continuous approach to the development of the membership in terms of both numbers and level of engagement

The target for membership recruitment has been set at 5% per year. The total number of new members recruited for the year was 1,123.

THE MEMBERSHIP DEVELOPMENT GROUP

This group is responsible for developing the membership by recruitment, retention, communication and engagement. The group meets monthly was involved in the following membership activities, amongst others, in 2012/13:

- assisting in planning the public open event
- contributing ideas to the member newsletters
- contributing to the involvement of members and the public in the annual plan
- Raising the profile of Governors and membership at hospital events and other recruitment activities;
- Promotion of membership and the role of Governors through neighbourhood forums, patient participation groups and other local community groups.

RECRUITMENT ACTIVITY DURING 2012/13

Recruitment of new members is an ongoing activity to ensure the membership is representative of the local community. During 2012/13 new members have been recruited at a number of events aimed at specific age groups, such as students, as well as specific geographical areas in town centres and at community events such as Bradford Pride and Kilnsey Show. We have also provided health checks and recruited work age members at a number of large local employer organisations across the area.

MEMBERSHIP ACTIVITY 2012/13

This year has also seen a number of key developments with regard to membership engagement, development and communications:

OPEN EVENTS

In August 2012, we delivered our most successful annual open event to date, which attracted over 500 visitors in total. The open event provided interactive displays of equipment and behind the scenes tours from a wide variety of departments and clinical areas within the Foundation Trust. The event was also supported from other health and emergency care organisations such as the fire service, police, leisure centres, Pets as Therapy and the Roy Castle lung cancer charity.

The annual general meeting was held on the same day as the open event.

The annual staff open event was held the day before the public open day to give staff the opportunity to get advice on healthy living. Awards were also given for staff competing in the 'Airelympics', a number of sporting events held to mark the London 2012 Olympics.

FOCUS ON ... EVENTS

Our 'Focus on' events are presentations and demonstrations in response to a number of different health topics, and tailored to the interests expressed by our members. They provide all members with opportunities to gain more of an insight into how our services operate. The programme ran throughout 2012/13 and included talks on:

- Arthritis
- Blade runner and amputee, Philip Sheridan
- Banishing bugs
- Inspirational India: Trip to India by two of our Consultant Paediatricians
- Common eye conditions

Each member is asked to complete a feedback form and to make suggestions for future events.

We also continue to hold drop in sessions before each Focus event where members can meet their Governors and find out more about their role and have the opportunity to ask questions or give feedback about our services. We also advertise the Governor email addresses on our website and bi-annually with the newsletter and encouraged our members to contact their Governor with any feedback.

'INTERESTED IN BECOMING A GOVERNOR' EVENTS

Our 'Interested in becoming a Governor?' events are an opportunity for members to meet the Chairman and find out about the role of a Governor in more detail. We held a number of these events during 2012/13 with featured talks on the role and responsibilities of a Governor, the election process and what happens once you are elected.

MEMBERSHIP COMMUNICATIONS

This year we have sent our regular quarterly communications newsletter to all our membership households. These communications, sent by post and email, are exclusive to our Members and they provide updates on new developments at the Foundation Trust, information on membership activities, useful patient information, and health advice.

All this information is also available on the Foundation Trust section of our website.

All new members receive a welcome letter which includes a special interest form and membership card containing membership contact information and details for the Foundation Trust website.

YOUNG PEOPLE'S MEMBERSHIP DEVELOPMENT

This year we have continued our recruitment drive of young people via local schools and by holding events for young people such as:

- Applying for medical school
- Theatres and endoscopy open day
- Annual open day

We have continued to produce our Young members newsletter, specifically aimed at our members aged 16-21 years, giving them health information and invites to our events.

INCREASING REPRESENTATION

This year we have continued our aim to have an increasingly representative membership

by targeted recruitment and hosting events in specific areas and with specific groups in the community.

MEMBERSHIP INTERESTS AND INVOLVEMENT

The 'Welcome' mailing members receive, also includes a form for Members to record their areas of special interest. This is returned to the Trust and allows us to create a database of interests where members would be interested in contributing, for example by completing a survey or participating in a focus group. During 2012/13 we asked our members for feedback on our annual plan and are considering those comments as part of our final plan. We have also invited members to be involved in shaping care for patients with long term conditions and the development of a new website. Members have also been invited to events specific to their interests, for example, the occupational therapy independent living flat open day.

THE FOUNDATION TRUST OFFICE

The Foundation Trust office continues to be a central point of contact for all members to make contact with the Trust and the Council of Governors. It can be contacted during office hours, Monday to Friday on 01535 294540 (24 hour answerphone also available) or by email to members@anhst.nhs.uk

A list of Governor contact email addresses is published on the website in the Foundation Trust section.

Members are also sent, by email or post according to their preference, a bi-annual Governor update with their Foundation Trust newsletter, which details the work the Governor has been involved in along with an update on hospital news and developments and contact details for their own Governor, should a member have any concerns or issues they want to raise.

Members are also invited, via their newsletter and the website, to meet Governors at drop in sessions before every member talk, held throughout the year.

Governors also take part in the annual public open day, staff event and theatres open day, giving members an opportunity to meet with them and discuss any issues or questions.

GOVERNANCE

The Foundation Trust Board of Directors and Council of Governors have discharged their functions throughout the year through a number of sub-committees as outlined below.

AUDIT COMMITTEE

The Audit Committee is chaired by a Non Executive Director – Mrs Houghton, and has a further two Non Executive Directors, Mr Adam and Dr Toop as members. The Director of Finance and other senior managers attend each committee meeting. Also in attendance are Governor representatives.

During the year, the Trust appointed a new external auditor – PriceWaterhouseCoopers in place of the Audit Commission, and a new internal auditor - Mersey Internal Audit Agency in place of West Yorkshire Audit Consortium.

Its terms of reference are approved by the Board of Directors. The Committee has an annual work plan which shows how it plans to discharge its responsibilities under its terms of reference. Minutes of each meeting are reported to the Board along with any recommendations by the Chairman of the Audit Committee. Committee members carry out a self assessment each year. The Committee reports to the Board of Directors through its annual report on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the Board Assurance Framework, the completeness and embeddedness of risk management in the Foundation Trust, the integration of governance arrangements and the appropriateness of the self-assessment against the Care Quality Commission.

Its main duties throughout the year were:

- **Financial reporting** – The Audit Committee monitors the integrity of the financial statements of the Foundation Trust and any formal announcements relating to the Foundation Trust's financial performance, reviewing significant financial reporting judgements contained in them. The Committee received and approved the Foundation Trust accounts and the Annual Governance Statement for 2012/13.

- **Governance, risk management and internal control** – The Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Foundation Trust's activities (both clinical and non-clinical) that support the achievement of the Foundation Trust's objectives. The Committee received the Foundation Trust's Board Assurance Framework and various audit reports concerning these matters, during this period. The Committee received reports outlining the progress made in planned counter fraud work and general issues concerning the NHS Counter Fraud Service (CFS). The Committee also reviewed as appropriate the findings of other relevant significant assurance functions, both internal and external to the Foundation Trust and considered the implications to the governance of the Foundation Trust.

- **Internal audit** – The Committee ensures that there is an effective internal audit function established by management that meets mandatory internal audit standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and the Board of Directors. The Committee received the internal audit plan, internal audit annual report and progress reports in this period and also received the review of the internal audit function by external audit and the Director of Finance.

- **External audit** – The Audit Committee reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process. The Committee received and reviewed external audit plans and regular routine reports, along with holding regular private discussions with the external auditors and internal audit. The external auditor attends each Audit Committee meeting.

The Company Secretary was the formal secretary for the Committee and ensured that coordination of papers and minutes were produced in accordance with the Chair of the Committee. The Foundation Trust has a process agreed by Governors for the agreement of non-audit services provided by external audit; however other than a specific piece of VAT advice relating to a business arrangement, no additional non-audit services were required during the period.

CLINICAL SPECIALTY ASSURANCE COMMITTEE

The Clinical Specialty Assurance Committee, chaired by Mr Drake, Non Executive Director, provides the Board of Directors with assurance that high standards of care are provided by the Foundation Trust by reviewing clinical specialties, focussing on the following service quality areas:

- Patient experience;
- Quality;
- Safety;
- Medicines Management
- Staffing
- Activity; and
- SLR performance.

It also provides support to the Board of Directors in developing an integrated approach to governance by ensuring clinical effectiveness and compliance with best practice in each of the clinical specialties areas reviewed

CHARITABLE FUNDS SUB COMMITTEE

The Charitable Funds Sub Committee, chaired by Mrs Houghton, Non Executive Director, acts on behalf of the Foundation Trust in its capacity as Corporate Trustee.

The purpose of the committee is to give additional assurance to the Board of Directors that its charitable activities are within the law and regulations set by the Charity Commission for England and Wales and to ensure compliance with the charity's own governing document.

REMUNERATION REPORT

APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee is established for the purpose of overseeing the recruitment and selection processes to secure the appointments of Non Executive Directors (including the Chairman) being cognisant of the Board of Directors knowledge, skills and experience. The Committee also oversees the review of remuneration levels of the Chairman and Non Executive Directors. The Committee makes recommendations to the Council of Governors on the appointment of Non Executive Directors (including the Chairman) of the Foundation Trust and the Chairman and Non Executive Directors remuneration levels.

The standing membership of the Committee comprises:

- Chairman of the Foundation Trust (Mr Colin Millar)
- Deputy Chairman of the Foundation Trust (Mr Ronald Drake)
- Senior Independent Director of the Foundation Trust (Mr David Adam)
- Two elected Governors (Mr John Roberts and Mr Peter Beaumont)
- One stakeholder Governor (Mrs Pauline Sharpe)
- One staff Governor (Mrs Stephanie Lawrence)
- Lead Governor and elected Governor (Mr Adrian Mornin)

The Head of Human Resources also attended in an advisory capacity.

During 2012/13, the Committee met in relation to the re-appointment of Mrs Sally Houghton, and to consider the process for the replacement of Mr Alan Sutton and Mr Jeff Colclough as Non Executive Directors. The Committee also considered the Board succession plan for Non Executive Directors. It was concluded by the Committee and recommended to the Council of Governors to re-appoint Mrs Houghton for a further two year term of office. The decision to re-appoint for a reduced term of office was taken to ensure a more evenly spaced

retirement of Non Executive Directors over the next three years.

The Committee also undertook for the first time the appointment of a new Non Executive Director to replace firstly, Mr Alan Sutton who retired in May 2012 and secondly, the replacement of Mr Jeff Colclough who retired in January 2013. The process involved the establishment of selection panel to recruit and work with an external recruitment consultant to source suitable candidates. The panel undertook a series of long listing and short listing meetings prior to conducting interviews. The preferred candidate was then recommended for approval by the Council of Governors at its meeting in April 2012 to take up office on 1 June 2012 with regard to Professor Anne Gregory, and in relation to Dr Toop's appointment the Council of Governors approved his appointment in January 2013 enabling him to take office with effect from 1 February 2013.

During 2013 the Council of Governors will appoint, on the recommendation of the Appointments and Remuneration Committee, a new Chair to replace Mr Millar who will retire in November. The recruitment and selection process has already commenced and is scheduled to make a recommendation to the Council of Governors in October 2013. In accordance with best practice, the current Chair is not participating in the recruitment and selection process and withdraws from the meeting at the appropriate stage.

BOARD APPOINTMENTS AND REMUNERATION AND TERMS OF SERVICE COMMITTEE

During the year, the Board Appointments Committee and the Remuneration Committee was amalgamated to form the Board Appointments and Remuneration and Terms of Service Committee. The committee is established for the purpose of overseeing the recruitment and selection process for Executive Directors and the appointment of formal Board positions e.g. Senior Independent Director. It also reviews current and future requirements applicable to the performance and setting of salaries for the posts covered by the committees remit and in addition the Foundation Trust's Senior Management Succession Planning arrangements and talent management process. The members of the Committee comprises the Deputy Chairman, Senior Independent Director, Chief Executive (or another Executive Director when considering the appointment of the Chief Executive) and one other Non Executive Directors. The Director of Organisational Development and Workforce or their representative is in attendance to provide specialist HR advice. The Committee met on five occasions, with the Chief Executive attending all meetings.

The Committee's second purpose is to determine the remuneration terms of service of Executive Directors and Associate Directors as well other senior managers covered by Agenda for Change or the Consultant Contract.

The Committee met during the 2012/13 period to consider the latest independent benchmarking information for Director's remuneration and to agree the appropriate level of remuneration. The Committee considered and agreed a formal Executive Pay Framework, the purpose of which is to provide a level of remuneration linked to performance, role weight, pay of other staff in the Trust and in the context of wider public sector considerations.

No performance related pay scheme (e.g. pay progression or bonuses) was in operation within the Foundation Trust during the year for Executive Directors. All other senior managers are subject to Agenda for Change pay rates, terms and conditions of service, which are determined nationally.

Each year, the Committee considers a report from the Chief Executive which summarises the performance of individual Directors against their agreed objectives. The Committee then makes a decision about each director's salary review, linked to their performance.

For Executive Directors, appointments are not time limited and the period for serving notice, whilst historically has been six months, is now three months for new appointees. Executive Director contracts will reflect this change as new directors are appointed. Contractual provision for early termination is not appropriate as the contracts are not fixed term. Liability for early termination is therefore not calculated. No

significant termination payments have been made since the organisation became a Foundation Trust. The Foundation Trust's remuneration reports are subject to a full external audit.

Details of remuneration and person information are detailed on pages 16, 17 and 33.

MEDIAN REMUNERATION NOTE

The HM Treasury FReM requires the disclosure of the median remuneration of the Foundation Trust's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid Director. The calculation is based on full-time equivalent staff of the Trust at the end of 2012/13 on an annualised basis.

Median remuneration of staff	£23,589
Mid-point of highest paid Director	£152,500
Ratio	6.46:1

OFF – PAYROLL ENGAGEMENTS

The Foundation Trust is required under the reporting requirements published by the HM Treasury in relation to PES (2012)17, to report that it has one engagement which meets the disclosure requirements.

PES (2012)17 requires the Foundation Trust to seek assurance from off–payroll engagements, that all their tax obligations are being met. This is required for existing engagements who at the 31 January 2012 cost in excess of £58,000 per annum or for new engagements during the period between the 23 August 2012 and 31 March 2013 cost more than £220 per day and were engaged for more than six months.

The Foundation Trust has received the required assurance for the engagement that the tax obligations are being met as per the terms of their contract.

ASSESSMENT AGAINST THE MONITOR CODE OF GOVERNANCE

Airedale NHS Foundation Trust complies with the Monitor Code of Governance. All of the principles set out in the Code of Governance are reflected in the Foundation Trust's Constitution.

REMUNERATION OF SENIOR MANAGERS

Salary and Allowances (For period 1 April 2012 to 31 March 2013)

Name and Title	2012/13 (12 months)				2011/12 (12 months)			
	Salary (bands of £5000) £000	Other Bonuses (bands of £5000) £000	Benefits in Kind Rounded to the nearest £100	Total	Salary (bands of £5000) £000	Other Bonuses (bands of £5000) £000	Benefits in Kind Rounded to the nearest £100	Total
Mr David Adam, Non Executive Director	10-15	0	0	10-15	10-15	0	0	10-15
Dr Andrew Catto, Medical Director (1)	25-30	0	0	25-30	25-30	0	0	25-30
Mr Jeff Colclough, Non Executive Director (2)	10-15	0	0	10-15	10-15	0	0	10-15
Mr Andrew Copley, Director of Finance (3)	25-30	0	0	25-30	0	0	0	0
Mr Ronald Drake, Non Executive Director	15-20	0	0	15-20	15-20	0	0	15-20
Mr Rob Dearden, Director of Nursing	95-100	0	0	95-100	65-70	0	0	65-70
Miss Bridget Fletcher, Chief Executive	140-145	0	0	140-145	140-145	0	0	140-145
Prof Anne Gregory, Non Executive Director (4)	10-15	0	0	10-15	0	0	0	0
Mrs Sally Houghton, Non Executive Director	15-20	0	0	15-20	10-15	0	0	10-15
Mr Colin Millar, Chairman	40-45	0	0	40-45	40-45	0	0	40-45
Mrs Sheenagh Powell, Director of Finance (5)	75-80	0	0	75-80	105-110	0	3900	105-110
Mr Alan Sutton, Non Executive Director (6)	0-5	0	0	0-5	10-15	0	0	10-15
Dr Mike Toop, Non Executive Director (7)	0-5	0	0	0-5	0	0	0	0
Mrs Ann Wagner, Director of Strategy & Business Development	110-115	0	0	110-115	110-115	0	0	110-115

Notes:
(1) Dr Andrew Catto – Medical Director pay only included
(2) Mr Jeff Colclough – Non Executive Director to 31 January 2013
(3) Mr Andrew Copley – Director of Finance from 1 January 2013

(4) Prof Anne Gregory – Non Executive Director from 1 June 2012
(5) Mrs Sheenagh Powell – Director of Finance to 31 December 2012. Benefit in kind relates to a car lease benefit
(6) Mr Alan Sutton – Non Executive Director to 31 May 2012
(7) Dr Mike Toop – Non Executive Director from 1 February 2013

No Executive Directors are Non Executive Directors of any other organisation
No former senior managers received compensation in the period 1 April 2012 to 31 March 2013

PENSION ENTITLEMENTS OF SENIOR MANAGERS

The definition of senior managers is those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments. The Foundation Trust has decided that this refers to just Executive and Non Executive Directors of the organisation.

Pension Benefits

Name and title	Real Increase in Pension at Age 60 (bands of £2500) £000	Real Increase in Pension Lump Sum at Age 60 (bands of £2500) £000	Total accrued pension at age 60 at 31 March 2013 (bands of £5000) £000	Lump Sum at Age 60 Related to Accrued Pension at 31 March 2013 (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2013 £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Real Increase in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension To nearest £100
Miss Bridget Fletcher, Chief Executive	2.5-5.0	7.5-10.0	65-70	195-200	1296	1197		0
Dr Andrew Catto, Medical Director	0-2.5	2.5-5.0	35-40	110-115	653	608		0
Mr Andrew Copley, Director of Finance	2.5-5.0	7.5-10.0	25-30	80-85	444	388		0
Mr Rob Dearden, Director of Nursing	5-7.5	15-17.5	30-35	95-100	528	427		0
Mrs Sheenagh Powell, Director of Finance	0-2.5	2.5-5.0	40-45	125-130	895	852		0
Mrs Ann Wagner, Director of Strategy & Business Development	0.2.5	2.5-5.0	30-35	90-95	582	540		0

As Non Executive Directors do not receive pensionable remuneration, there are no entries in respect of pensions for Non Executive Directors.
Andrew Copley replaced Sheenagh Powell as Director of Finance on 1 January 2013.

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 from 2004-05 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 - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Bridget Fletcher
Chief Executive

22 May 2013

PUBLIC INTEREST DISCLOSURES

INNOVATION AND DEVELOPMENT

In 2012/13, Airedale continued to build on its already significant technological innovation in the development of telemedicine – a system whereby patients can receive medical consultations in their home via a TV link - when a regional Telehealth Hub, funded by the Yorkshire and Humber Strategic Health Authority, was opened in September 2011.

Benefits are already being seen by our patients' with long term conditions as well as those in nursing homes, where a number of hospital admissions have been avoided by the online intervention of clinical staff working round the clock in the Hub.

Bridget Fletcher and Dr Richard Pope presented the key note address on day two of Telehealth 2012 HSJ and Nursing Times Conference in London which was created to explore the latest technologies and solutions in telehealth and telecare and profile examples of successful engagement and application in the NHS.

The Foundation Trust's bid to the Health Foundation Shared Purpose programme was also successful. The Trust secured one of eight places on the programme which includes a grant of £420k over three years. Our bid – to enhance the experience of end of life patients through the use of assistive technologies – will attract significant national interest and supports our strategy to support patients at/closer to home.

As part of our commitment to enhancing the care of end of life patients we have also agreed to second one of our nurses to work at Manorlands Hospice as part of the palliative care team and hopefully enhance our teams on their return in 6 months.

The telemedicine system went live in the four more prisons during 2012/13, including three prisons on the Isle of Wight and – Whitemoor high security prison in Cambridgeshire – which will soon become the 22nd prison that we provide our telemedicine service to. This means that only one of the eight high security prisons in England is not using our service.

RESEARCH AND DEVELOPMENT

The Foundation Trust's research and development team took part in 127 research studies during 2012/13. Patient recruitment to research studies across all specialties was 888 in 2012/13 and involved 41 clinical staff. Research work was also broadened during the year to include two new specialties – physiotherapy and general surgery. Research is actively being conducted in the following areas and includes studies with commercial sponsors:

- Oncology and Haematology
- Stroke
- Cardiology
- Diabetes
- Gastroenterology
- Physiotherapy*
- Obstetrics, Gynaecology and Maternity
- Elderly Care
- Paediatrics and Neonatal Care
- General Surgery*
- Orthpaedics and Rheumatology

Active engagement with patients and the public has been an emerging theme over 2012/13. An example of this was a diabetes study involving a non-invasive method of monitoring blood glucose levels which involved many volunteers including patients, the public and Foundation Trust staff. A significant number of these were recruited during the annual open day in August 2012.

The Foundation Trust has also streamlined its research approval processes and now has an average of ten days for providing permission to conduct research in the Foundation Trust.

SERVICE IMPROVEMENT (LEAN)

The LEAN Healthcare Academy (LHA) was founded by the Foundation Trust in partnership with the Ilkley Virtual College in November 2006. (The Virtual College is an experienced provider of LEAN training to industry.)

In April 2010, the challenge for Airedale was to stand alone, without the help of the Virtual College and use the Lean skills learnt as the methodology for changing the future of Airedale. The Lean department changed and

became the Airedale Service Improvement Team (ASIT).

In mid 2010, the team was tasked with setting up of four Programme Boards and the Programme Executive Group, to enable the Executive team to monitor what programmes and projects were being undertaken across the organisation and be assured that the work projects would realise benefits for both patients and the Foundation Trust. A fifth programme, Transform, was added in 2011.

The team delivers Lean training, to both in house and external staff. The training provides a toolkit and methodology to eliminate waste and improve the way teams work to make them more efficient. At the same time the ASIT has developed its own training materials.

Current work includes supporting and facilitating on several work steams including the foot pain pathway, cardiology administration processes and referral pathways, improving reporting and booking process in radiology and the implementation of pathology e-requesting

The ASIT also uses 'The Productive Series' to support staff to deliver improvements that are driven by themselves, by empowering them to ask difficult questions about practice and to make positive changes to the way they work. The process promotes a continuous improvement culture leading to real savings in materials, reducing waste and vastly improving staff morale.

In March 2012, Richard Wylde, service improvement manager, and Sue Speak, head of service improvement received a double accolade from the Lean Healthcare Academy. Richard was awarded Lean Champion of the Year for his work with the Foundation Trust's maternity unit and Sue received a special award for her outstanding contribution, over a number of years, to the lean initiative. The hospital's maternity team were also nominated for their work on the productive series

OUR STAFF

The Foundation Trust has an ethos of diversity and using talents to best effect regardless of age, disability, ethnicity, gender, religion and belief or sexual orientation. We aim to give full and fair consideration to all applicants who apply for jobs at the Foundation Trust.

We have Foundation Trust Guidelines on recruitment and selection, which take into account the need for reasonable adjustment for disabled employees. We also have a policy on managing attendance, which contains specific provision for dealing with employees who have become disabled. The development of all staff has a high priority and is based on a Knowledge and Skills Framework and individual's personal development plans.

During the year, we ensured we communicated with staff on matters that concern them as employees. Staff had access to information through the Foundation Trust's intranet, weekly staff bulletins, and monthly team briefings which are cascaded throughout the organisation within 24 hours after the Board of Directors meeting via email. Individual directorates also have their own management and clinical team meetings where core messages are delivered. These systems have been used throughout the year to communicate the financial and economic factors affecting the performance of the Foundation Trust.

In August 2012, we held our third staff Open Event in addition to our annual public Open Event, which staff are also able to attend. Given the London 2012 Olympics, the theme this time was Get Fit, Get Active and teams organised and held their own events for other colleagues, culminating in a medal awards ceremony for the winners at the staff Open Event. Foundation Trust member events are also open to staff members.

ANNUAL STAFF SURVEY

The 2012 annual survey of NHS staff was conducted in October 2012.

The four key findings for which Airedale NHS Foundation Trust compares most favourably with other acute trusts in England are:

- Percentage of staff believing the trust provides equal opportunities for career progression or promotion;

- Percentage of staff experiencing discrimination at work in the last 12 months;
- Percentage of staff having equality and diversity training in last 12 months; and
- Percentage of staff saying hand washing materials are always available.

The four key findings for which Airedale NHS Foundation Trust compares least favourably with other acute trusts in England are:

- Percentage of staff feeling pressure in last 3 months to attend work when feeling unwell;
- Percentage of staff agreeing that their role makes a difference to patients;
- Work pressure felt by staff; and
- Percentage of staff feeling satisfied with the quality of work and patient care they are able to deliver.

Each trust is given an overall indicator of staff engagement, as part of the staff survey, using the responses to the following key findings:

- staff members' perceived ability to contribute to improvements at work;
- their willingness to recommend the trust as a place to work or receive treatment; and
- the extent to which they feel motivated and engaged with their work.

The Foundation Trust's score of 3.73 was better than average when compared with trusts of a similar type. Possible scores range from 1 to 5, with 1 indicating that staff are poorly engaged (with their work, their team and their trust) and 5 indicating that staff are highly engaged.

STAFF SURVEY

	2011		2012		Trust Improvement/Deterioration
Response rate	Trust	National Average	Trust	National Average	
	50%	54%	44%	52%	Decrease in 6 % points

	2011		2012		Trust Improvement/Deterioration
Top four ranking scores	Trust	National Average	Trust	National Average	
% of staff believing the trust provides equal opportunities for career progression or promotion	93%	90%	93%	88%	Same as 2011
% of staff experiencing discrimination at work in the last 12 months	11%	13%	8%	11%	Decrease in 3 % points
% of staff having equality and diversity training in the last 12 months	66%	48%	72%	55%	Increase in 6 % points
% of staff saying hand washing materials are always available	71%	66%	67%	60%	Decrease of 4 % points

	2011		2012		Trust Improvement/Deterioration
Bottom four ranking scores	Trust	National Average	Trust	National Average	
% of staff feeling pressure in last 3 months to attend work when feeling unwell	27%	26%	34%	29%	Increase of 7 % points
% of staff agreeing that their role makes a difference to patients	91%	90%	87%	89%	Decrease of 4 % points
Work pressure felt by staff	3.33	3.12	3.18	3.08	Decrease of 0.15
% of staff feeling satisfied with the quality of work and patient care they are able to deliver	70%	74%	73%	78%	Increase of 3 % points

HUMAN RESOURCES MANAGEMENT

Research tells us that effective line management and leadership is critical to effective service delivery.

In 2012 we began our first locally commissioned staff pulse survey. The pulse survey, which forms part of our staff engagement programme, will be conducted quarterly and will support the national staff survey.

Based on the advice of the NHS emergency care intensive support team, Airedale has been developing core internal professional standards. The aim of the standards are to ensure that clinical teams across the Foundation Trust work together systematically and predictably so that patient experience is enhanced and flow improved, for example, time of discharge. Clinical behaviour is an important element of patient flow through the hospital system and directors and lead clinicians recognise that patient flow is also a patient safety issue. In partnership with clinical directors, the standards for the emergency department (A&E), MAU, wards and community settings have been developed and went live during 2012.

NHS Heroes is a nationwide recognition scheme for all staff in the NHS, which was launched on 5 July. It held two schemes during 2012/13, the initial launch programme, which ran from July to September 2012 and a Winter Heroes scheme from It is not an awards scheme but is intended to give recognition to individuals and teams identified by their patients and colleagues as going 'the extra mile' over and above their everyday duties.

At Airedale we received nominations for seven staff by their patients and colleagues:

- Angela Freeman – paediatric dietitian team
- Tracey Hellawell – heart failure specialist nurse
- Tracy Day – staff nurse
- Donna Ashcroft – staff nurse, paediatrics
- Pam Beaumont – stroke co-ordinator nurse
- Dr Sam Mawer – stroke consultant
- Dr Kathleen Graham – consultant obstetrician

New clinical leadership arrangements were introduced across the Foundation Trust in 2012. Clinical Directors and their teams will be supported and developed to reach their maximum potential, so together we achieve the ambition we aspire to for our patients in terms of excellent service and experience.

The Medical Director and Chief Executive held a series of clinician engagement sessions, meeting groups of clinicians in each specialty to discuss their views on their services and ideas for improvement and innovation to enhance the patient experience.

Our new Rising Stars development programme went live in 2012 with the first cohort of 15 mid grade staff attending the programme launch. Developing and valuing our staff and nurturing future leadership potential are key to our approach to staff engagement and organisational development

The Human Resource Management service has also been re-designed to ensure the most effective business contribution. For example the Human Resources Team have a led a programme which has reduced the Foundation Trust's sickness absence.

The staff sickness absence for 2012/13 is shown below:

Days lost (long term)	25,453
Days lost (short term)	15,676
Total days lost	**41,129**
Total staff years	**2,212**
Average working days lost	18.59
Total staff employed in period (headcount)	3,068
Total staff employed in period with no absence (headcount)	1,279
Percentage staff with no sick leave	**42%**

WORKING IN PARTNERSHIP

We have continued to develop our strategic and other partnerships from a clinical, business and financial perspective. During 2012/13 we continued to work with our partners to ensure that as an organisation we are outward looking and connected to our

local community, enabling and supporting health, independence and the well being of our patients.

LINKS WITH OUR COMMISSIONERS

Our population's healthcare is commissioned in the main by three Primary Care Trusts (PCTs) – NHS Airedale, Bradford and Leeds which in 2012/13 accounted for 64.2% of the Foundation Trust's revenue; NHS North Yorkshire and York which last year accounted for 23.7% of revenue and NHS East Lancashire, which accounted for 10.2% of revenue, all from patient care activity respectively.

Our annual plan and three year plan have been developed in line with the transition from PCTs to Clinical Commissioning Groups (CCGs), NHS England and specialist commissioners to enable us to support delivery of our commissioners' intentions.

STRATEGIC AND BUSINESS PARTNERSHIP ARRANGEMENTS

In addition to partnerships with its commissioners, the Foundation Trust has also developed a range of strategic and business partnerships, including:

- A *strategic clinical partnership* with its neighbouring Trust, Bradford Teaching Hospitals NHS Foundation Trust, who support us in providing sustainable services in our single handed specialties and hub and spoke arrangements for Ear Nose Throat, ophthalmology, dental specialties and plastic surgery.
- A *strategic clinical partnership* with tertiary centre, Leeds Teaching Hospitals NHS Trust, which provides support in a number paediatric services. Additionally they provide a wide range of diagnostics in Pathology and X-ray which, by and large, is highly specialist and not available at Airedale NHS Foundation Trust.
- A *Private Finance Initiative* (PFI) with SIEMENS Medical Systems for a managed technology service to supply and maintain diagnostic x-ray equipment to the Foundation Trust.
- A *Public Private Partnership* (PPP) with Frontis Homes for the provision of staff residential accommodation on site.
- *Liaison* with NHS Airedale, Bradford and Leeds (working on behalf of West Yorkshire commissioners) and Local Care Direct – an independent primary care out of hours provider – to provide out of hours services in accommodation adjoining the Foundation Trust's Accident and Emergency department.
- The Foundation Trust worked in partnership with its three main commissioners to develop a proposal to run a *telemedicine pilot* delivering care directly into patient's homes and nursing homes. The pilot focused on providing care to nursing homes residents, patients suffering from an exacerbation of COPD and diabetes patients.

In addition to the above partnerships, alliances and developments, during 2012/13 the Foundation Trust also had a number of partnerships with contractors for outsourced services including car parking and security with CPP, transport with Ryder and catering with Sodexo.

TRAINING AND DEVELOPMENT

The Foundation Trust has continued to invest in the development of managers and leaders over the last year, to enable us to achieve business goals. Based on learning and evaluation for 2012/13 these programmes are being updated regularly to meet business needs.

AIREDALE STAFF PARTNERSHIP

We have a strong staff side/management partnership, the Airedale Staff Partnership (APG), which is a joint negotiating and consultation body to promote joint working in the interests of patient care.

Collaboration with them throughout a challenging year for the Foundation Trust, particularly in relation to the workforce reduction programme, brought real benefits for staff and patients.

CHILDCARE SUPPORT

Our onsite 'Nightingales Nursery' continues to provide high quality childcare at competitive rates for the Foundation Trust and other NHS employees. Open from 7.00am until 7.00pm, five days a week, 52

weeks of the year, it caters for babies and children up to the age of five.
This high quality service is regulated and approved by OFSTED and an inspection in May 2011 gave it an overall rating of 'good' and six 'outstanding' ratings. The nursery was praised for its capacity for continuous improvement, effective leadership and management, its ability to evaluate its success, and successful working relationships with parents, carers and other agencies.

Financial support is also offered to Foundation Trust staff, either through a full salary sacrifice scheme for staff who use the onsite nursery, or childcare vouchers for staff choosing alternative childcare. The manager of this service provides a wide range of support and training for parents and parents to be, including maternity workshops for parents to find out about rights and benefits and baby massage and yoga classes.

HEALTH AND WELLBEING

Research shows that looking after the health and well being of the workforce pays significant dividends in relation to attendance, performance, productivity and motivation. Airedale is at the leading edge of the innovative work. It is led by our Employee Health and Wellbeing team, and works to assist management and staff to protect health, promote well being and prevent ill health.

In September 2011, a new service started for staff offering free, confidential help and support with any work, personal or family issue to all employees and their families. The new Employee Assistance Programme (EAP) introduced by Employee Health and Wellbeing services is provided by Workplace Options, an expert provider of employee support services and which is completely independent of Airedale Hospital. It operates 24 hours a day, 365 days a year.

The EAP replaces the previous staff counselling service and provides specialist support including a telephone helpline, information packs, and short-term counselling. Its employee support staff will have access to a wealth of up-to-date practical information and resources.

Airedale staff are able to get help on a wide range of problems including: work-life balance, relationships, child care, health and well-being, debt, disability and illness, careers, bereavement and loss, stress, caring for the elderly, life events, immigration, anxiety and depression, family issues, bullying and harassment, education, consumer rights and workplace pressure.

MANAGING RISK

All wards and departments continue to work with the Quality and Safety team in the identification of risk and analysis of incidents. This work is important to the improvement of patient safety and the delivery of clinical services. Systems are in place whereby all risks and reported incidents are assessed and monitored.

A Committee, whose members include all the Executive Directors, consider the risks carried by the Foundation Trust on a monthly basis, and the Board of Directors receives a regular report about the management of those risks documented in the risk register.

The Foundation Trust has achieved compliance with the NHS Litigation Authority Risk Management standards at Level 2 for Acute Trust services and Level 1 for Maternity Services. These standards recognise the Foundation Trust's commitment to safe practice and effective risk management.

HEALTH AND SAFETY

The key group in the management of health and safety at Airedale NHS Foundation Trust is the Joint Health and Safety Committee. This comprises management, staff side representatives and reports into the Executive Strategic Risk Management Group (ESRMG), and can be escalated to the Board where indicated by magnitude of risk.

The Committee ensures that the Foundation Trust meets its legal requirements to consult with staff on matters that affect their health and safety, and has the responsibility of promoting and developing health and safety arrangements across the Foundation Trust, and ensuring compliance with the Health and Safety at Work Act 1974 (and related regulations).

The Committee is chaired by the Director of Operations, whose role includes being the designated lead Director for health and safety for both the Foundation Trust's Executive Directors Group and the Board. They are supported in this role by the Health, Safety and Emergency Planning Manager who works in the Quality and Safety Team.

The Foundation Trust was subject to one Health and Safety Executive (HSE) inspection during 2012/13; this was in Pathology

The visit to Pathology (in particular Microbiology and the Category 3 Room facilities) was from the HSE Biological Agents Unit on Thursday 26 April 2012. No issues were raised although the team were given a few verbal suggestions to further improve their practice.

POLITICAL AND CHARITABLE DONATIONS

Airedale NHS Foundation Trust made no political or charitable donations during the year.

PATIENT AND PUBLIC ENGAGEMENT AND EXPERIENCE

Engagement with patients and the public is a top priority for the Foundation Trust as a means of improving patient experience.

The Patient and Public Engagement and Experience (PPEE) Steering Group and PPEE Operational Group closely monitor information about engagement and experience activity in a way that will enable the Foundation Trust to ensure it meets the five commissioner requirements.

The PPEE policy was reviewed this year and after a great deal of involvement with local community groups, staff and patients a three year PPEE strategy was launched on 25 January 2013, together with an implementation plan. The whole ethos within the strategy is to ensure that patient involvement activities are embedded into all aspects of the Foundation Trust's business.

The following outlines some of the Foundation Trust's patient and public engagement activities.

VOLUNTEERING

Airedale NHS Foundation Trust is supported by two very active volunteer groups, the Friends of Airedale and Airedale New Venture. There are around 400 active volunteers who undertake vital and diverse activities across the hospital. Whether it's acting as guides for patients attending appointments, assisting our patients to eat and drink during meal times; staffing the volunteer shops, taking the shop or library trolley to patients on the ward; or helping patients to attend our religious services, our volunteers are an invaluable resource for our staff and patients.

The two charities Friends of Airedale and Airedale New Venture contributed over £200,000 last year to the hospital. The funds were raised through the two shops, the car boot sales that are held in the grounds of the hospital during the summer months and through public donations. The money was used to buy a range of new equipment for the hospital, including:

- £42,000 on an olympus scope guide for the endoscopy department
- £25,000 on a urology laser and flexible
- ureteronscopes
- £13,000 on low profiling beds for wards
- £10,500 on resuscitation trolleys for A&E
- £4,800 on patient trolleys for radiology

As highlighted by the CQC report 'Dignity and Nutrition for Older People', published in October 2011, it is important to make sure that people have enough to eat and drink when they are in hospital. A lot of work has been done at Airedale Hospital to ensure that patients do get the right nutritional care and our volunteers provide crucial support to our nurses and ward hostesses to help patients eat and drink.

Following our feeding buddy trial in 2010 to train volunteers so that they could help ward staff assist patients to eat and drink at meal times, an increased number of volunteers have also become involved in the scheme. These volunteer feeding buddies are an

invaluable support to our ward staff in this key area of patient experience.

Another key element of patient experience is the feedback we receive from our real time patient survey, which a number of volunteers help the hospital with six days a week. During 2012/13 a new survey for the Foundation Trust's maternity services was developed, requiring significant support from our volunteers. Our volunteers have really risen to this new challenge and have been very supportive of our continued work in the area.

PATIENT AND CARER PANEL

As part of the Foundation Trust's commitment to engage service users in the development of services, and to gain a range of different perspectives and views, a Patient and Carer Panel was set up in 2007 and is now well established. It meets monthly and is consulted about various aspects of the Foundation Trust's business, including service developments and new initiatives.

During 2012/13, the Panel have continued working in task groups focusing on communication; recruitment; patient information at point of discharge; services for dementia patients; medication issues; and review of Foundation Trust policies.
Our overall aim is to ensure that work undertaken by our task groups influences real and sustained improvement in a range of services from a patient perspective.

YOUTH PANEL

During 2012/13, work has continued to link with younger people to develop a Youth Panel to help us better understand how we can improve the healthcare we provide for young people in our local community. A group of young people have been influential in producing a 'young person's Patient Liaison and Advice Service (PALS) leaflet and a relationship is developing with Barnardos.

ENGAGEMENT ACTIVITIES

The following are examples of some of the engagement work staff have undertaken during the year:

- Dietetics patient survey
- Multiple Sclerosis education programme
- Diabetes education programme
- Focus groups with end of life patients
- Healthy heart badge project
- Long term conditions workshop (done jointly with Bradford Local Involvement Network (LINk)
- Improvements to reception areas in community buildings
- Regular involvement sessions with diabetes patients
- Parent survey for children attending therapy groups at the child development centre
- Improvements to pharmacy services
- Speech and language therapy surveys
- Neonatal and children's units feedback
- Project improving dignity and respect for people with dementia and cognitive impairment in general ward settings

PATIENT INFORMATION

The NHS Constitution makes it clear that people have the right to reliable information to help them make choices and that good quality information will help people make confident, informed decisions about their health care. This is endorsed by the Foundation Trust and work is underway to improve how we provide patient information.

In June 2011, a new information pod was set up in Airedale Hospital's health information centre to help patients and visitors to find out more about their health, condition or medication. People can use video, audio and interactive websites through the computer in the enclosed area to discover more about staying healthy and managing long term conditions. The service is a drop-in service, but patients can also pre-arrange a specific time to use the pod between 9am and 5pm, Monday to Friday. Information is available about:

- conditions and interventions
- self care and management advice
- other patients personal experiences
- advice on benefits and social care
- details of local or national support groups.

The Foundation Trust has a Readers' Panel which consists of members of the public who have volunteered their time to read patient

information produced by the Foundation Trust whilst it is in its draft stages. The panel is asked for its views on the type of language used, the structure of sentences and paragraphs, the style of presentation, and whether the information will be readily understood by its target audience. By asking for opinions from a sample audience, the Readers' Panel ensures publications are easily understood and resources are not wasted by producing leaflets that patients do not understand.

The Readers' Panel whilst being popular always needs to recruit new members. Contact details for the Readers' Panel are shown on the final page of this Annual Report.

LEARNING FROM THOSE WITH A DISABILITY

A strong emphasis has been placed on involving people with learning disabilities to help us introduce guidelines for our staff in order to assist in planning and identifying the care needs of patients with learning disabilities and ensure care plans take account of individual patient's needs.

We work with the regional Learning Disabilities Group, Access to Acute, for Yorkshire and Humberside, as well as the local Craven Health Task Force, to benchmark the care we provide. We are using an audit tool to help us review each episode of care and identify any aspects that are missing. The findings and any shortfalls are shared with the regional group to enhance learning and development of the service.

The group has also worked with us on improving signage around the hospital site and helped our Patient Advice and Liaison Services (PALS) team develop an easy read version of our PALS leaflet.

PATIENT ADVICE AND LIAISON SERVICES (PALS)

As well as providing information, advice and support to help patients, families and their carers, the emphasis within the Foundation Trust is for PALS to work closely with front-line staff, particularly our matrons, in order to help resolve issues and queries as quickly as possible for patients.

The work undertaken by PALS is a 'real time' and continuous way of being able to respond positively to patient feedback in terms of both concerns and compliments in order to improve the delivery of our services and clinical care.

In 2012/123, PALS dealt with 2,362 issues from 1,797 contacts, of which 2,162 issues were specifically related to Airedale NHS Foundation Trust. Of these, 315 were compliments sent directly to PALS; 419 were requests for information; and 1,428 were categorised as expressions of concern, dissatisfaction and requests for action to be undertaken. The remaining 200 issues related to other organizations.

Each caller receives a thoughtful and sympathetic response and people are given advice and support about the treatment that they have received or require. Key themes from calls are identified and our staff aim to respond to needs that have been identified. During 2012/13, of the 1,797 contacts relating to Airedale:

- 65% of requests were resolved within one day of the PALS being received.
- 73% of requests were resolved with 3 days; and
- 82% of requests were completed within 7 working days.

Examples of learning from PALS issues include:

***Your concern**… "whilst attending the Emergency Department visitors/patients were smoking outside, next to the windows and the smoke was drafting in, right next to the children's play area in the department"*

***Our response**... "the bench outside the open window was moved and placed away from the open window."*

The PALS office is located at the entrance to Ward 18. Contact with the PALS office can also be made by telephoning 01535 294019 or via email: PALS.Office@anhst.nhs.uk

COMMUNITY ENGAGEMENT

Foundation Trust staff support many health related groups in both a business and voluntary capacity. We also support our staff to play a full part in the community, for example, by acting as Governors for schools.

Our now well established Patient and Carer Panel and more recent Youth Panel ensure we involve our community in monitoring standards and in the development of services.

During the year we continued to build on our links with schools and colleges. As a result, we have successfully recruited many young people to join our Foundation Trust membership. We also developed links with local BME groups and improved membership representation from different communities.

We continued to support Sue Ryder Care, who runs our local hospice Manorlands, as the charity that the Foundation Trust staff support through a salary deduction scheme.

CORPORATE SOCIAL RESPONSIBILITY

The Foundation Trust works to be environmentally responsible and aware of its social impact on the community it serves. During the year we have worked to ensure that we make purchases not just from big corporations but from a mix of small, medium and large businesses and social enterprises, in order to ensure we invest more in the local economy and community and contribute to regeneration.

The Foundation Trust is committed to reducing its carbon footprint with a Foundation Trust endorsed Carbon Management Strategy. Our staff have continued to work closely with external consultants, such as the Carbon Trust, to monitor energy usage to enable the consumption to be reduced and thereby reduce our carbon footprint as well as reduce costs.

As part of our travel plans we continue to promote the use of public transport to staff for journeys to work. We also take part in the Cycle2Work scheme, which enables staff to buy bicycles for work using a monthly salary sacrifice scheme to encourage staff to reduce car use.

REDUCING OUR CARBON FOOTPRINT

The CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment) is the UK's mandatory climate change and energy saving scheme. It is central to the UK's strategy for improving energy efficiency and reducing CO_2 emissions as set out in the Climate Change Act 2008.

The scheme is mandatory for all organisations whose electricity consumption is equivalent to an annual electricity bill of approximately £500k, so therefore applies to Airedale NHS Foundation Trust.

The Climate Change Act 2008 requires carbon dioxide and greenhouse gas emission reductions of 34% by 2020 and 80% by 2050 against 1990 performance. The same Act establishes that from 2010 all Government departments, including the NHS, will receive annual carbon budgets which they must adhere to.

The Foundation Trust has developed a Carbon Management Plan (CMP) which commits it to reducing CO_2 by 15% by 2015 from a 2007 baseline figure. Potential savings to the Foundation Trust could be around £1 million by that date. By following the CMP and delivering its objectives, the Foundation Trust will achieve a reduction of 15% on its 2007 carbon footprint (estate only figures) by 2015. This will mean that we will have not only reduced our carbon output but also reduced expenditure on utilities and the maintenance and operation of our estate.

The CMP will mean an improved environment for our local population, patients, visitors and staff.

During 2012, the Foundation Trust set up a staff group to look at potential energy efficiencies and other environmental savings. The EcoawAire group aims to engage with and involve staff in energy and environmental issues and make them more aware of the impact their actions at work can have on the local environment and how everyone can work together to reduce that impact.

Campaigns during 2012/13 included a focus on PC usage and computers that were left on unnecessarily, particularly overnight and at weekends, wasting both energy and resources.

In September 2012, the Board approved the business case for the upgrade of the boiler house and the implementation of energy reduction measures through the Carbon Energy Fund (CEF). The Trust, through CEF, has developed both a main and STOR schemes. The board approved the next stage of the project to proceed to contract signature on the main scheme and also note the status of the STOR project.

In addition the Foundation Trust has introduced a paper waste recycling scheme which is being rolled out across Airedale Hospital during 2013. This enhances the current recycling scheme where all black bag waste is sorted for recyclables before it is sent to landfill.

To mark National climate week: 4 - 10 March 2013 and NHS sustainability day: 28 March 2013, Airedale teamed up with NHS Forest donate a tree scheme

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum.*

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Airedale NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Airedale NHS Foundation Trust for the year ended 31 March 2013 and up to the date of approval of the Annual Report and Accounts.

CAPACITY TO HANDLE RISK

As Accounting Officer, I have overall responsibility for ensuring that there are effective risk management and integrated governance systems in place within the Foundation Trust and for meeting all statutory requirements and adhering to guidance issued by Monitor in respect of governance and risk management.

The Foundation Trust has a risk management strategy, which is reviewed and endorsed by the Board of Directors annually; there is a clearly defined structure for the management and ownership of risk through the development of the risk register and assurance framework. The 'high level' risks and assurance framework are monitored at Executive level and in the Board's sub committees and by the Board of Directors.

Some aspects of risk are delegated to the Foundation Trust's Executive Directors:

- The Medical Director is responsible for clinical governance, and has overall lead for risk management and patient safety with support from the Assistant Director of Healthcare Governance. The Medical Director is also responsible for information governance risks. The Medical Director is, with support from the Assistant Director of Healthcare Governance, also responsible for reporting to the Board of Directors on the development and progress of the quality and patient safety strategy and for ensuring that the strategy is implemented and evaluated effectively;

- The Medical Director is also the executive lead (with management support provided from the Assistant Director of Healthcare Governance) to ensure a fully integrated and joined up system of risk and control management is in place on behalf of the Board;

- The Director of Nursing is responsible for infection prevention and control;

- The Director of Operations is responsible for health and safety;

- The Director of Finance provides the strategic lead for financial and performance risk and the effective coordination of financial controls throughout the Foundation Trust;

- The Head of HR is responsible for workforce planning, staffing issues, education and training. Responsibility for organisational development is incorporated in to Executive Directors combined objectives both on an individual basis and collectively as the executive team; and

- All heads of service, Clinical Directors and managers have delegated responsibility for the management of risk and patient safety in their areas. Risk is integral to their day-to-day management responsibilities. It is also a requirement that each individual division produces a divisional/directorate patient safety and risk register, which is consistent and mirrors the Foundation Trust's patient safety and risk register requirements and is in line with the risk management strategy.

All members of staff have responsibility for participation in the risk/patient safety management system through:

- Awareness of risk assessments which have been carried out in their place of work and to compliance with any control measures introduced by these risk assessments;

- Compliance with all legislation relevant to their role;

- Following all Foundation Trust policies and procedures;

- Reporting all adverse incidents and near-misses via the Foundation Trust incident reporting system;

- Attending regular training as required ensuring safe working practices;

- Awareness of the Foundation Trust patient safety and risk management strategy and their own Group patient safety and risk management strategy; and

- Knowing their limitations and seeking advice and assistance in a timely manner when relevant.

The Foundation Trust recognises the importance of supporting staff. The risk management team act as a support and mentors to Foundation Trust staff who are undertaking risk assessments and managing risk as part of their role. Risk assessment training is available to all members of staff and includes:

- Corporate induction training when staff join the Foundation Trust;
- Mandatory update training for all staff every two years; and
- Targeted training on specific areas including risk assessment, incident reporting and incident investigation.

The Foundation Trust seeks to learn from good practice and will investigate any serious incidents, complaints and SIRI's (Serious Incidents Requiring Investigation) using Root Cause Analysis methodology. The findings are reviewed by the Foundation Trust's Assurance Panel to ensure learning points are implemented. Assurance is gained by presenting reports to the Foundation Trust's Executive Assurance Group and summary reports to the Board of Directors. Any learning points for staff are published via staff briefings.

In addition to the Foundation Trust reviewing all internally driven reports, the Foundation Trust adopts an open approach to the learning derived from third party investigations and audits, and/or external reports. The Trust has also adopted a pro-active approach to seeking independent reviews as evidenced by the RCS Review commissioned to examine surgical services following a SIRI. During 2012/13, the Foundation Trust has taken on board recommendations from a number of external reports including the Final Report of the Independent Inquiry Report in to Care Provided by Mid Staffordshire NHS Trust (Francis Report), (February 2013) and the Report by the Parliamentary and Health Service Ombudsman following a complaint about standard of care and treatment (October 2012). The Board is currently considering its response to the Francis Report and has reviewed the Report and recommendations. Monitoring of the action plan arising from the recommendations in the PHSO Report was undertaken at Board level and executive management level.

The Foundation Trust actively seeks to share learning points with other health organisations, and pays regard to external guidance issued. Accordingly, the Foundation Trust will undertake gap analyses and adjust systems and processes as appropriate in line with best practice.

THE RISK AND CONTROL FRAMEWORK

The Board approved risk management strategy has defined the Foundation Trust's approach to risk throughout the year. The strategy determines the requirements for the identification and assessments of risks and for control measures to be identified and how risks should be managed and the responsibilities of key staff in this process. As an organisation seeking to develop its innovative work in the field of telemedicine, the Foundation Trust is risk aware, and adopts a risk management approach.

The risk management strategy assigns responsibility for the ownership and management of risks to all levels and individuals to ensure that risks which cannot be managed locally are escalated through the organisation. The process populates the risk register and board assurance framework, to form a systematic record of all identified risks. All risks are evaluated against a common grading matrix, based on the Australia/New Zealand risk management standard to ensure that all risks are considered alike. The control measures, designed to mitigate and minimise identified risks, are recorded within the risk register and board assurance framework.

The Board Assurance Framework sets out:

- What the organisation aims to deliver (corporate/strategic objectives);
- Factors which could prevent those objectives being achieved (principle risks);
- Processes in place to manage those risks (controls);
- The extent to which the controls will reduce the likelihood of a risk occurring (likelihood); and
- The evidence that appropriate controls are in place and operating effectively (assurance).

The Board Assurance Framework provides assurance, through ongoing review, to the Board, that these risks are being adequately controlled and informs the preparation of the Statement on Internal Effectiveness and the Annual Governance Statement. The Board Assurance Framework and risk register have identified no significant gaps in control/assurance.

The Board reviews performance data each month against Monitor and CQC standards and outcomes via a series of integrated dashboards focusing on quality, safety, patient experience and clinical outcomes; staff engagement and workforce development; finance and performance; service developments and transformation and business development. A quality account report has been developed and designed specifically to support the triangulation of data across the organisation, and is reviewed by the Board in conjunction with the integrated dashboards.

The Foundation Trust's risk management processes have identified a number of risks. The most significant are outlined below along with how they have been/are being managed and mitigated and how outcomes are being assessed.

The Foundation Trust's financial position is subject to a number of risks. Its position is dependent on delivering productivity and efficiency improvements. This is against a difficult national economic background and changing NHS landscape. The strategy of focusing on partnership working to deliver system change is therefore continuing and will continue in to 2013/14 and beyond.

The Foundation Trust is mitigating these risks through rigorous budgetary control and management of significant productivity and efficiency improvements. Outcomes are being measured by monthly review of financial performance by the Board, in addition to scrutiny of the impact of efficiency savings on patient safety and quality of service.

Maintaining the security of the information that the Foundation Trust holds provides confidence to patients and employees of the Foundation Trust. To ensure that its security is maintained an Executive Director has been identified – the Trust's Medical Director – to undertake the role of Senior Information Risk Owner (SIRO). The SIRO has overseen the implementation of a wide range of measures

to protect the data held and a review of information flows to underpin the Foundation Trust's information governance assurance statements and its assessment against the information governance toolkit. As part of the Trust's assurance mechanism, the internal audit work plan includes an annual review of the Information Governance toolkit submission. A number of areas of weakness have been identified and I have since taken steps to implement a rigorous and robust review of the information governance toolkit process, including the development of an action plan for monitoring at Board and executive management level. I expect the review to provide me with assurance that these aspects are being managed and identified weaknesses addressed. During 2012/13, the Foundation Trust had no incidents classified at a severity rating of 3-5 that met the criteria for inclusion in the Annual Governance Statement.

Control measures are in place to ensure all organisations' obligations under equality, diversity and human rights legislation are complied with. This is evidenced by the response to the Equality Act 2010 in which the Foundation Trust built on the work undertaken in 2010/11 in reviewing the Single Equality Scheme at board level and the inclusion and completion of equality impact assessments on all the Foundation Trust's policies. Accordingly, the Board has approved the proposed approach and action plan for delivering the Equality Delivery System, approved the objectives of the System for publication and nominated a Non Executive Lead.

The Foundation Trust also ensures that the Patient and Carer Panel is consulted and engaged on all matters relating to risk. This is evidenced by the Patient and Carer Panel reviewing all policies relating to patient experience prior to approval by a Foundation Trust management committee.

Discussion has been ongoing throughout the year with colleagues in primary care trusts to ensure all key access targets are being met from within available resource. There have been regular contract management meetings with the Foundation Trust's lead commissioning cluster – NHS Airedale, Bradford and Leeds and other reviews with NHS North Yorkshire & York and NHS East Lancashire.

The Foundation Trust successfully registered, without conditions, with the Care Quality Commission in 2010, and continues to be fully compliant with the requirements of registration with the Care Quality Commission. Assurance against the requirements of the CQC registrations is monitored on an ongoing basis throughout the year by the Executive Lead responsible for ensuring compliance for each of the CQC outcomes.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

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

REVIEW OF ECONOMY, EFFICIENCY, AND EFFECTIVENESS OF THE USE OF RESOURCES

The Foundation Trust has a comprehensive system that sets strategic and annual objectives. The Board of Directors sets these objectives with regard to the economic, efficient and effective use of resources.

The objectives set reflect national and local performance targets for standards of patient care and financial targets to deliver this care within available resources. Within these

targets, the Foundation Trust includes specific productivity and efficiency improvements. These are identified from a range of sources including internal review such as internal audit and external organisations such as the NHS Litigation Authority, the Audit Commission and other benchmarking agencies.

The Foundation Trust has a robust monitoring system to ensure that it delivers the objectives it identifies. Ultimate responsibility lies with the Board which monitors performance through reports to its meetings of the Board of Directors. Underpinning this is a system of monthly reports on financial and operational information to the Foundation Trust's executive management group, and clinical management groups. Reporting at all levels includes detail on the achievement against productivity and efficiency targets.

The Foundation Trust operates within a governance framework of Standing Orders, Standing Financial Instructions and other processes. This framework includes explicit arrangements for:

- Setting and monitoring financial budgets;
- Delegation of authority;
- Performance management; and
- Achieving value for money in procurement.

The governance framework is subject to scrutiny by the Foundation Trust's Audit Committee and internal and external audit.

ANNUAL QUALITY ACCOUNT

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*.

2010/2011 was the first Quality Account published for Airedale NHS Foundation Trust. The Foundation Trust has continued to build on the extensive work undertaken to develop the Quality Account during the last two years and has drawn on the various guidance published in-year in relation to the Quality Account.

The Foundation Trust developed its vision, values and priorities through wide involvement and in consultation with patients, carers, staff, external stakeholders and Governors. The consultation process for the Quality Account included presentations to the Board of Directors, Council of Governors and informally to Governors at their network meetings, a workshop session with representatives from the Council of Governors, LINk's and Patient and Carer Panel as well as members of the public. In addition, Foundation Trust members were canvassed for their opinions on the Foundation Trust's quality improvement plans via an online survey.

Through this engagement the Foundation Trust has been able to ensure the areas chosen provide a balanced view of the organisations priorities for 2012/2013. In the preparation of the Quality Account, the Foundation Trust appointed a Quality Account project lead to develop the Quality Account, reporting direct to the Medical Director, and a Quality Account Steering Group was established, whose membership included Governor representatives. A formal review process was established, involving a presentation of the Foundation Trust's initial draft account to its external stakeholders (Overview and Scrutiny Committee's, Local Involvement Network's and Commissioners). The Quality Account drafts were formally reviewed through the Foundation Trust's governance arrangements (formal management group, Board sub committee and Board of Directors). The Foundation Trust set priorities for 2012/13 were patient safety, patient experience and clinical effectiveness. Priorities were then developed to embed and monitor quality improvement processes, set against the needs of patients in the delivery of the Foundation Trust's services.

The Foundation Trust has utilised divisional performance reports, governance and quality reports, clinical outcome measures, mortality reports, Dr Foster and CHKS benchmarking data and a range of key national targets to govern the work associated with these

priorities. The data used to report the Foundation Trust's quality performance in 2012/2013 was taken from national data submissions, CHKS and national patient surveys. The quality and safety metrics were reported regularly to the Board through the performance and governance reports. Assurance was gained by sharing the Quality Account with the Trust's Commissioners, LINks and OSCs as required by national regulation. The Trust's external auditor, PwC, have undertaken a review of the arrangements in place at the Foundation Trust to secure the data quality of information included in the Quality Account. The report prepared by PwC will be submitted to Monitor by the end of May 2013.

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

The assurance framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the major sources of assurance on which reliance has been placed during the year. These sources included reviews carried out by PwC, Care Quality Commission, Internal Audit, NHS Litigation Authority and the Health and Safety Executive.

The following groups and committees are involved in maintaining and reviewing the effectiveness of the system of internal control:

- The Board of Directors has overall accountability for delivery of patient care, statutory functions and Department of Health requirements;

- The Audit Committee oversees the maintenance of an effective system of internal control and reviews the statement on internal effectiveness and Annual Governance Statement;

- The Executive Assurance Group oversees the risk management process at operational level, ensuring that risks are managed and/or escalated in line with the Risk Management Strategy;

- The Assistant Director of Healthcare Governance through the Executive Assurance Group ensures that a fully integrated approach is taken when considering whether the Foundation Trust has in place systems and processes to support individuals, teams and corporate accountability for the delivery of safe patient centered, high quality care;

- The Clinical Specialty Assurance Committee provide the Board of Directors with assurances of clinical effectiveness and compliance with best practice in the specialties reviewed, through scrutiny of patient quality and safety, patient experience, medicines management, staffing, activity and service line reporting; and

- Internal audit is provided by the Mersey Internal Audit Agency (MIAA). MIAA present the internal audit work plan at the Audit Committee for approval which is then monitored by both the Audit Committee and the Executive Assurance Group. The Head of Internal Audit presents an annual opinion on the overall adequacy and effectiveness of the Trusts risk management, control and governance processes. This is achieved through a risk based plan of work, agreed with management, approved by the Audit

Committee and subsequently reviewed by the Board of Directors.

Review and assurance mechanisms are in place and the Foundation Trust continues to develop arrangements to ensure that:

- Management, including the Board, regularly reviews the risks and controls for which it is responsible;
- Reviews are monitored and reported to the next level of management;
- Changes to priorities or controls are recorded and appropriately referred or actioned;
- Lessons which can be learned, from both successes and failures, are identified and circulated to those who can gain from them; and
- Appropriate level of independent assurance is provided on the whole process of risk.

During 2012/13 the internal auditors issued one audit report with limited assurance relating to the quality and safety framework. The internal auditors acknowledged that the Clinical Audit and Service Evaluation Policy is comprehensive and robust, however the audit identified a some areas of weakness relating to the Foundation Trust's resources to support clinical audit and the scope for enhancing integrated working between the clinical audit department and clinical teams, for example around the development of SMART action plans. I have since taken steps to implement a rigorous and robust review of the clinical audit plan which will include the chair of the Audit Committee as well as senior managers and clinicians. The action plan developed will be monitored via the Executive Management Group and the Audit Committee.

We acknowledge that the Foundation Trust is in a period of significant change and will therefore continue to adapt to the changing NHS landscape through an iterative process of review of governance arrangements.

CONCLUSION

My review confirms no significant internal control issues have been identified for the year ended 31 March 2013.

Bridget Fletcher
Chief Executive

22 May 2013

Independent Auditors' Report to the Board of Governors of Airedale NHS Foundation Trust

We have audited the financial statements of Airedale NHS Foundation Trust for the year ended 31 March 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual Reporting Manual 2012/13 issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the NHS Foundation Trust Annual Reporting Manual 2012/13. Our responsibility is to audit and express an opinion on the financial statements in accordance with the National Health Service Act 2006, the Audit Code for NHS Foundation Trusts issued by Monitor and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board of Governors of Airedale NHS Foundation Trust in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the NHS Foundation Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the NHS Foundation Trust; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, of the state of the NHS Foundation Trust's affairs as at 31 March 2013 and of its income and expenditure and cash flows for the year then ended; and
- have been prepared in accordance with the NHS Foundation Trusts Annual Reporting Manual 2012/13.

Opinion on other matters prescribed by the Audit Code for NHS Foundation Trusts

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trusts Annual Reporting Manual 2012/13; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Audit Code for NHS Foundation Trusts requires us to report to you if:

- in our opinion the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2012/13 or is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls;

- we have not been able to satisfy ourselves that the NHS Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or

- we have qualified, on any aspect, our opinion on the Quality Report.

Certificate

We certify that we have completed the audit of the financial statements in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

Ian Looker (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
29 May 2013

Notes:

(a) The maintenance and integrity of the Airedale NHS Foundation Trust website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO AIREDALE NHS FOUNDATION TRUST ON THE NHS FOUNDATION TRUST CONSOLIDATION SCHEDULES

We have examined the NHS foundation trust consolidation schedules (FTCs) numbered 1 to 40 of Airedale NHS Foundation Trust for the year ended 31 March 2013, which have been prepared by the Director of Finance and acknowledged by the Chief Executive.

This report is made solely to the Board of Airedale NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 (the Act) and for no other purpose.

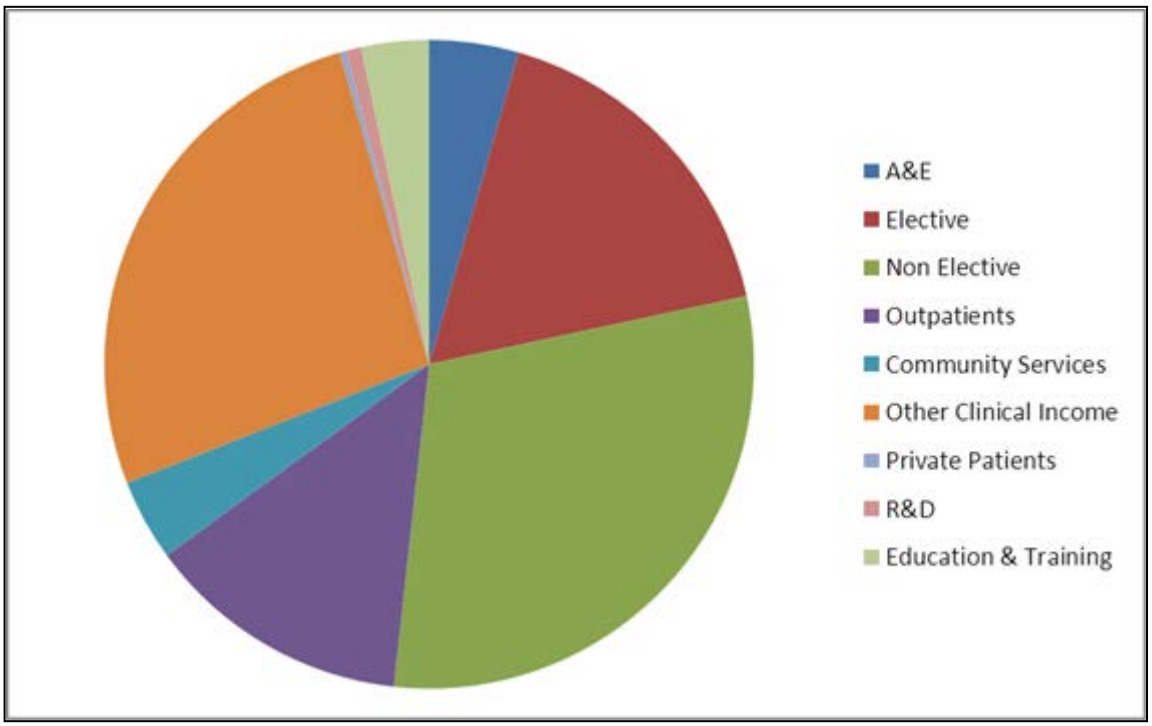
In our opinion these consolidation schedules are consistent with the statutory financial statements on which we have issued an unqualified opinion.

Signature: PricewaterhouseCoopers

Date: 29 May 2013

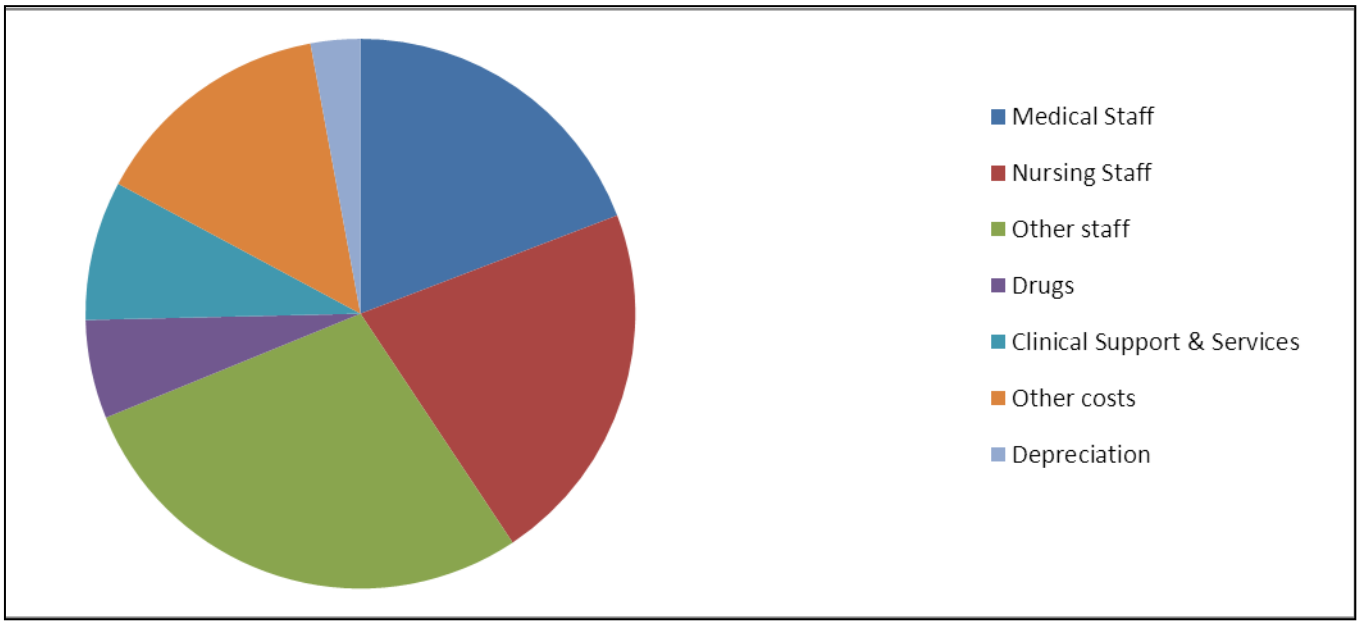
PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

INCOME



INCOME	2012/2013	
	£000	%
A&E	5,623	3.98
Elective	21,758	15.39
Non Elective	38,127	26.97
Outpatients	16,764	11.86
Community Services	5,145	3.64
Other Clinical Income	33,579	23.76
Private Patients	369	0.26
R&D	987	0.70
Education & Training	4,266	3.02
Other Income	14,724	10.42
Total	141,342	100

EXPENDITURE



Expenditure	**2012/2013**	
	£000	%
Medical Staff	26464	19.18
Nursing Staff	29636	21.48
Other staff	38857	28.16
Drugs	8019	5.81
Clinical Support & Services	11308	8.20
Other costs	19662	14.25
Depreciation	4022	2.92
Total	137968	100

Certificate on FT Consolidation Schedules

FTC Summarisation Schedules for Airedale NHS Foundation Trust

Summarisation schedules numbers ***FTC01 to FTC41 and accompanying WGA sheets*** for ***2012/13*** are attached.

Finance Director Certificate

1. I certify that the attached FTC schedules have been compiled and are in accordance with:

The financial records maintained by the NHS foundation trust; and

Accounting standards and policies which comply with the *NHS Foundation Trust Annual Reporting Manual* ***2012/13*** issued by Monitor.

2. I certify that the FTC schedules are internally consistent and that there are no validations errors.

3. I certify that the information in the FTC schedules is consistent with the financial statements of the NHS Foundation Trust.

Andrew Copley
Director of Finance
22 May 2013

Chief Executive Certificate

1. I acknowledge the attached FTC schedules, which have been prepared and certified by the Finance Director, as the FTC schedules which the Foundation Trust is required to submit to Monitor.

2. I have reviewed the schedules and agree the statements made by the Finance Director above.

Bridget Fletcher
Chief Executive

22 May 2013

FOREWORD TO THE ACCOUNTS

AIREDALE NHS FOUNDATION TRUST

The accounts for the period ended 31 March 2013 are set out on the following pages and comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Tax Payers Equity, the Statement of Cash Flows and the Notes to the Accounts.

These accounts for the period ended 31 March 2013 have been prepared by Airedale NHS Foundation Trust in accordance with paragraph 24 and 25 of schedule 7 to the National Health Service Act 2006.

Signed: ..... Bridget Fletcher - Chief Executive

Date: 22/05/2013

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF THE AIREDALE 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 Officers' Memorandum issued by the Independent Regulator of NHS Foundation

Under the NHS Act 2006, Monitor has directed Airedale 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 Airedale NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

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

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable 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: Bridget Fletcher ..... Bridget Fletcher - Chief Executive

Date: 22/05/2013

NATIONAL HEALTH SERVICES ACT 2006

DIRECTIONS BY MONITOR IN RESPECT OF NATIONAL HEALTH SERVICES FOUNDATION TRUSTS' ANNUAL ACCOUNTS

Monitor , the Independent Regulator of NHS Foundation Trusts , with the approval of HM Treasury , in exercise of powers conferred on it by paragraph 25(1) of Schedule 7 of the National health Services Act 2006, hereby gives the following Directions:

1. Application and interpretation

(1) These Directions apply to NHS foundation trusts in England.

(2) In these Directions "The Accounts" means

for an NHS foundation trust in its first operating period since authorisation, the accounts of an NHS foundation trust for the period from authorisation until 31 March

for an NHS foundation trust in its second or subsequent operating period following authorisation, the accounts of an NHS foundation trust for the period from 1 April

"the NHS foundation trust" means the NHS foundation trust in question

2. Form of Accounts

(1) The accounts submitted under paragraph 25 of Schedule 7 of the 2006 Act shall show, and give a fair true and fair view of ,the NHS foundation trust's gains and losses, cash flows and financial state at the end of the financial period.

(2) The accounts shall meet the accounting requirements of the 'NHS Foundation Trust Annual Reporting Manual' (FT ARM) as agreed with HM Treasury, in force for the relevant year.

(3) The statement of Financial Position shall be signed and dated by the chief executive of the NHS foundation Trust.

(4) The Annual Governance Statement shall be signed and dated by the chief executive of the NHS foundation Trust.

3. Statement of accounting officer's responsibilities

(1) The statement of accounting officer's responsibilities in respect of the accounts shall be signed and dated by the chief executive of the NHS foundation trust.

4. Approval on behalf of HM Treasury

(1) These directions have been approved on behalf of HM Treasury

Signed by the authority of monitor, the independent Regulator of NHS foundation trusts

STATEMENT OF COMPREHENSIVE INCOME FOR THE 12 MONTH PERIOD 31 March 2013

	Note	2012/13 £000	2012/13 £000	2011/12 £000	2011/12 £000
Operating income from continuing operations	3	**141,432**		138,179	
			141,432		138,179
Operating expenses of continuing operations:	4				
- Operating expenses		**(137,968)**		(138,688)	
		-	**(137,968)**	-	(138,688)
Operating Surplus/(deficit) before Finance costs			**3,464**		(509)
FINANCE COSTS					
Finance income		**51**		37	
Finance expense - financial liabilities		**(171)**		(156)	
Finance expense - unwinding of discount on provisions	16.2	**(31)**		(36)	
Public Dividend Capital - dividends payable		**(1,132)**		(1,315)	
NET FINANCE COSTS			**(1,283)**		(1,470)
SURPLUS/(DEFICIT) FOR THE PERIOD			**2,181**		(1,979)

The operating income for 2012/2013 includes and exceptional items relating to reversal of impairments on property, plant & equipment resulting from Modern equivalent Asset Valuation of £1,030,000 The trust also had restructuring costs of £436k Excluding the exceptional items the Foundation trust made a surplus of £1,587,000 in 2012/2013 .This compares with a surplus after exceptional items in 2011/2012 of £471,000.

	Note	2012/13 £000	2011/12 £000
SURPLUS/(DEFICIT) FOR THE YEAR		**2,181**	(1,979)
Other comprehensive income			
Impairments	6	**365**	(4,255)
Revaluations	6	**13**	1,892
Other Reserve Movements		**-**	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		**2,559**	(4,342)

All operations are continuing.

The notes on pages 8 to 34 form part of these accounts.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2013

	Note	31 March 2013 £000	31 March 2012 £000
Non-current assets			
Property, plant and equipment	6	**51,483**	50,002
Trade and other receivables	9.1	**827**	907
Total non-current assets		**52,310**	**50,909**
Current assets			
Inventories	8	**2,322**	2,349
Trade and other receivables	9.1	**4,246**	4,163
Cash and cash equivalents	10	**13,694**	11,216
Total current assets		**20,262**	17,728
Current liabilities			
Trade and other payables	11	**(13,054)**	(11,592)
Borrowings	13	**(610)**	(599)
Provisions	16	**(2,159)**	(1,521)
Other liabilities	12	**(139)**	(139)
Total current liabilities		**(15,962)**	(13,851)
Total assets less current liabilities		**56,610**	54,786
Non-current liabilities			
Borrowings	13	**(4,289)**	(4,901)
Provisions	16	**(1,203)**	(1,187)
Other liabilities	12	**(4,464)**	(4,603)
Total non-current liabilities		**(9,956)**	**(10,691)**
Total assets employed		**46,654**	44,095
Financed by (taxpayers' equity)			
Public Dividend Capital		**44,319**	44,319
Revaluation reserve		**6,950**	6,572
Income and expenditure reserve		**(4,615)**	(6,796)
Total taxpayers' equity		**46,654**	44,095

The notes on pages 8 to 34 form part of these accounts.

The financial statements on pages 1 to 34 were approved by the Board of Directors on

Signed on its behalf by: ..... Bridget Fletcher - Chief Executive

Date: 22/05/2013

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE PERIOD ENDED 31 March 2013

	Public Dividend Capital	Income and Expenditure Reserve	Revaluation Reserve	Total
	£000	£000	£000	£000
Balance as at 1 April 2012	44,319	(6,796)	6,572	44,095
Surplus for the financial year	-	2,181	-	2,181
Impairments	-	-	365	365
Revaluations	-	-	13	13
transfer between reserves on revaluation	-	-	-	-
Balance at 31 March 2013	44,319	(4,615)	6,950	46,654

	£000	£000	£000	£000
Balance as at 1 June 2011	44,319	(4,843)	8,961	48,437
Surplus/ (Deficit) for the financial year	-	(1,979)	-	(1,979)
Impairments	-	-	(4,255)	(4,255)
Revaluations	-	-	1,892	1,892
		26	(26)	
Balance at 31 March 2012	44,319	(6,796)	6,572	44,095

The notes on pages 8 to 34 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2013

	Note	2012/13 £000	2011/12 £000
Cash flows from operating activities			
Operating surplus from continuing operations		**3,464**	(509)
		3,464	(509)
Non-cash income and expense			
Depreciation and amortisation	4/6	**4,022**	4,606
Impairments		**-**	1,823
Reversal of Impairments		**(1,030)**	-
Non-cash donations/grants credited to income		**(154)**	-
PDC Dividend Accrued		**(90)**	(115)
(Increase)/decrease in trade and other receivables		**27**	73
(Increase)/decrease in inventories		**27**	(85)
Increase/(decrease) in trade and other payables		**2,104**	1,286
Increase/(decrease) in other liabilities		**(139)**	(140)
Increase/(decrease) in provisions		**654**	1,026
TCS Creditor		**-**	8
NET CASH GENERATED FROM/(USED IN) OPERATIONS		**8,885**	7,973
Cash flows from investing activities			
Interest received		**51**	37
Purchase of Property, Plant and Equipment	6	**(4,740)**	(4,730)
Sales of Property, Plant and Equipment		**-**	-
Net cash generated from/(used in) investing activities		**(4,689)**	(4,693)
Cash flows from financing activities			
Loans received		**-**	4,800
Other loans		**(96)**	(85)
Loans repaid		**(505)**	(253)
Other Capital receipts		**154**	(121)
Interest Paid		**(86)**	(62)
Interest element on Finance lease		**(85)**	(56)
PDC dividend paid		**(1,100)**	(1,449)
Net cash generated from/(used in) financing activities		(1,718)	2,774
Net increase/(decrease) in cash and cash equivalents	10	**2,478**	6,054
Cash and cash equivalents at 1 April 2012	10	**11,216**	5,162
Cash and cash equivalents at 31 March 2013	10	**13,694**	11,216

The notes on pages 8 to 34 form part of these accounts.

Note 1 Accounting Policies and Other Information

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2012/13 NHS Foundation Trust Annual Reporting Manual issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and the HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.The ACcounts are prepared on a going concern basis.

These accounts have been prepared under the historic cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.1 Consolidation

These accounts are for Airedale NHS Foundation Trust alone as there are no associates, joint ventures or joint operations. The Trust has no subsidiaries except Charitable funds , for which the Trust acts as Corporate Trustee, as per note 1.17 the Trust has been granted dispensation not to consolidate in 2012/13.

Note 1.2 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts and, where appropriate, other sales related taxes. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

The figures quoted are based upon income received in respect of actual activity undertaken within each category. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Airedale NHS Foundation Trust contracts with NHS commissioners following the Department of Health's Payment by Results methodology. The income associated with incomplete inpatient spells (spells which begin in one financial year but are incomplete at the year end date) is matched to the appropriate financial year. The value of incomplete spells of care has been calculated using estimation techniques and has been included in NHS receivables for the current year.

Note 1.3 Expenditure on Employee Benefits

Short Term Employee Benefits

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

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website: www.nhsbsa.uk/pensions.

The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

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

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience) and to recommend the contribution rates to be paid by employers and scheme members. The last such disclosed valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.The 2008 valuation has been undertaken, the report has yet to be disclosed to individual organisations.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6% with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pensions Scheme taking effect from 1 April 2008, his valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 10.9% of their pensionable pay depending on total earnings. On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2013 is based on detailed membership data as at 31 March 2008 (the latest mid-point) updated to 31 March 2013 with summary global member and accounting data.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

In 2008-09 the NHS Pension Scheme provided defined benefits, which are illustrated below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the scheme or the specific conditions that must be met before these benefits can be obtained.

Annual Pensions

The scheme is a 'final salary' scheme. Annual pensions are normally based on 1/80th for the 1995 section and on the best of the last three years pensionable service and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as 'pension commutation'.

Pensions Indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in consumer prices in the twelve months ending 30 September in the previous calendar year.

Lump Sum Allowance

A lump sum is payable on retirement which is normally three times the annual pension payment.

Ill Health Retirement

Early payment of a pension, with enhancement in certain circumstances, is available to members of the scheme who are permanently incapable of fulfilling their duties or regular employment effectively through illness or infirmity.

Death Benefits

A death gratuity of twice their final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

Members can purchase additional service in the NHS scheme and contribute to money purchase AVCs run by the schemes approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

Transfer between Funds

Scheme members have the option to transfer their pension between the NHS Pension Scheme and another scheme when they move into or out of NHS employment.

Preserved Benefits
Where a scheme member ceases NHS employment with more than two years service they can preserve their accrued NHS pension for payment when they reach retirement age.

Compensation for Early Retirement
Where a member of the scheme is made redundant they may be entitled to early receipt of their pension plus enhancement, at the employer's cost.

Note 1.4 Expenditure on Other Goods and Services

Expenditure on goods and services is recognised when and to the extent that they have been received, and is measured at the fair value of these goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a current asset such as a prepayment or a non-current asset such as property, plant and equipment.

Note 1.5 Property, Plant and equipment

Property, plant and equipment is capitalised where:-
a) It is held for use in delivering services or for administrative purposes;

b) It is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
c) It is expected to be used for more than one financial year; and
d) The cost of the item can be measured reliably.
In addition, property, plant and equipment is capitalised if it:-
a) individually has a cost of at least £5,000; or
b) Forms a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control, or
c) Forms part of the initial setting up of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

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

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Thereafter they are stated at cost less accumulated depreciation and any recognised impairment loss.

All assets are measured subsequently at fair value.

The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Land and buildings are valued at fair value in accordance with the revaluation model set out in IAS 16. Land and buildings are revalued at least every five years. More frequent valuations are carried out if the Foundation Trust believes that there has been a significant change in value.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors Valuation standards. The last asset valuations were undertaken by the Valuation Office Agency with a prospective valuation date of 1 April 2013, a full revaluation exercise of the estate has been carried out.

The valuations are carried out primarily on the basis of depreciated replacement cost on a modern equivalent asset basis for specialised operational property and fair value for non-specialised operational property.

For non-operational properties including surplus land, the valuations are carried out at open market value

Assets in the course of construction are valued at cost and are revalued by professional valuers when they are brought into use.

Operational equipment is valued at net historic cost.

Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where a component of an of asset is replaced, the cost of the replacements capitalised if it meets the capital recognition criteria as above. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses.

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by professional valuers appointed by the Trust.

Property, plant and equipment is depreciated on a straight line basis over the estimated lives which are:-

a) Engineering plant and equipment:- 5 - 15 years - Plant and Machinery
b) Vehicles:- 7 years -Transport Equipment
c) office equipment, furniture and soft furnishings:- 5 - 10 years - Furniture and Fittings
d) Medical and other equipment:- 5 - 15 years - Plant and Machinery
e) IT equipment:- 3 - 6 years -Information Technology
f) Buildings, installations and fittings:- 15 - 80 years -Buildings

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the classification. Assets under the course of construction are not depreciated until the asset is brought into use.

Disposals

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

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where , and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses , in which case they are recognised in operating income

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned , and thereafter are charged to operating expenses.

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

Impairments

In accordance with the FT ARM, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (1) the impairment charged to operating expenses and (2)the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic or service potential is reversed when and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve, Where at the time of the original impairment , a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Derecognition

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

a) The asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;

b) 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'
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are derecognised 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 assets economic life is adjusted. The asset is derecognised when scrapping or demolition occurs.

Protected Assets

Assets that are required for the provision of mandatory services are protected. Assets which are not required for mandatory services are not protected and may be disposed of by the Trust without the approval of Monitor (the independent Regulator of NHS Foundation Trusts).

Donated Assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to Income, unless the donor has imposes 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 is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met. Donated fixed assets are valued and depreciated as described above for purchased assets.

Note 1.6 Government Grants

Government grants are grants from Government bodies other than income from Primary Care Trusts or NHS Trusts for the provision of services. Grants from the Department of Health are accounted for as Government grants. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure the grant is taken to the statement of comprehensive income ,unless the donor has imposes 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 grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met. Grant assets are valued and depreciated as described above for purchased assets.

Note 1.7 Inventories

Pharmacy inventories are valued at weighted average historical cost. Other inventories are valued at the lower of cost and net realisable value using the first in, first out method.

Note 1.8 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 Trusts normal purchase sale or usage requirements, are recognised when, and to the extent which performance occurs i.e. when receipt or delivery of the goods or services is made.

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

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

Derecognition

All financial assets are derecognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Classification and Measurement

Financial assets are categorised as 'Loans and Receivables'

Financial liabilities are classified as 'Other Financial Liabilities'

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trusts loans and receivables comprise; cash and cash equivalents, NHS receivables, accrued income and other receivables.

Loans and receivables are recognised initially at fair value. In all cases the fair value is the transaction value. Any long term receivables that are financial instruments require discounting to reflect fair value.

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

Financial Liabilities

All financial liabilities are recognised initially at fair value. In all cases the fair value is the transaction value.

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 (loans and receivables) 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 cash flows of the asset.

The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of an allowance account for credit losses.

Note 1.9 Leases

Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payment, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the inception of the lease, and are derecognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to finance costs in the Statement of Comprehensive Income.

Operating Leases

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

Note 1.10 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk adjusted cash flows are discounted using HM Treasury's discount rate of 2.35% in real terms for pension liabilities(2.8% 2011/12). All other provisions are discounted at the General discount rate short term (1 to 5 years)- 1.8%,medium term (6to 10 years) -1% and long term (more than 10 years) 2.2% .(2.2% 2011/2012).

Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried out by the NHSLA on behalf of the Trust is disclosed at Note 16

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 NHSLA 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.

Note 1.11 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed on Note 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14 , unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:-

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

b) 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.

Note 1.12 Public Dividend Capital

Public Dividend Capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. 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 PDC Dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, cash held with the Government Banking Service and any PDC dividend balance receivable or payable. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

Note 1.13 Value Added Tax

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

Note 1.14 Corporation Tax

The Trust is a Health Service body within the meaning of s519 ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is power for the Treasury to disapply the exemption in relation to the specified activities of a Foundation Trust (s519 (3) to (8) ICTA 1988), but as at 31 March 2013 this power has not been exercised. Accordingly the Trust is not within scope of Corporation Tax.

Note 1.15 Foreign Exchange

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

Note 1.16 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are banked and shown within cash and creditors in the Trust's accounts.

Note 1.17 Dispensation from the Application of Accounting Standards

HM Treasury has granted a dispensation from the application of IAS 27 by NHS Foundation Trusts in relation to the consolidation of NHS charitable Funds for 2012/13.

Note 1.18 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.

Note 1.18.1 Critical Judgements in Applying Accounting Policies

The following are the critical judgements, apart from those involving estimations (see below) 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:-

a) HM Treasury requires Trusts to value their land and buildings on a Modern Equivalent Asset (MEA) basis. IAS 16 requires Trusts to ensure that a fixed assets are shown in their accounts at a fair value. To ensure compliance a 'desk top' review of land and buildings values was undertaken. The Trust commissioned the Valuation Office Agency (VOA) to conduct this piece of work and the Trust has recorded the revised valuation figures in these accounts.

Note 1.18.2 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:-

a) In measuring income for the year management has taken account of all available information. Income estimates that have been based on actual information related to the financial year.
Included in the income figure is an estimate for incomplete spells, patients undergoing treatment that is only partially complete at year end. The number of incomplete spells for each specialty is taken and multiplied by the average specialty price and adjusted for the proportion of the spell which relates to the current year.
Injury compensation scheme income is also included to the extent that it is estimated it will be received in future years. It is recorded in the current year as this is the year in which it was earned. However as cash is often not received until future periods, when claims have been settled, an estimate must be made as to the collectability.

b) In estimating expenses that have not yet been charged for, management has made a realistic assessment based on costs actually incurred in the year to date, with a view to ensuring that no material items have been omitted.

c) The Trust's accounting policy for property, plant and equipment is detailed in Note1.5 . The carrying value of property, plant and equipment as at 31 March is detailed in Note 6 . As stated above the VOA has provided an MEA valuation of land and buildings, whilst on an annual basis management estimates the useful economic lives of equipment based on management's judgement and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively.

d) The Trust has a number of provisions, the largest of which relates to the early retirement costs of former staff. The valuation of the provision in respect of each former member of staff is based on guidance issued by the Department of Health at the point of retirement. As this valuation is based on average life expectancy actual costs are likely to differ from the estimated provision figures.

Note 1.19 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

Note 1.20 Transforming Community Services (TCS)

The 2012/13 FReM required that all transfers between public sector bodies be accounted for using absorption accounting.

Note 1.21 Exceptional Items

Exception items, are items of income or expenditure which are non operational in nature , either due to a technical accounting adjustments, arising from the revaluation of the Estate(Impairments) or one off significant costs arising from the restructuring of an element of the service(Redundancy).

Note 1.22 Accounting Standards issued but not yet adopted

Standards applicable from 2013/14:

- IAS 1 Presentation of financial statements (amendment).
- IAS 12 Income Taxes (amendment).
- IAS 19 (Revised) Employee Benefits
- IFRS 7 Financial Instruments: Disclosures (amendment)
- IFRS 13 Fair Value Measurement – this standard should be applicable for 2013/14, although HM Treasury has delayed its adoption by government bodies while it finalises some adaptations. The impact on the financial statements is unknown until these adaptations are finalised.
- IAS 27 Consolidated and separate financial statements – removal of dispensation from consolidating NHS charitable funds
- Annual Improvements to IFRS 2011. This standard is potentially applicable to 2013/14 but has not yet been endorsed by the EU and therefore by HM Treasury policy is not available for NHS bodies to

Standards applicable from 2014/15:

- IFRS 10 Consolidated Financial Statements [NHS bodies should probably refer here to the IAS 27 dispensation explanation above i.e. NHS charitable funds would be consolidated under IFRS 10]
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (amendment)
- IAS 28 Investments in Associates and Joint Ventures (amendment)
- IAS 32 Financial instruments: Presentation (amendment)

Other standards in issue:

- IFRS 9 Financial Instruments – this standard will eventually replace IAS 39. It is applicable for periods beginning on or after 1 January 2015, but the standard has not yet been EU endorsed and therefore by HM Treasury policy is not available for NHS bodies to apply.
- IPSAS 32 - Service Concession Arrangement

2 Operating segments

The Trust's core activities fall under the remit of the Chief Operating Decision Maker ("CODM") as defined by IFRS 8 'Operating Segments', which has been determined to be the Board of Directors. These activities are primarily the provision of NHS healthcare, the income for which is received through contracts with commissioners. The contracts follow the requirements of Payment by Results where applicable and services are paid for on the basis of tariffs for each type of clinical activity. The planned level of activity is agreed with our main commissioners for the year, and are listed in the related party disclosure (see Note [19.2]).

The Trust manages the delivery of healthcare services across a total of 5 Clinical Groups. Performance is reported at Clinical Group level to the Trust Board, although this is not the primary way in which financial matters are considered by the Board.

The Trust has applied the aggregation criteria from IFRS 8 Operating Segments because the Clinical Groups provide similar services, have homogenous customers, common production processes and a common regulatory environment. The overlapping activities and interrelation between the groups also suggests that aggregation is appropriate. The Clinical Groups report to the CODM, and it is the CODM that ultimately makes decisions about the allocation of budgets, capital funding and other financial decisions.

On this basis the Trust believes that there is one segment. The overall surplus reported to the Trust Board under the Clinical Group reporting structure was £2,181,000 (2011/12: deficit of £1,979,000), which is the same as the position reported in the Statement of Comprehensive Income.

3 Operating Income from continuing operations

3.1 Analysis operating income

	2012/2013 12 Months £000	2011/2012 12 Months £000
Income from activities by classification:		
Elective income	**21,758**	22,611
Non elective income	**38,127**	38,557
Outpatient income	**16,764**	16,681
Accident and Emergency income	**5,623**	5,334
Community Services	**5,145**	5,022
Other NHS clinical income	**33,579**	29,330
Private patient income	**369**	507
Other non protected Clinical income	**7,327**	8,967
Total income from activities	**128,692**	127,009
Income from activities by source:		
NHS Foundation Trust	**492**	314
NHS Trusts	**2,266**	1,006
Strategic Health Authorities	**40**	77
Primary Care Trusts	**124,661**	124,260
Department of Health - other	**-**	-
NHS Other	**24**	47
Non NHS: Private Patients	**369**	507
Non NHS: Overseas visitors	**-**	15
NHS injury scheme (see below*)	**511**	562
Non NHS: Other	**329**	221
Total income from activities	**128,692**	127,009
Other operating income:		
Research and development	**987**	744
Education and training	**4,266**	3,966
Charitable and other contributions to expenditure	**437**	406
Non-patient care services to other bodies	**1,963**	1,666
Profit on disposal fixed asset	**-**	1
Reversal of Impairments on Property, Plant & Equipment	**1,030**	-
Rental revenue from operating leases	**18**	18
Staff Recharges	**140**	196
Other (see note 3.2)	**3,899**	4,173
Total other operating income before exceptional item	**12,740**	11,170
Transitional investment		
Total other operating income	**12,740**	11,170
Total operating income	**141,432**	138,179

*NHS injury scheme income is subject to a provision for doubtful debts of 9.6% (2012: 9.6%) to reflect expected rates of collection.

3.2 Analysis of Other Operating Income: Other

	2012/2013 12 Months £000	2011/2012 12 Months £000
Car Parking	**792**	769
Estates maintenance	**34**	370
IT Recharges	**-**	11
Pharmacy Sales	**9**	134
Staff Accommodation rental	**6**	7
Crèche services	**548**	574
Catering	**85**	76
Clinical Tests	**880**	839
Clinical Excellence	**60**	60
Property Rentals	**23**	2
Other income (see below)	**1,462**	1,349
	3,899	4,191

The "Other" other income of £1,462k is made up of a wide variety of items, including items such as course fees income and sales of non patient services to other organisations. Clinical Tests include the provision of Telemedicine services.

3.3 Analysis of income from activities by mandatory and non-mandatory services

	2012/13 12 Months £000	2011/12 12 Months £000
Mandatory services	**114,668**	110,280
Non-mandatory services	**14,024**	16,729
Total	**128,692**	127,009

3.4 Private patient income

Section 164(3) of the Health and Social Care act removes condition 10, (which restricted income from private charges), from the Trusts Terms of Authorisation. The Foundation Trust are now required by the Act and constitution(rather than by the terms of Authorisation), to ensure that income derived from activities related to the Trusts principle purpose of delivering goods and services for the purposes of the NHS exceeds income derived from other activities. To increase this income in any financial year by 5% or more , the Trust is required to seek approval from the Council of Governors. In 2012/2013 the Trust has not increased the percentage beyond the 5% threshold.

4. Operating Expenses from continuing operations

4.1 Operating expenses comprise:

	2012/13 12 Months £000	2011/12 12 Months £000
Services from NHS Foundation Trusts	508	536
Services from NHS Trusts	893	793
Services from other NHS bodies	(25)	28
Purchase of healthcare from non NHS Bodies	187	162
Employee Expenses - Executive directors	694	527
Employee Expenses - Non-executive directors	122	122
Employee Expenses - Staff	94,141	91,961
Drug costs	8,019	7,208
Supplies and services - clinical	11,308	10,658
Supplies and services - general	2,726	2,475
Establishment	1,378	1,337
Research & Development	7	-
Transport	452	425
Premises	6,014	5,393
Increase in provision for irrecoverable debts	52	27
Inventories write down	49	-
Inventories consumed	-	-
Rentals Under Operating Leases	1,441	1,547
Impairment of Plant, Property and Equipment	-	1,823
Depreciation on property, plant and equipment	4,022	4,606
Audit services- statutory audit	63	82
Audit services- internal audit	29	79
NHS Litigation Authority contribution - Clinical Negligence	3,114	2,967
Loss on disposal of property, plant and Equipment	-	-
Legal fees	399	180
Consultancy costs	735	381
Training, courses and conferences	452	356
Patients travel	5	5
Redundancy	436	4,267
Hospitality	34	26
Insurance	114	91
Losses, ex gratia and special payments	71	40
Other	528	586
Operating expenses	**137,968**	138,688

(2011/12 figures have been reclassified in previous years in line with changed reporting requirements)

The external audit fee is limited to a maximum of £1 million
The external audit fee in respect of Airedale NHS Foundation Trust Charitable Funds is £4,362 exc VAT and is not included in the figures above.

4.2 Operating leases as lessee

The Trust has an operating lease in place with Siemens for the provisions of Radiology equipment. The value of lease payments for the period 2012/13 was £1,214k (2011/12 £1,044k). This lease arrangement commenced on 22 October 2001 and is scheduled to run for 15 years. A review of the lease arrangements has determined that this should be treated as an operating lease under IFRS. Siemens invested £1.73 million at the start of the contract and it is envisaged that a total of £6.35 million will be spent on new equipment during the period of the contract. At the end of the contract, the Trust has the option to purchases the equipment at its market value or may require the operator to remove it. The annual charge for the service is fixed and includes an amount for maintenance.

The balance of lease payments relates to small operating leases in respect of Pathology analysers, photocopiers and cars. In all these cases the Trust has the option to purchase the equipment at its market value at the end of the lease or can require the operator to remove them.

4.2.1 Operating expenses include:

	2012/13 12 Months	2011/12 12 months
	£000	£000
Other minimum operating lease rentals	**1,441**	1,547
	1,441	1,547

4.2.2 Total future minimum operating lease payments due:

	2012/13 12 Months	2011/12 12 months
	£000	£000
Within 1 year	**1,499**	1,488
Between 1 and 5 years	**3,694**	4,985
After 5 years		-
	5,193	**6,473**

4.3 Operating leases as lessor

The trust has operating leases in place with Local Care Direct ltd and Davric Construction ltd relating to the use of accommodation on the Airedale General hospital site. The value of the lease payments from Local Care Direct in 2012/13 was £9k and is expected to run until 31 March 2014.The value of the lease from Davric Construction ltd is £9k and currently being reviewed, as the initial contract has expired.

	2012/13 12 Months	2011/12 12 months
	£000	£000
Rents recognised in period	**18**	18
Total future minimum operating lease income due:	**£000**	£000
Within 1 year	**9**	9
Between 1 and 5 years	**-**	-
After 5 years	**-**	-
	9	9

5. Employee expenses and numbers

5.1 Employee expenses

	2012/13 12 Months			2011/12 12 months		
	Total	**Permanently Employed**	**Other**	Total	Permanently Employed	Other
	£000	**£000**	**£000**	£000	£000	£000
Salaries and wages	**77,423**	**74,905**	**2,518**	75,676	74,697	979
Social Security Costs	**5,684**	**5,604**	**80**	5,530	5,420	110
Employer contributions to NHS Pensions Agen	**8,803**	**8,803**	**-**	8,722	8,722	-
Termination benefits	**166**	**166**	**-**	4,267	4,267	-
Agency/contract staff	**2,925**	**-**	**2,925**	2,560	-	2,560
	95,001	**89,478**	**5,523**	96,755	93,106	3,649

5.2 Average number of employees (WTE basis)

	Total Number	**Permanently Employed Number**	**Other Number**	Total 2012 Number	Permanently Employed Number	Other Number
Medical and dental	**231**	**231**	**-**	227	227	-
Administration and estates	**469**	**469**	**-**	477	477	-
Healthcare assistants and other support staff	**448**	**448**	**-**	449	449	-
Nursing, midwifery and health visiting staff	**687**	**687**	**-**	683	683	-
Scientific, therapeutic and technical staff	**371**	**371**	**-**	360	360	-
Bank and agency staff	**52**	**-**	**52**	43	-	43
Other	**3**	**3**	**-**	2	2	-
Total	**2,261**	**2,209**	**52**	2,241	2,198	43

WTE = Whole time equivalents

5.3 Retirement due to ill health

During 2012/13 from the 1/4/2012 to the 31/3/2013 there was 1 early retirements from the NHS agreed on the grounds of ill health(2011/12 4). The estimated additional pension liabilities of these ill-health retirements will be £70k (2011/12 : £154k) .The cost of these ill-health retirements will be borne by the NHS Business Authority - Pensions Division.

5.4 Exit packages

The following is the breakdown of the 2012/13 Exit packages

Exit Packages Cost Band	Number of agreed departures	Cost of departures £000
<£10,000	4	16
£10,001-£25,000	3	52
£25,001-£50,000	9	341
£50,001-£100,000	1	56
£100,001-£150,000	-	-
£150,001-£200,000	-	-
>£200,000	-	-
TOTAL	**17**	**465**

Addition Analysis

MARS		
Voluntary redundancy	17	465
TOTAL	**17**	**465**

There were no compulsory Redundancies

5.5 Median Remuneration

The HM Treasury FReM requires the disclosure of the median remuneration of the Trust's staff and the ratio between this and the mid point of the banded remuneration of the highest paid Director. The calculation is based on full-time equivalent staff of the Trust at the end of 2012/13 on an annualised basis.

Median remuneration of staff £23,589

Mid point of highest paid Director £152,500

Ratio 6.46 : 1

6. Property, plant and equipment

6.1 Current year property, plant and equipment comprises of the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2012	2,660	35,312	5,100	249	11,455	123	10,236	50	65,185
Additions - purchased	-	591	-	2,189	642	29	486	4	3,941
Additions - donated	-	42	-	-	92	20	-	-	154
Reversal of impairments	-	329	36	-	-	-	-	-	365
Impairments charged to revaluation reserve	-	-	-	-	-	-	-	-	-
Revaluations	-	(1,238)	322	-	-	-	-	-	(916)
Disposals	-	-	-	-	(1,586)	(51)	(27)	-	(1,664)
Cost or valuation At 31 March 2013	**2,660**	**35,036**	**5,458**	**2,438**	**10,603**	**121**	**10,695**	**54**	**67,065**
Depreciation at 1 April 2012	-	-	-	-	7,651	76	7,435	21	15,183
Provided during the year	-	1,809	150	-	839	11	1,208	5	4,022
Reclassifications	-	-	-	-	-	-	-	-	-
Reversal of impairments	-	(569)	(461)	-	-	-	-	-	(1,030)
Revaluations	-	(1,240)	311	-	-	-	-	-	(929)
Disposals	-	-	-	-	(1,586)	(51)	(27)	-	(1,664)
Depreciation at 31 March 2013	**-**	**-**	**-**	**-**	**6,904**	**36**	**8,616**	**26**	**15,582**
Net book value									
- Purchased at 31 March 2013	2,660	34,736	531	2,438	2,746	37	2,079	20	45,247
- Finance Lease as at 31 March 2013	-	-	-	-	734	-	-	-	734
- PFI as at 31 March 2013	-	-	4,927	-	-	-	-	-	4,927
- Donated at 31 March 2013	-	300	-	-	219	48	-	8	575
Total at 31 March 2013	**2,660**	**35,036**	**5,458**	**2,438**	**3,699**	**85**	**2,079**	**28**	**51,483**
Asset Financing									
Owned	2,660 0	34,736	531	2,438	2,746	37	2,079	20	45,247
Finance lease	0 0	0	0	0	734	0	0	0	734
Private finance initiative	0 0	0	4,927	0	0	0	0	0	4,927
Donated	0 0	300	0	0	219	48	0	8	575
Total at 31 March 2013	**2,660**	**35,036**	**5,458**	**2,438**	**3,699**	**85**	**2,079**	**28**	**51,483**

6.2 Current year analysis of property, plant and equipment:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
Net Book Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
Protected assets at 31 March 2013	1,539	22,888	-	-	-	-	-	-	24,427
Unprotected assets at 31 March 2013	1,121	12,148	5,458	2,438	3,699	85	2,079	28	27,056
Total at 31 March 2013	**2,660**	**35,036**	**5,458**	**2,438**	**3,699**	**85**	**2,079**	**28**	**51,483**

At 31 March 2013, the Trust's land and Buildings were revalued on a modern equivalent asset basis. The valuation work was carried out by David Curtis MRICS, Senior Surveyor DVS, Valuation Office Agency, Leeds Valuation Office, 42 Eastgate, Leeds. The Valuation Office Agency has confirmed that the valuation has been undertaken with regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 6th Edition. The finance lease in this section relates to the provision of Catering services from Sodexo to the Trust. the arrangement commenced in May 2009 and has a life of 10 years.

6. Property, plant and equipment

6.3 Prior year property, plant and equipment comprises of the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2011	2,660	36,433	5,318	107	11,903	120	10,592	50	67,183
Additions - purchased	-	4,934	-	142	361	-	340	-	5,777
Additions - donated	-	63	-	-	31	27	-	-	121
Reclassifications	-	20	-	-	-	-	-	-	20
Impairments charged to revaluation reserve	-	(4,198)	(77)	-	-	-	-	-	(4,275)
Revaluations	-	(1,940)	(141)	-	-	-	-	-	(2,081)
Disposals	-	-	-	-	(840)	(24)	(696)	-	(1,560)
Cost or valuation At 31 March 2012	**2,660**	**35,312**	**5,100**	**249**	**11,455**	**123**	**10,236**	**50**	**65,185**
Depreciation at 1 April 2011	-	-	-	-	7,537	90	6,644	16	14,287
Provided during the year	-	1,998	152	-	954	10	1,487	5	4,606
Reclassifications	-	-	-	-	-	-	-	-	-
Impairments charged to I&E	-	1,823	-	-	-	-	-	-	1,823
Transfer to revaluation reserve	-	(3,821)	(152)	-	-	-	-	-	(3,973)
Disposals	-	-	-	-	(840)	(24)	(696)	-	(1,560)
Depreciation at 31 March 2012	**-**	**-**	**-**	**-**	**7,651**	**76**	**7,435**	**21**	**15,183**
Net book value									
- Purchased at 31 March 2012	2,660	35,052	535	249	2,793	11	2,801	20	44,121
- Finance Lease as at 31 March 2012	-	-	-	-	851	-	-	-	851
- PFI as at 31 March 2012	-	-	4,565	-	-	-	-	-	4,565
- Donated at 31 March 2012	-	260	-	-	160	36	-	9	465
Total at 31 March 2012	**2,660**	**35,312**	**5,100**	**249**	**3,804**	**47**	**2,801**	**29**	**50,002**
Asset Financing									
Owned	2,660	35,052	535	249	2,793	11	2,801	20	44,121
Finance lease	0	0	0	0	851	0	0	0	851
Private finance initiative	0	0	4,565	0	0	0	0	0	4,565
Donated	0	260	0	0	160	36	0	9	465
Total at 31 March 2012	**2,660**	**35,312**	**5,100**	**249**	**3,804**	**47**	**2,801**	**29**	**50,002**

6.4 Prior year analysis of property, plant and equipment:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
Net Book Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
Protected assets at 31 March 2012	1,539	23,138	-	-	-	-	-	-	24,677
Unprotected assets at 31 March 2012	1,121	12,174	5,100	249	3,804	47	2,801	29	25,325
Total at 31 March 2012	**2,660**	**35,312**	**5,100**	**249**	**3,804**	**47**	**2,801**	**29**	**50,002**

At 31 March 2012, the Trust's land and Buildings were revalued on a modern equivalent asset basis. The valuation work was carried out by Alison Mobbs MRICS, Senior Surveyor DVS, Valuation Office Agency, Wycliffe House, Green Lane, Durham. The Valuation Office Agency has confirmed that the valuation has been undertaken with regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 6th Edition. The finance lease in this section relates to the provision of Catering services from Sodexo to the Trust. the arrangement commenced in May 2009 and has a life of 10 years.

6. Property, plant and equipment (continued)

6.5 Revaluation of property

Note 1.5 of the accounting policies defines the accounting treatment required by the Trust following a revaluation. In 2012/2013 the net book value of ether Property has not significantly changed .The net effect of the years Additions(£591) and Depreciation (£1,959)in 2012/2013 has required the value of the Property to be increased by £1.4m .The accounting treatment requires a reversal of the 2011/2012 impairments, which resulted from a fall in the property valuation, £365k has been reflected in revaluation account and £1,030k through the Income and expenditure account.

6.6 Donors of property, plant and equipment:

	2012/13 12 Months £000
Extension to Outpatients Shop donated by Airedale New Venture	**21**
Catheter Lab Upgrade donated by Cardiac Disbursement Fund	**21**
Peugeot Teepee donated by Friends of Airedale	**20**
Urology Holmium Laser partly donated by Urological Research Fund	**24**
Urology Holmium Laser partly donated by Friends of Airedale	**6**
Vapotherm donated by Paediatric Fund	**7**
3 Scalp Coolers donated by Walk the Walk	**35**
2 Flexible Ureteroscopes donated by Airedale New Venture & Urological Research Fund	**20**
	154

For the 12 month period in 2011/2012 donated Assets were £121k
No restriction or condtions were placed on the donated asset by the donor

7. Current year intangible fixed assets

The trust had no intangible fixed assets at the 31 March 2013

8. Inventories

8.1 Analysis of inventories

	31 March 2013 £000	31 March 2012 £000
Drugs	**617**	668
Consumables	**1,676**	1,571
Energy	**29**	110
Total	**2,322**	2,349

8. Inventories (continued)

8.2 Inventories recognised in expenses

	2012/13 12 Months £000	2011/12 12 months £000
Inventories recognised as an expense in the year	**19,180**	17,434
Write-down of inventories (including losses)	**49**	25
Total	**19,229**	**17,459**

9. Trade and other receivables

9.1 Trade and other receivables are made up of:

Current	**31 March 2013 £000**	31 March 2012 £000
NHS receivables	**2,643**	2,239
Receivables with other related parties	**11**	176
Provision for the impairment of receivables	**(229)**	(179)
Prepayments	**416**	643
VAT Receivables	**196**	160
PDC Dividend receivable (Department of Health)	**83**	115
Other receivables	**1,126**	1,009
Total	**4,246**	4,163
Non-Current		
NHS receivables	**-**	-
Provision for the impairment of receivables	**-**	-
Accrued income	**724**	769
other receivables	**103**	138
Total	**827**	907

The majority of the NHS foundation trust's trade is with Primary Care Trusts, as commissioners for NHS patient care services. As Primary Care Trusts are funded by government to buy NHS patient care services, no credit scoring for them is considered necessary.

9.2 Movements in the provision for impairments of receivables

	31 March 2013 £000	31 March 2012 £000
Balance at 1 April 2012	**179**	**177**
Increase in allowance recognised in income statement	**102**	**40**
Amounts utilised	**(2)**	**(25)**
Unused amounts reversed	**(50)**	**(13)**
Balance at 31 March 2013	**229**	**179**

NHS Injury Benefit Scheme income is subject to a provision for impairment of 9.6% to reflect expected rates of collection. Other debts are assessed by management considering age of debt and the probability of collection.

9.3 Ageing of non-impaired receivables past their due date

	31 March 2013 £000	31 March 2012 £000
0-30 Days	**118**	**59**
30-60 Days	**272**	**42**
60-90 Days	**12**	**138**
90-180 Days	**-**	**21**
over 180 Days	**-**	**-**
	402	**260**

10. Cash and cash equivalents

	31 March 2013	31 March 2012
	£000	£000
Balance at 1 April 2012	**11,216**	5,162
Net change in year	**2,478**	6,054
Balance at 31 March 2013	**13,694**	11,216
Made up of:		
Cash with Government Banking Service	**13,689**	11,206
Cash at commercial banks and in hand	**5**	10
Cash and cash equivalents	**13,694**	11,216

11. Trade and other payables

	31 March 2013	31 March 2012
Current	**£000**	£000
Receipts in advance	**779**	627
NHS payables	**1,370**	1,279
Amounts due to other related parties revenue	**33**	178
Non-NHS trade payables-capital	**946**	1,588
Non-NHS trade payables-revenue	**1,208**	890
Accruals	**371**	371
PDC Payable	**-**	-
Social Security Costs	**922**	916
Other taxes payable	**965**	973
Other Payables	**6,460**	4,770
TOTAL	**13,054**	11,592

12. Other liabilities

	31 March 2013	31 March 2012
Current	**£000**	£000
Deferred income	**139**	139
Non Current		
Deferred income	**4,464**	4,603
	4,603	4,742

The figures in this section relate to the deferred income balance resulting from bringing the PFI arrangements with FRONTIS onto the Statement of Financial Position as required by Department of Health Guidance on PFI under IFRS. The residences came into use in May 2005 and the deferred income credit balance is set to reduce in equal instalments over a period of 40 years from that date, whereupon ownership will transfer to the Trust. (Note 21)

13. Borrowings

13. 1 Finance Trust Financing Facility Loan

	31 March 2013	31 March 2012
	£000	£000
Current		
Obligations under Loan	**505**	505
Non Current		
Obligations under Loan	**3,538**	4,043
	4,043	4,548

The Trust obtained a loan from the Foundation Trust Financing Facility on the 12/7/2011 repayable over 10 years, in the sum of £4.8 millions to support capital developments. The Trust repaid on the £505k of the loan in 2 instalments in 2012/2013k.

13. 2 Finance lease obligations

	31 March 2013	31 March 2012
Current	**£000**	£000
Obligations under finance leases	**105**	94
Non Current		
Obligations under finance leases	**751**	858
	856	952

The Trust has one finance lease in place at 31 March 2013. This is with Sodexo and relates to the provision of equipment as part of the catering service provided to the Trust, which commenced in May 2009. The lease is set to run for 10 years from that date, when £1.174 million worth of capital expenditure was incurred by Sodexo in establishing the catering facility. At the end of the contract the Trust will have the option to purchase all equipment and fixtures for £1. In the 2012-13 financial year the annual finance charge was £105k and the annual lease liability was £85k.

Amounts payable under finance leases:	**Minimum lease payments**		**Present value of minimum lease**	
	March 2013	March 2012	**March 2013**	March 2012
	£000	£000	**£000**	£000
Within one year	**179**	180	**105**	95
Between one and five years	**719**	719	**549**	495
After five years	**204**	384	**202**	362
Less future finance charges	**(246)**	(331)	**0**	0
Present value of minimum lease payments	**856**	**952**	**856**	**952**

14. Contingencies

The NHS foundation trust has £15k contingent liability for legal expenses, which is based upon information provided by the NHS Litigation Authority.

15. Third Party Assets

Airedale NHS Foundation Trust did not hold any monies on behalf of patients at the 31st March 2013 or the 31st March 2012.

16. Provisions

16.1 Provisions current and non current

	Current		Non current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Pensions relating to the early retirement of staff pre 1995	**158**	122	**1,203**	1,187
Legal claims	**66**	55	**-**	-
Other	**1,935**	1,344	**-**	-
	2,159	1,521	**1,203**	1,187

16.2 Provisions by category

	Pensions relating to the early retirement of staff pre 1995 £000	Legal claims £000	Other £000	**Total £000**
At 1 April 2012	**1,309**	**55**	**1,344**	**2,708**
Arising during the year	**179**	**57**	**1,598**	**1,834**
Utilised during the year	**(158)**	**(33)**	**(733)**	**(924)**
No longer required	**-**	**(13)**	**(274)**	**(287)**
Unwinding of discount	**31**	**-**	**-**	**31**
At 31 March 2013	**1,361**	**66**	**1,935**	**3,362**
Expected timing of cash flows:				
Within one year	**158**	**66**	**1,935**	**2,159**
Between one and five years	**631**	**-**	**-**	**631**
After five years	**572**	**-**	**-**	**572**
	1,361	66	1,935	**3,362**

The Pensions relating to other staff provision is expected to be fully utilised within the next 13 years. This statement is based on information provided by the NHS business Services Authority - Pensions Division. As the provision was established before the existence of 'back to back' arrangements, no reimbursement is expected.

The legal claims have a probability factor of 10%, 75% and 94% and are expected to settle within the next year. This Statement is based on information provided by the NHS Litigation Authority .Full reimbursement of these provisions is expected from the NHS Litigation Authority for amounts above the excess. No amounts have been 'back to backed' with other NHS organisations.

The other provisions column comprises provisions in respect of a number of issues which are expected to be settled within 12 months.

£23,290,479 is included in the provisions of the NHS Litigation Authority at 31 March 2013 in respect of clinical negligence liabilities of the Trust (31 March 2012 - £13,759,225).

17. Losses and special payments

	31 March 2013 Total number of cases	**31 March 2013 Total value of cases £**	31 March 2012 Total number of cases	31 March 2012 Total value of cases £
Losses	**38**	**62,878**	185	56,473
Special payments	**44**	**96,014**	23	35,837
Total losses and special payments	**82**	**158,892**	208	92,310

The NHS foundation trust's losses and special payments include uncollectable private patient/other debts and ex gratia payments in respect of the loss of personal items. The payments are recorded on a cash basis rather than an accruals basis.

18. Contractual Commitments

Commitments under capital expenditure contracts at 31 March 2013 were £1,991,000

19. Related Party Transactions

19.1 Transactions with Key Management Personnel

IAS 24 requires disclosure of transactions with key management personnel during the year. Key management personnel is defined in IAS as "those persons having authority and responsibility for planning, direction and controlling the activities of the entity. directly or indirectly ,including any director (whether executive or otherwise) of that Entity". The trust has deemed that its key management personnel are the board members (directors and non-executive directors) of the Trust.

The transactions with board members are as follows	£000
2012/13	952

The expenditure above , is key management personnel compensation which is analysed as follows

	£000
Short term employment benefits	875
Post employment benefits	77
Termination benefits	0
	952

Short term benefits employer benefits include salaries, employer's social security contributions and benefit in kind
Post employment benefits include employer's contribution to NHS Pension Scheme

The remuneration of individual Board members is disclosed with in the Trust's. annual report. There were no outstanding balances with directors as 31 March 2013

Other than key management personnel compensation as shown above, none of the board members or parties to them has undertaken any material transactions with the NHS Foundation Trust

19.2 Transactions with other related parties

Airedale NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a related party. During the year the NHS foundation trust had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

	Income	**Expenditure**
	£000	**£000**
NHS Bradford & Airedale	81,686	458
NHS East Lancashire	13,137	-
NHS North Yorkshire & York	30,541	393
Bradford Teaching Hospitals NHS Foundation Trust	368	1,309
Leeds PCT	953	-
Bradford District Care Trust	2,118	164
Yorkshire & The Humber SHA	4,572	2
Leeds Teaching Hospitals NHS Trust	612	1,117
NHS Blood Transfusion Service	11	730
NHS Litigation Authority	-	3,218
Other NHS bodies	2,302	780
	136,300	**8,171**
HMRC	**1,712**	16,174
NHS Pension Scheme	-	8,220
Bradford Metropolitan Council	82	435
Audit Commission	-	28
Other	24	105
	1,818	**24,962**

In addition, the NHS foundation trust has had a number of transactions with other Government Departments and other central and local Government bodies.

The NHS foundation trust has also received £321k of revenue from the NHS foundation trust's own Charitable Funds, for which the NHS foundation trust is a corporate Trustee. The transactions are undertaken on an "arms lengths" basis

20. Financial instruments.

	31 March 2013 £000	31 March 2012 £000
Financial assets		
NHS Trade and other receivables excluding non financial assets	**2,654**	2,255
Non-NHS Trade And other receivables excluding Non-financial assets	**1,264**	1,564
Cash and cash equivalents at bank and in hand	**13,694**	11,216
Total	**17,612**	15,035

The NHS foundation trust's financial assets all fall under the category 'loans and receivables'.

Financial liabilities		
Borrowings excluding Finance leases and PFI liabilities	**4,043**	4,548
Obligations under Finance leases	**856**	952
NHS Trade and other payables excluding non financial liabilities	**1,402**	1,745
Non-NHS Trade and other payables excluding Financial Liabilities	**7,882**	6,756
Total	**14,183**	**14,001**

The NHS foundation trust's financial liabilities all fall under the category 'other financial liabilities'.

Maturity of financial liabilities		
In one year or less	**9,796**	8,800
In more than one year but less than two years	**610**	726
In more than two year but less than five years	**1905**	1948
in more than five years	**1872**	2527
Total	**14,183**	**14,001**

Management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair value.

Because of the continuing service provider relationship that the NHS foundation trust has with the Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS foundation 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. The NHS foundation 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 NHS foundation trust in undertaking its activities.

Liquidity Risk

The Foundation Trust's net operating costs are incurred under 3 year rolling contracts with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Foundation receives such contract income in accordance with Payment by Result (PBR),which is intended to match the income received in year by reference to the National Tariff procedure cost. The Foundation Trust receives cash each month based on an annually agreed level of contract activity, and there are monthly corrections made to adjust for the actual income due under PBR , to minimise the affects on cash flow.

The foundation Trust Currently finances its capital expenditure from internally generated funds, no use of the Foundations Borrowing limit is currently been made.

Interest Rate Risk

With the exception of cash balances , the Foundation Trust's financial assets and financial liabilities carry nil or fixed rates of interest. The Foundation Trust monitors the risk but does not consider it appropriate to purchase protection against it.

Foreign Currency Risk

The Foundation Trust has negligible foreign currency income, expenditure assets or liabilities.

Credit Risk

The Foundation Trust receives the majority of its income from Primary Care Trusts and Statutory bodies and so the credit risk is Negligible. The Foundation Trusts treasury management policy minimises the risk of loss of cash invested by limiting its investments to

- the government banking service and the National Loans Fund
- Banks registered directly regulated by the FSA

The policy limits the amounts that can be invested with any one non-government owned institution and the duration of the investment to £3m and 3 months.

Price Risk

The Foundation Trust is no materially exposed to any price risks through contractual arrangements.

21. Private Finance Initiative contracts

21.1 PFI schemes off-Statement of Financial Position

The Trust has no off-statement of Financial Position PFI schemes.

21.2 PFI schemes on-Statement of Financial Position

Since May 2005 residential services have been provided to the Trust by FRONTIS, a registered social landlord. This involved FRONTIS constructing an accommodation block and mews houses. FRONTIS are responsible for the maintenance of the accommodation and management of residential accommodation services, including the collection of rents from tenants. The Trust guarantees an occupancy level of 90%, but FRONTIS remits a share of any rents received for occupancy over 90%.

The accounting treatment of this arrangement was covered in a DH publication called 'Accounting for PFI under IFRS'. In this publication it was recognised that such arrangements involved the operator receiving all or most of its income from individual users rather than the Trust. The arrangement falls within the scope of IFRIC 12 and such is recognised as an item of Property, Plant & Equipment on the Statement of Financial Position at its fair value. The opposite entry at the point at which the asset was recognised was as a deferred income balance.

The arrangement is set to run for a period of 40 years from May 2005, but does not involve any cash flows between the Trust and FRONTIS. As such there is no imputed finance lease and service charges. During this period FRONTIS are responsible for maintaining the property, but at the end of the 40 year period ownership will revert to the Trust.

22. Prudential Borrowing Limit (PBL)

The NHS foundation trust is required to comply with, and remain within, a total prudential borrowing limit. This is made up of two elements:

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

- the amount of any working capital facility approved by Monitor.

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

The NHS foundation trust had a total long term borrowing limit of £26.6 million in 2012/13 .In 2011/2012 the trust obtained a loan, repayable over 10 years in the value of £4.8 millions, to support capital developments.

The NHS foundation trust has a £10 million approved working capital facility. This is in place but has not been used during the year.

The NHS foundation trust does have borrowing which arise out the Finance lease obligations in respect of the Catering lease with Sodexo which a current value of £856k.The contract commenced in May 2009 and has a life of 10 years.

Financial ratio	Actual ratios 2012/13	Approved PBL ratios 2012/13	Actual ratios 2011/12	Approved PBL ratios 2011/12
Minimum dividend cover	6.0x	>1.0 x	7.7x	>1.0 x
Minimum interest cover	40.5x	>3.0 x	65.4x	>3.0 x
Minimum debt service cover	9.0x	>2.0 x	20.7x	>2.0 x
Maximum debt service to revenue	0.50%	<2.5%	0.40%	<2.5%

23. Intra-Government Balances

	Receivables amounts falling due within one year £000	Receivables amounts falling due after more than one year £000	Payables amounts falling due within one year £000	Payables amounts falling due after more than one year £000
English NHS Foundation Trusts	**154**	**-**	**715**	**-**
English NHS Trusts	**430**	**-**	**251**	**-**
Department of Health	**83**	**-**	**3**	**-**
English Strategic Health Authorities	**25**	**-**	**-**	**-**
English Primary Care Trusts	**2,034**	**-**	**391**	**-**
RAB Special Health Authorities	**-**	**-**	**-**	**-**
NHS Whole Government Accounting bodies	**-**	**-**	**10**	**-**
Other Whole Government Accounting bodies	**207**	**-**	**1,920**	**-**
As at 31 March 2013	**2,933**	**-**	**3,290**	**-**

24. Events after the Reporting period

There are no adjusting or non-adjusting post balance sheet events requiring disclosure.

CONTACT DETAILS

AIREDALE NHS FOUNDATION TRUST
AIREDALE GENERAL HOSPITAL
SKIPTON ROAD
STEETON
KEIGHLEY
WEST YORKSHIRE
BD20 6TD

Tel: 01535 652511
www.airedale-trust.nhs.uk

Patient Advice and Liaison Service (PALS)
The PALS team at Airedale NHS Foundation Trust offer support, information and advice to patients, relatives and visitors. The PALS office is located at the entrance to Ward 18 and is open weekdays from 8.00 am to 4.00 pm. Tel: 01535 294019. Email: pals.office@anhst.nhs.uk

READERS PANEL
The Readers Panel, whilst being popular, always needs to recruit new members. If you would be interested in joining this group, please contact Karen Dunwoodie, patient experience lead. Tel: 01535 294027. Email: karen.dunwoodie@anhst.nhs.uk.

VOLUNTEERS
New volunteers are always welcome and if you are interested in becoming a volunteer at Airedale NHS Foundation Trust, please contact Gurmit Jauhal, voluntary services manager. Tel: 01535 295316. Email: gurmit.jauhal@anhst.nhs.uk.

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