

### **Mark Fitzsimmons** Chief Executive Chairman Ken Halligan Non Executive Director John Brown Non Executive Director **Melanie Simmonds** Director of Finance and Information **Bronwyn Barrow** Director of Human Resources and Organisational Development Patricia Firby

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### 20 Board of Directors

The Trust Board is comprised of the Chairman and five Nonexecutive Directors, as well as five Executive Directors including the Chief Executive.

All Directors of the Trust have a corporate responsibility for the following issues:

- To set the strategic direction for the Trust
- To ensure that there is a system of effective financial stewardship through financial control
- To promote quality in all aspects of service and promoting the development of clinical governance
- To agree annual business plans

16-26

#### **Trust Board Strategic Aims**

The vision of the Trust Board is to be achieved through the progressive reduction and eventual elimination of:

- Needless delay we will treat our patients quickly and appropriately
- Waste we will use our resources to greatest effect
- Feelings of helplessness we will offer treatments with respect and empower our patients and carers
- Needless suffering we will offer effective treatments and relieve pain and suffering
- Needless deaths we will protect and heal
- Inequity we will treat all our patients and staff fairly

Non Executive Director

#### Non-executive Directors

Mark Fitzsimmons Chairman Paul Acres Deputy Chairman John Brown Patricia Firby Ken Halligan Sandra Jones

#### **Executive Directors**

Mike Bone Chief Executive

Mr. Ajaib Soorae Medical Director

#### Melanie Simmonds

Director of Finance and Information

#### Jan Walters

**Director of Nursing and Operations** 

#### **Bronwyn Barrow**

Director of Human Resources and Organisational Development

#### **Trust Board Secretary**

#### Lesley Heath

P.A. to Chairman & Chief Executive

#### Notes:

A register of interests of the Directors and all senior staff is available for inspection at the offices of the Trust.

The following Non-executive Directors have declared the following interests. All other members of the Trust Board have declared that they do not have any interests which are material to the affairs of the Trust.

#### Mr. Paul Acres

- · Membership of the Complaints Audit Committee of the Immigration and Nationality Department.
- Chair of the Independent Hearing Ombudsman Limited.
- · Member of Accountancy Investigation and Discipline Board of the Financial Reporting Council.
- · Member of the Police Appeals Tribunal Board
- · Member of Health Professions Council.

#### Ms. Patricia Firby

• Employed as Director of Nursing and Primary Care Practice at Liverpool John Moore's University (up to 31st May 2006)

#### Mr. Mark Fitzsimmons

- Mr. Fitzsimmon's wife is employed as a Clinical Coder at The Liverpool Women's NHS Foundation Trust
- Mr. Fitzsimmon's daughter Katie is employed within the Bio Medical Services Department at The Royal Liverpool & Broadgreen University Hospitals NHS Trust

#### Ms. Lucy Lavan (Associate Director)

· Ms. Lavan's husband is employed as a Director of West Cheshire PCT but has no involvement in the commissioning process

#### Appointments:

Non-executive Director Kenneth Halligan w.e.f. 1st May 2005 replacing Frances Guy who resigned due to ill health on 1st March 2005.







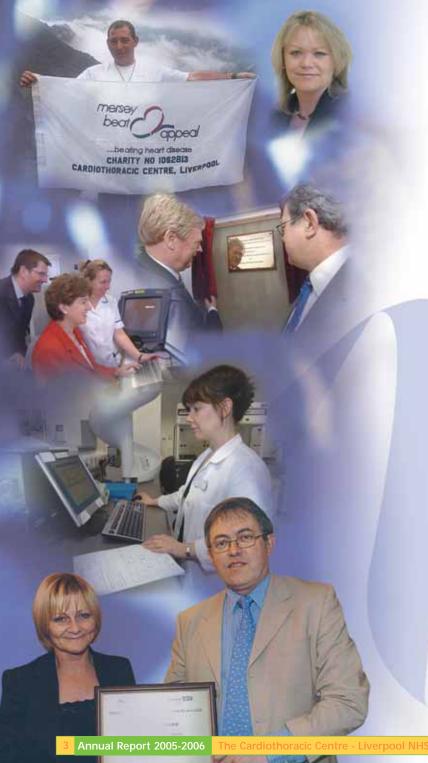


Trust Board meetings are held in public and everyone is welcome to attend.

Full details of the Trust Board meetings, the Trust Board and the committees on which they serve can be found under the PR & Communications Section of our website www.ctc.nhs.uk



Lucy Lavan Associate Director Performance



## Re Chairman and Chief Executive's Report

The year 2005 - 2006 has been one of the most eventful years since our Trust was formed in 1991 and we are delighted to open our 15th Annual Report with a very positive message of the Trust's achievements during the past twelve months.

In review it has been, without exception, an excellent year.

At the end of a complex and arduous financial year the Trust has again achieved a break even financial position thanks to the sterling efforts of all staff.

During the past twelve months our staff have surpassed themselves during a transitional period which has seen major clinical areas such as Pharmacy, Outpatients, ECG, Pulmonary Function and Radiology move into the newly constructed areas of the Hospital, as part of our expansion and site development programme.

We do accept that some patients may have experienced temporary inconveniences during the move from the older part of the Hospital to the new site development for which we offer our apologies. The benefits from the site development are now visible and we are able to provide our patients with new and exceptional facilities that house some of the most advance equipment of its kind in this country.

The Trust received a number of official visitors during 2005 -2006. Dr. Roger Boyle, National Director for Heart Disease at the Department of Health, officially opened our 45 bedded Critical Care Unit, which is one of the largest in Europe. Mr. Gerard Houllier, ex Liverpool Football Club Manager and patient opened our new theatre complex and latterly Ms. Jane Kennedy, local M.P. and Government Minister toured the new site development and engaged in an open discussion with staff.

So much has been achieved throughout the Trust during the period April 2005 to end March 2006, as indicated in the individual key sections throughout this Annual Report. However, the following is a brief summary of the highlights:-

- ✓ Achieving all government targets including waiting times for patients
- ✓ Achieving financial balance for 2005/2006
- ✓ Achieving one of the lowest MRSA rates in the country
- ✓ Achieving Improving Working Lives Practice Plus status
- ✓ Achieving all targets for the Agenda for Change pay reforms for staff
- ✓ Achieving accreditation for CNST Level 1
- ✓ The development of assurance systems for reporting compliance with the new Standards for Better Health
- ✓ Achieving compliance with NICE Guidelines
- ✓ Accomplishing the successful move to the new site development
- ✓ Launching the Staff Creativity, Innovation & Recognition Awards Scheme and Awards Ceremony
- ✓ Continued publication of clinical outcomes
- National inpatient survey results show consistency in performance
- Continued lead development of the North West Quality **Improvement Programme for cardiac interventions**
- ✓ Implementation of the revised Major Incident Policy which is fully compliant with the Department of Health's "Handling Major Incidents: An Operational Doctrine". Other Emergency Planning Strategies have also been put into place in the likely event of an outbreak of heat waves and pandemic flu.

Our future - The Trust has embarked on a process which may see us established as an NHS Foundation Trust in 2007. As a Foundation Trust we will remain a fundamental part of the National Health Service, providing high quality care to patients but without being directly accountable through the Strategic Health Authority to the Department of Health. Instead we will be accountable to our members, through a Council of Members, and will be subject to national regulation through the offices of Monitor (the independent regulators).

Foundation Trusts are a new form of organisation within the NHS which are established on a non profit making basis but are allowed to retain financial surpluses from one year to the next.

The process to become a Foundation Trust is an exacting one and we hope to be in a position to issue a public consultation document seeking views on our application during the summer of 2006.

**In conclusion** - We must acknowledge and thank our staff and volunteers for the valuable contribution given to our Hospital on a daily basis.

Throughout the year our staff and volunteers have worked hard to achieve the highest levels of operational and financial performance that reflect our vision for the continued growth and success of this patient-led NHS organisation.

Their generous dedication to our patients and loyalty to this Trust remains constant and, in turn, our patients continue to praise our services complimenting the care and dignity they receive.

The year ahead will be even more challenging as we work towards becoming an NHS Foundation Trust Hospital. A great deal of planning has already taken place so that we can share our proposals for the future with patients, staff, healthcare associates and the general public. We have no doubt that we shall achieve success, as we always have in the past, and that the Trust will continue to develop into a national and international leader of cardiothoracic services.

Mark Fitzsimmons Chairman

Mike Bone Chief Executive





# Directorate of Human Resources and Organisational Development

The Human Resources programme for 2005/06 has been dominated by the implementation of the 'Agenda for Change' (AFC) pay reform with approximately 1125 posts being subject to job matching panels and approximately 75 posts requiring a full job evaluation.

We are pleased to report that the Trust met all its targets in respect of AFC and recognises that its implementation would not have been possible without the commitment of Managers, staff side representatives and staff who have participated in the process at one stage or another.

Assimilation to AFC for the majority of staff has led to improvements in either pay or working conditions or both. Some staff groups, however, have been assimilated at lower salary bands than had been expected and for these groups it is important that the Trust re-examines the roles, responsibilities and career pathways to ensure these staff receive the development and support they need to progress through the skills escalator.

As the site development has taken shape with larger and improved facilities for delivering services and care to our patients so has the Trust's workforce which has increased by 111 heads bringing the total to 1.250.

With significant recruitment drives taking place, the Trust has been extremely successful in attracting high quality staff to enable it to deliver its services helped by its reputation for excellent employment practices and in particular in providing opportunities for training and development.

The Trust welcomes all new entrants into the organisation via a corporate induction and mandatory training programme which aims to ensure the safety and effective working of all staff.

The NHS Knowledge & Skills Framework (KSF) supports the induction of all new entrants. The purpose of KSF is to provide an objective framework to support development, enabling people to work more effectively in their current post and facilitating the development of services so that they better meet the needs of patients and the general public.

The Trust has invested heavily in the continued development of its workforce with approximately 164 staff undertaking Learning Accounts completing NVQs; Diplomas; Degrees and MSc programmes. This figure is likely to double during the forthcoming year.

Another significant achievement for the Trust and its workforce was the Award of Improving Working Lives (IWL) Practice Plus status. This Award signified the Trust's commitment towards being a model employer through family friendly and flexible employment practices, promoting the health, safety and welfare of its staff, valuing equality and diversity within its workforce, supporting staff involvement and improvements in communications.

During the validation process, by which the Trust is measured against a number of core standards and key indicators, the Trust was held as an example employer in regards to Staff Involvement and Communications. The introduction of a number of communication initiatives have helped to dramatically improve the Trust's performance in this area.

In December 2005 the Trust launched its Creativity, Innovation and Recognition Awards Scheme which formally recognised its most important asset - its workforce. Ten Awards, ranging from the Unsung Hero Award to the Lifetime Achievement Award were presented to staff during the Awards Ceremony held at the Alicia Hotel in Sefton Park. The evening was a huge success and plans are already underway for the 2006 Ceremony which is to take place at the Adelphi Hotel in Liverpool catering for 400 staff.

Such an event highlighted the importance of taking time out to reflect upon and celebrate our achievements in further promoting continuous improvement and innovation. The Trust continues to acknowledge that, without the commitment and dedication of its staff, it would not be able to deliver such high quality patient care.

Finally, the Trust has a wide range of policies and procedures which demonstrate its commitment to equality of opportunity, disability and employee consultation. These policies and procedures are reviewed on a regular basis to reflect Government legislation and best practice.

Directorate of Surgery, Anaesthesia & Critical Care

#### Service Delivery 2005/06

In January 2006 the Directorate was re-structured following the integration of Surgery & Anaesthesia with Critical Care. Since then work has been ongoing to amalgamate these areas including new meeting structures incorporating Business and Clinical Governance Development Plans.

During the year new facilities were opened which included a 45 bedded Critical Care Unit, additional theatres and an acute surgical ward which have provided our patients and staff with modern and improved environments.

The Directorate has successfully maintained the maximum waiting times for all procedures and delivered booking of all surgery procedures by the end of December 2005.

Through a new initiative called the Hospital Improvement Project a number of challenges facing the Directorate are being addressed as a matter of priority. Areas already addressed are the co-ordination process between the Operating Theatres and Critical Care and the discontinuation of weekend operating lists to ensure maximum capacity during the week.

There are six sub-projects to the Hospital Improvement Project within this Directorate concentrating on a range of subjects to enhance the patient's journey by reducing waste, cancellations and costs, such as:

- length of stay
- sickness levels
- the formation of a thoracic step-down
- · the management of waiting lists, and
- discharge from critical care

Other service developments include:-

- Upper GI Cancer Centre in conjunction with The Royal Liverpool & Broadgreen University Hospitals NHS Trust
- Review of neurological rehabilitation

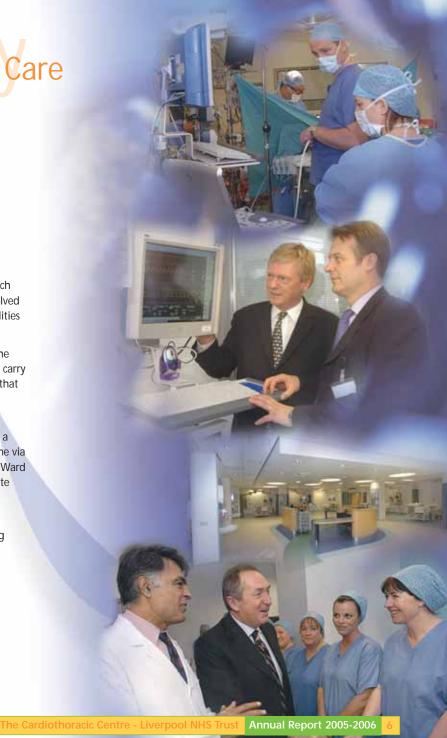
#### Clinical Governance and Risk

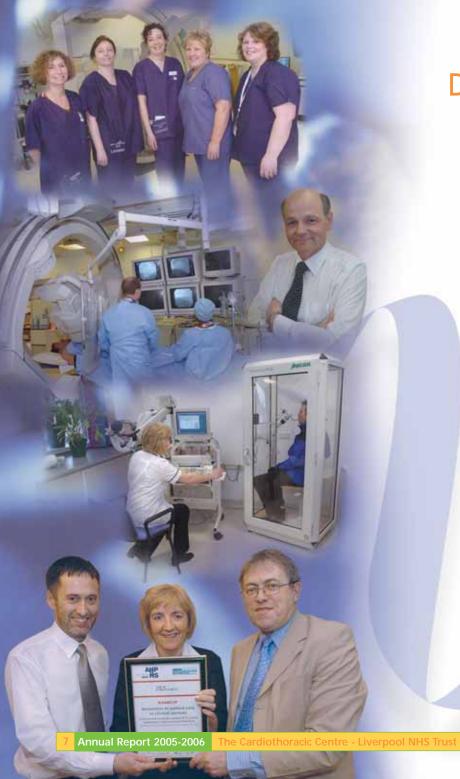
There are two risk groups currently set up within the Directorate that look at all incidents in detail and report through to the Directorate meeting. The Directorate has developed an incident feedback mechanism flowchart which clearly outlines the responsibilities for updating those involved in an incident as to progress and looking at the responsibilities for investigating using root cause analysis.

A lead for equality and diversity has been identified and the Directorate is working with other Departments in order to carry out an impact assessment on the procedures and the care that is delivered.

Each Department is developing portfolios of evidence of patient and public involvement, including actions taken as a result of comments and informal complaints that have come via the patient's comment cards or Matron's ward rounds. All Ward Managers and Department Managers within the Directorate have undergone complaints training.

The 'Clinical Leadership' programme for Ward Managers (G Grades) has been completed and work is currently being delivered to G grades in critical care.





# Directorate of Cardiology and Chest Medicine

#### Service Delivery, Improvement and Development

The Directorate has achieved all access targets, maintaining waiting times and developing booking and choice for patients during 2005/06. This has been the result of the hard work and dedication of staff, despite a period of significant nursing shortages. We have now successfully recruited the vacant posts and wards are benefiting from a full compliment of staff.

In January the Trust restructured its Directorates and we welcomed Cardiac Physiologists; ECG and Pulmonary Function Departments to this Directorate.

During the year visiting Cardiologists migrated to their newly opened Catheter Laboratories enabling the Directorate to revise current job plans and utilise these vacant sessions to increase activity and improve emergency care.

Team working and support across the Directorate has enabled staff to make major contributions towards practice development including the introduction of numerous clinical policies and the modernisation agenda. In addition all staff within the Ward areas have made a significant contribution towards enhancing their environment which, in turn, has seen a marked improvement in the inspection scores throughout the year.

The Clinical Nurse Specialists have continued to provide a comprehensive service for their patient groups and will be joined soon by two new Cardiac Arrhythmia Nurse Specialists following their recent appointment.

Five state of the art Blood Gas Analysers have been installed in the new Critical Care Unit, which is being maintained by the Pulmonary Function Department.

This Department has also been working in partnership with Liverpool Primary Care Trust to develop its popular Community Spirometry Service. This Spirometry Service was recognised for a National Award for Allied Health Professionals and Health Scientists in November for Innovation in Patient Care and Clinical Services.

Within ECG a planned investment programme has been secured to develop training and introduce a number of students to the Department. This investment will realise a sound Departmental infrastructure driving further development and a reduction in waiting times.

Multi-disciplinary teamwork is an essential aspect of the Directorate's work and through the diabetes team at The Royal Liverpool and Broadgreen University Hospitals NHS Trust we are participating in an international clinical research project.

#### Clinical Governance, Risk and Assurance

The clinical governance and risk management arrangements have been revised to incorporate the additional Departments into the Directorate.

All incidents are examined in detail by the Directorate's Risk Group. Staff trained in 'root cause analysis' investigate incidents of a serious nature, developing action plans and reports to develop/change practises to prevent a repeat occurrence for the benefit and safety of our patients and staff.

A robust assurance framework has also been developed to deliver corporate and Directorate objectives and business plans which highlights areas of risk.

Complaints are dealt with as quickly as possible and staff involvement is key to a successful outcome. Each Ward and Department continue to develop methods of improving patient and public involvement including acting on all comments and complaints made informally or formally.

### Directorate of Clinical and SUPPORT Non-Clinical Support Services

This year has seen changes to the Directorate which now encompasses a large and diverse range of services - from domestics and portering to medical imaging - all of which are essential to providing a safe, smooth and efficient service for our patients.

The redevelopment of the hospital site has provided us with new accommodation and equipment in many areas which is helping us to improve and modernise our services to patients.

Key events during the last year have been:-

#### Estates

Several Departments relocated into new purpose built accommodation with state of the art equipment and facilities including a new Outpatient Department. This Department has seen an increase in the number of patients attending to 39,776 an increase in the year of around 2,800 patients.

#### Radiology

The Radiology Department successfully moved into the new build during March 2006. The Department now uses a computerised Picture Archiving and Communication (PACS) system. This digital imaging produces high quality images making X-Ray film a thing of the past.

Equipment in the new Department includes:

- 64 slice CT scanner
- Cardiac enhanced MR Scanner (1.5T)
- 2 direct radiography chest rooms
- 4 dual detector radiography general rooms
- Digital fluoroscopy room
- 6 Ultrasound rooms

#### Chaplaincy

The Chaplaincy Service continued to develop during the last year with the appointment of the Rev. Jamie Hartwell as Free Church Chaplain, ensuring a full complement of Hospital-based Chaplains for the first time in some years.

#### Car Parks

Car parking is always an important issue for all hospitals. As part of the re-development of the site a new two-storey car-park has been built at the entrance to the site which provides car parking facilities for both staff and patient/visitor parking.

#### Domestic Staff

Domestic staff on the Critical Care Unit received the Unsung Hero Award for their interaction with patients and relatives on the Unit while ensuring the Unit maintained high cleaning standards.

#### • Robert Owen House - Relatives Accommodation

The Robert Owen House is run as a charity providing accommodation to the relatives of patients undergoing treatment at the Trust.

Due to the high demand for accommodation an extension to the House is planned for 2006 which will provide additional bedrooms and upgrade the current kitchen and laundry facilities.

#### Choose and Book

The Trust went live with Choose and Book in December 2005 and has achieved the 100% booking target for all GP 1st referral outpatient appointments.

#### Infection Control

The Trust participated in the National "Clean Your Hands" campaign which, along with a series of measures has greatly reduced the rates of hospital acquired infections especially MRSA bacteraemia.

#### Cancer Services

In the past year, the service underwent a peer review exercise and was measured against national quality standards. Results demonstrated that a very high level of service was being provided to our patients.

The cancer team also achieved the 14 and 31 day access targets for lung cancer and the Trust continues to work closely with other hospitals to help achieve the 62 day target for all patients.





# PAL Satient Support Services / Complaints

#### **Patient Support Services Department**

The Patient Support Services Department is responsible for providing the Patient Advice and Liaison Service (PALS) and Complaints Service for the Trust. The Department also takes the lead on the Trust's Patient and Public Involvement agenda, the production of patient information and is responsible for co-ordinating the work of all hospital volunteers.

#### Patient Advice Liaison Service (PALS)

he core function of PALS within the Trust is to provide 'on the spot' help with a view to immediate or speedy resolution of queries for users of the Trust's services. We do this by providing an "open door" service during office hours to patients, their carers and staff. PALS will listen to individual anxieties and provide the necessary information and support to patients and their families.

The PALS office relocated to the new Outpatient Department giving patients an improved access to the service. Within the new accommodation is a private interview room which is proving of great benefit to patients and their relatives/carers.

The majority of comments received are all positive and highly complimentary of staff at all levels, with particular praise for our nursing staff. The following is a snapshot of recent positive comments received:

From the first outpatient appointment all through any procedure I have been treated with consideration and have been fully informed of what procedures would be carried out and the reason why. All the staff deserve a medal.

The skills of your surgeons, doctors and nursing staff are beyond praise and the wonderful attention to making us realise that to you our road to recovery is a top priority. Everyone has such a caring nature, nothing is a problem to all of the staff. We are certainly treated as an individual here and not just a number and I thank you for all you are doing to give us a chance to enjoy an improved quality of life.

Every member of staff introduced themselves and were very friendly. I was informed at all times what was happening. Procedure seemed to go very smoothly - nothing but praise for all concerned

### Pro-Active Approach to Listening and Learning from Patients

Whilst the core service of PALS is based on a reactive approach (responding to individuals who actively use the service and ask for help) a proactive approach to involving users and gaining their views is increasingly taken. This information is fed through to the General Managers, Modern Matrons and the Clinical Governance Department. Examples of the ways in which views are sought by PALS include:

- Weekly ward rounds with the Modern Matrons
- Regular Food Tasting Sessions
- Suggestion boxes sited on wards and in out-patients
- Comments, Concerns and Compliments Cards
- Printed cards inviting people to become involved in PPI initiatives

 Regular contact with Chair of the Patients' Forum and Zipper Club

The introduction of the 'Comments, Concerns and Compliment' cards has provided an effective means of gaining an insight into the patient's experience and ensuring that the patient's voice is heard. All inpatients are given a card to complete. The cards give patients the opportunity to state (a) what was particularly good about the service they received, (b) any concerns they had about the service, and (c) how they think services could be improved. 572 comments cards were returned from April 05 to March 06.

By raising the concerns and comments made with General Managers, the PALS service can help bring about change and improvements in the way services are delivered.

This year car parking was an area of concern but fortunately the negative comments are gradually decreasing since the two tier car park opened.

The following is a brief selection of requests that have been acted upon by the PALS service:

#### **Patients Asked**

If the courtesy mini bus could stop off at the main car park

If the Critical Care Information file could be made into a smaller version to take home and read.

That directions be put into patient information

For specific information to be put into patient Information



We Acted



#### **Patient Information**

A review of all patient information throughout the Trust was undertaken in the past twelve months. Patient and carers' views are sought in the production of all patient information via our lay readers group.

To date 56 leaflets have been updated and re-written to conform with current NHS Guidelines. Work is on-going and it is anticipated that all patient information will shortly be available on the Trust website www.ctc.nhs.uk

#### Patient and Public Involvement

The Cardiothoracic Centre recognises and values the benefits of listening and responding to patients as their experience is the catalyst for doing things differently and improving the way services are delivered. Patient and public involvement is about developing constructive relationships, building partnerships and communicating effectively.

The Trust works closely with the Forum.
The Chair of the CTC PPI Forum attends all Trust Board meetings and is afforded speaking rights. PPI representation is also present on the monthly "Matrons Rounds" and at Clinical Governance meetings held at the Trust. A small number of actions have been raised by the Forum and the Trust has dealt with these issues speedily and to the satisfaction of the Forum.

A Patient and Public Involvement Strategy Group, chaired by a Non-executive Director of the Trust, is now well established and within its membership has six patient and public representatives. The group meets bi-monthly (becoming monthly from April 2006) and is responsible for the implementation of 'Strengthening Accountability - Involving Patients and the Public' DOH policy guidance (Feb 2003) and Section 11 of the Health and Social Care Act (2001).

In September 2005 the Patient and Public Involvement Strategy for The Cardiothoracic Centre was reviewed and the following actions made a priority:

- Introduction of a cohesive and systematic approach to PPI activities within the Trust
- Introduction of a balanced programme of work for PPI
- Development of meaningful PPI within the Trust
- Partnership working within the wider community

In October 2005 the Patient Support Services Manager facilitated a Patient and Public Involvement Workshop attended by representatives of Patient User Groups involved with the Trust, the Patient's Forum, Liverpool Primary Care Trust and two of the Trust's Non-executive Directors. It was a positive event with much discussion about the benefits of patient involvement and what that means to patients and carers and to the Trust, methods and levels of involvement and the recruitment, training and support needs of patient and public representatives. Participants identified the actions that they felt were important and these were incorporated into the Trust Work Programme.

#### **Formal Complaints**

There were 41 formal complaints received during the period 1 April 2005 to 31 March 2006. This shows a slight increase over the same period for 2004 to 2005 when the Trust received 32 formal complaints. The Patient Support Services Department has made concerted efforts to improve the process by which complaints are responded to and as a result there have been further improvements to the number of responses made within the recommended timescale.

The table below shows the number of complaints recorded during 2005/2006 and the number of complaints acknowledged and responded to within the recommended national timescale.

#### **Complaints Activity**

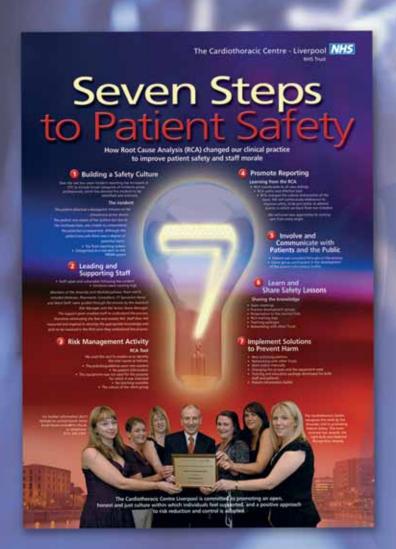
Total Number of	
Complaints Received	41
Number acknowledged within 2 working days	41
Number responded to formally within 20 days	38

The Trust considers the review of formal complaints to be a vital part of clinical risk management activities and as such an opportunity to improve the quality of service delivery and patient safety.

To continually improve the complaint process we plan to carry out a complaints audit in 2006 to seek the views of complainants with the aim to evaluate and improve the complaints service we currently provide. The Complaints Policy will also be reviewed and updated in 2006.



### Clinical Governance In an Ce



Clinical Governance is the framework through which the quality of clinical care is continuously assessed and improved. The following milestones were achieved during 2005/2006:

- Participation in the national in-patient survey where results demonstrate consistency in performance to previous years
- The conduct of audits of patient experience within clinical departments and wards leading to improvements
- Achievement of targets with respect to waiting times for patients
- The delivery of targeted Health & Safety training to those staff with responsibilities in this area
- The development of a new three year strategy for clinical governance
- The creation of a Clinical Risk Steering Group who have specific responsibility to ensure that lessons from reported incidents are learnt throughout the organisation
- Achievement of one of the lowest rates of MRSA in the country
- The creation of a service improvement team to specifically help clinical teams speed up journey times for patients diagnosed with cancer and heart disease
- The refinement of existing and the development of new ward and departmental based indicators of clinical quality that facilitate the monitoring of key aspects of service delivery by the clinical governance committee
- External re-accredidation of the Trust's risk management systems and processes at level one which demonstrates our commitment to patient safety
- The development of clinical leaders in both medical and nursing specialties
- Restructuring of a number of important clinical governance related committees to improve the effectiveness of clinical governance activity and reporting

- The creation of an electronic evidence based newsletter to facilitate clinicians keeping up to date with the latest developments in their specialty
- Compliance with NICE guidelines specific to the Trust's
- The publication of Consultant specific mortality and other cardiac complication rates following coronary angioplasty for the reassurance of patients and the public
- Continued development of a quality improvement programme for cardiac interventions which involves colleagues from other tertiary centres, district general hospitals and primary care
- The development of a unified and centralised Information Department to improve efficiency in the use of our information
- Working to achieve compliance with the National Service Frameworks for Older People, Diabetes and Renal services, as well as the Cancer Plan
- Achievement of Improving Working Lives Practice Plus status which demonstrates the commitment to our staff in terms of a wide range of policies such as family friendly policies and training & development
- The development of assurance systems for reporting compliance with the new Standards for Better Health
- The completion of numerous clinical audits which demonstrate the quality of the services we provide and how we plan to make further improvements
- Recognition of the role the Trust has to play in improving the health of both staff and patients leading to an application to become recognised as a "Health Promoting Hospital"
- Full involvement in work conducted by the Cardiac Network for the benefit of all patients with heart disease in Cheshire & Merseyside

Performance 2005/2006 TO TMAN E

Key Progress during 2005/06 continues to be made in a number of areas, most significantly:

- All Outpatient GP referrals were seen within 13 weeks of referral.
- A marked reduction in the total number of inpatients waiting for their operation with patients being admitted within 6 months for most procedures or 3 months for revascularisation which is within the targets set.
- Achieved 100% booking of Inpatients and Outpatients by the December 2005 target.
- All fast track cancer referrals are seen within 14 days of the GPs referral. The Trust is hoping to extend this service to meet future demand. A cancer tracking procedure has been put in place to assist the Trust with achieving its 31 and 62 day cancer targets because as a tertiary centre the Trust has to rely on prompt referrals from other hospitals.
- All patients waiting for a diagnostic test were offered a
  date within the 26 week target set for March 31st 2006.
  The Trust is working towards improving waiting times
  for diagnostic tests in order to assist with achieving the
  18 week target, for referral to treatment, which is to be
  achieved by December 2008.

Key Performance Indicators where the Trust has made continuous improvements are as follows:

- The Trust has reduced the number of rates of MRSA cases compared to last year which are within the targets set nationally.
- The latest PEAT assessment produced our highest ever results for Better Hospital Food and a nutritional team comprising ward matrons and a dietician has been set up so that initiatives can be implemented far more easily.
- The Trust's transfer times for Acute Coronary Syndrome (ACS) is 3.5 days which is lower that the national average of 6 days.

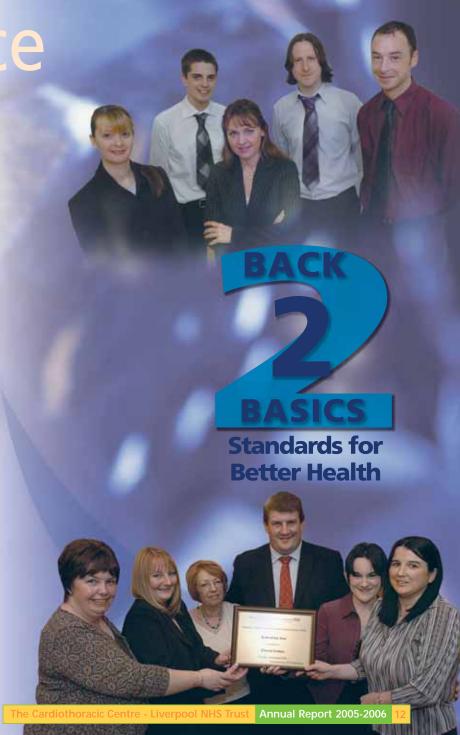
**New Developments** throughout the Trust are envisaged as a result of the site development, for example:

- The opening of the new Radiology Department with its 'state of the art' equipment will further assist with the reduction in diagnostic waiting times in order to achieve the target of 13 weeks by March 2007.
- The new Critical Care Unit and additional operating theatres, combined with the shared facilities of Pharmacy, Imaging and Diagnostics, will provide facilities to support the change in the Trust's case mix which has evolved over the last 2-3 years and improve efficiency.
- The trends include an increase in the number of Cardiology procedures such as Pacemakers, EPS Studies and Percutaneous Coronary Interventions (PCIs).
   The Trust has seen a 13% rise in the number of PCIs, with complex PCIs forming 70% of the workload.
- The changing case mix indicates that, in the longer term, there will be increased demand for catheter laboratory capacity. The slower pace of growth of surgical revascularisation and increased capacity provided by the new build means that the Trust may in the future have spare capacity within its operating department and Critical Care Unit to treat more patients.

Monitoring Standards has evolved with the Trust setting up an effective governance framework to monitor continuous delivery of the 'Standards for Better Health'.

A fully compliant declaration for 2005/06 has been submitted and in order to provide efficient and effective services to patients, visitors and staff the Trust will continue to monitor its performance and progress against its aims and objectives and Key Performance Indicators in line with its long-term strategic view and the Trust's assurance framework.

Progress on plans to achieve targets and improvements are reported through the Trust's Performance and Board Reports which are public documents and can be found on the Trust's website www.ctc.nbs.uk





# Site Development Opment

During the period 2005/06 a large number of brand new facilities, detailed below, have been handed over to The Cardiothoracic Centre by Norwest Holst, the main contractor for the site development scheme. The following Departments will be fully operational in 2006/7.

Facility

Theatre 7

Theatres 8 & 9 and ancillary accommodation

Pathology Laboratory

45 Bed Critical Care Unit

Medical Engineering Department

Research Laboratory

IT Department

Pharmacy Department

**Health Records Department** 

Executive/Administration Block

Acute Ward (28 Beds)

**Outpatients Department** 

**ECG** Department

**Pulmonary Function Department** 

Radiology Department

It is of note that The Cardiothoracic Centre's Pharmacy and Radiology Departments are shared facilities, i.e. managed by The Cardiothoracic Centre but providing a service to both The Cardiothoracic Centre -Liverpool NHS Trust and The Royal Liverpool & Broadgreen University Hospitals NHS Trust.

The new Acute (surgical) Ward meets the new consumerism standards and features twelve side rooms with en-suite facilities and two sitting rooms.

The Critical Care Unit comprises 35 post-operative surgical care beds and 10 coronary care (medical) beds and is one of the largest Critical Care Units in Europe.

The Cardiothoracic Centre's new Outpatient Department, Pulmonary Function and ECG Departments opened on 13th March 2006 in tandem with the shared Radiology Department, which boasts a new

MRI and a sixty-four-slice CT scanner. This relocation paves the way for the creation of two new Catheter Laboratories, which are to be provided in the area previously occupied by the Centre's old Outpatients and Radiology areas. It is envisaged that the two new Catheter Laboratories, the final element of the site development scheme, will be handed over to the Trust by Norwest Holst towards the end of October 2006.

#### Two-deck Car Park

The two-deck car park, which provides an additional 350 spaces, opened in March 2006. The car park has been constructed in such a way that additional decks can be added in the future. This would however be subject to planning approval. The car parking is managed by Vinci on behalf the Royal Liverpool and Broadgreen Universities Hospitals NHS Trust.

#### Nursery

The new nursery has been completed and opened in May 2005 and is managed by Kidsunlimited. This is regarded as a valued facility for staff, a view mirrored by the current high demand for spaces.

#### New Technology

The site development scheme possesses a variety of new technology for the benefit of our patients.

Prime examples in this context are

- ✓ PACS (a computerised archiving system for x-rays),
- Ceiling mounted flexible arm pendants (single and double arm) in the new Critical Care Unit that accommodate all the bed head services (e.g. medical gases and power points),
- ✓ A pneumatic tube system for the transport of pharmacy and pathology items
- ✓ A robot (auto dispenser) in the new Pharmacy Department.

#### **Our Environment**

Throughout this report reference has been made to the improvements that the new build has brought to our environment and particularly with regard to improving energy efficiency.

The Trust is committed to contributing to a sustainable environment, which is vital for the continued wellbeing of our patients, staff and the general public.

## Research and Development

The Trust continues to give R&D high priority as a means of maintaining and developing its position as a Centre of Excellence for the treatment of the diseases of the heart and chest.

It remains fully committed to both the commissioning and conduct of research that gives way to new and innovative services with resultant improvement in the quality of care for our patients.

We are firm believers in "today's research is tomorrow's care".

Much was accomplished during the year in advancing the Centre's strategy for R&D. Notable achievements included:

- The creation and staffing of a new randomised controlled trials unit whose job is to generate evidence of effectiveness in therapies where there is no clear cut answer at present. Two major trials are now underway one in pacing, the other in cardiac surgery
- The development of three research programmes in cardiovascular disease that the Trust has the lead for on behalf of other hospitals in the Merseyside & Cheshire area
- Securing over £50,000 of external non-commercial R&D funding to develop major work in radial artery spasm following bypass surgery and the effects of the male sex hormone testosterone on blood vessels and its relevance to heart disease and treatment
- Transfer of our research facilities to a new purpose built laboratory complex
- Expanded the capability of our laboratory with new equipment donated by the Merseybeat Appeal This included a liquid scintillation analyser which will enable the lab to specialise in the field of vascular cell proliferation
- The development of meaningful research collaborations with other Hospitals and Universities

- The submission of a Doctor of Medicine (M.D.) thesis by a Consultant Cardiac Surgeon who worked closely with the Research laboratory to investigate new ways of keeping heart bypass grafts healthy during the harvesting process for use during surgery
- Publication of our work in respected medical journals
- A new research study was begun in collaboration with colleagues at the Royal Liverpool & Broadgreen University Hospitals NHS Trust aimed at investigating cardiac complications in patients undergoing non-cardiac vascular surgery
- Continued implementation of the research governance framework
- Further development of mechanisms to secure the involvement of patients as service users in the planning and conduct of our research. We now support a research project created entirely by our service users, and have become a lead organisation nationally for user involvement in research
- Continuation of The Johnson Foundation Research Fellowship in Interventional Cardiology from a large donation to the Merseybeat Appeal
- Continued development of research in interventional cardiology, cardiothoracic surgery and anaesthesia, thoracic medicine, nursing, professions allied to medicine and radiology
- Continued investment in our research laboratory through the addition of a new member of scientific staff
- Continued work with our commissioners and the Cheshire & Merseyside Cardiac Network in the conduct of research relevant to local health needs which results in new services or improved delivery
- Active encouragement of all health care professional staff to undertake their own research through the availability of in-house support and the provision of specific R&D methods courses





# The Merseybeat Appeal E Y Deat



This year was another successful fundraising year for the Merseybeat Appeal raising £198,119.48 thanks to the remarkable support we continue to receive.

#### Highlights

February 2006 - Red Dress Campaign supporters went "Red in Feb" to raise awareness and highlight the fact that heart disease is the biggest killer of women in the UK.

November 2005 - There was a full house at Liverpool's 60 Hope Street restaurant for the second ladies luncheon in support of the Red Dress Campaign. Everyone who attended took away the message that a few simple lifestyle changes can reduce the risk of developing heart disease.

September 2005 - Trust Chairman, Mark Fitzsimmons, took on his 'challenge of a lifetime' by completing a 10 day Inca Trail Trek in Peru to raise funds for the Merseybeat Appeal. Mark said "to raise money for The Cardiothoracic Centre and be allowed in the same instance, the opportunity to experience something that will live with me forever was so special".

September 2005 - We held our third annual Big Heart Festival organised in partnership with Heart of Mersey which included a Big Heart Fun Run, with participants of all ages and fitness levels taking part.

July 2005 - 56 people were brave enough to take on the challenge of Snowdon in our annual sponsored walk despite the torrential rain. July 2005 - Formby Golf Club proved an excellent venue for our 6th annual Corporate Golf Day. 17 teams joined us for a glorious day's play. April 2005 - We launched the Red Dress Fashion Competition in conjunction with "The Liverpool Echo" to find a design to symbolise the Red Dress Campaign incorporating the themes of heart, red and health.

#### Research

One of the most exciting research projects to be carried out at The Cardiothoracic Centre has been given the go ahead thanks to the generous donation of £100,000 to The Merseybeat Appeal by Peter Johnson, Chairman of The Johnson Foundation.

The donation which is to be spread over four years will enable research to be carried out to compare two alternative methods of improving blood supply to the heart in patients with narrowed arteries. Specialist Registrar Dr Albert Alahmar said "the project affords us a unique opportunity to study blood flow in narrowed heart arteries in great detail, the results of which will have real practical benefits to all patients receiving bypass surgery. The support of the Johnson Foundation is key to getting this important work off the ground and seeing it through to a successful conclusion".

Various pieces of laboratory equipment were purchased with donations received from Venmore Partnership, Property Networking Group Exchange and the Brian Wilson Trust.

Paul Browning, Principal Clinical Scientist, said "the Merseybeat Appeal has enabled research programmes and the CTC Research Laboratory to expand year on year and over 2005/6 the Laboratory benefited greatly from some particularly generous donations.

On one level this support enabled the lab to be kept running, providing a means to replace and update worn out equipment needed for studies throughout CTC.

In addition, these donations allowed the purchase of new analysers and equipment which have increased the capabilities of the Laboratory. This has meant that existing research projects in the field of vascular biology can proceed more effectively, providing faster and more detailed answers to questions about the causes and treatment of heart disease. It also puts CTC in a stronger position for developing new studies and for attracting funding from the NHS and charitable bodies sponsoring research".

#### Legacy

Remembering the Merseybeat Appeal in your Will is a lasting and vital way to help others. It allows us to plan vital research and fund a number of important research studies. This year we received over £55,000 income from legacies.

#### In the Community

We are always delighted to hear from people who want to organise their own fundraising events on behalf of the Appeal and this year we heard from you in the thousands. We saw sponsored walks, marathons, cabaret evenings, quiz nights, race nights, car boot sales, bicycle rides to name but a few. Our Formby Friends Fundraising Group had there most successful fundraising year to date raising over £8,000 for the Appeal.

#### Our Thanks

Thank you to everyone for all the support you give to us and the time and effort you all put in. We must continue working hard to ensure we have the support for today's research, which will help us tomorrow.

### Operating and Financial Review 2005-06

The Cardiothoracic Centre became a NHS Trust in 1991 and prior to this was known as the Regional Adult Cardiothoracic Unit - providing specialist heart and chest services to the Mersey region and beyond under the management of the Liverpool Health Authority. Thus historically, it has existed as a tertiary centre in its own right providing specialist cardiothoracic care.

Over the years these services have grown extensively and developed and the Trust is now the largest single site cardiothoracic provider in the UK, serving a catchment population of 2.8 million people from Merseyside, Cheshire, North Wales. Lancashire and the Isle of Man.

In addition to the provision of tertiary cardiothoracic services, the Trust provides an acute (secondary care) service for heart and chest conditions to the residents of South and East Liverpool.

The Trust is situated on a shared site, along with Broadgreen Hospital (part of The Royal Liverpool & Broadgreen University Hospitals NHS Trust) and Merseycare NHS Trust.

Whilst the Trust's focus is highly specialised, staff work closely with many acute hospitals and also with primary care to ensure that patient needs are met. Both CTC's cardiac and cancer services are part of two regional networks that ensure integrated delivery of service. The Trust also receives cardiac transfers from other hospitals of patients with acute coronary syndromes or acute heart failure (who most often go on to receive angiography and some form of revascularisation or cardiac surgery). The Trust also receives transfers of patients needing urgent or emergency thoracic surgery (trauma, ruptured oesophagus, persistent pnemothoraces). CTC operates in partnership with other NHS organisations within the Liverpool Health Economy.

The Trust has an excellent track record of financial performance, meeting all financial duties throughout a period characterised by significant financial and operating pressures arising largely from the requirement to deliver shorter waiting times during periods of limited capacity. Over the last three years the Trust outsourced some activity, adding considerably to the financial pressures faced by the Trust. In spite of these pressures the Trust has worked in partnership with other local NHS organisations. The Trust enjoys an excellent working relationship with its main commissioner, the Cheshire and Merseyside Specialist Commissioning Team, which commissions specialist services on behalf of the constituent Primary Care Trusts.

A key challenge for the Trust is to reduce reference costs which are currently high at 129. The reasons for this include the specialist nature of activity and complex case mix along with the revenue consequence of the new site development. In respect of the latter, the Trust will receive support from PCTs (via Specialist Commissioners and the NHS Bank) up until 2008/09, in accordance with the business case. Being a specialist Trust, the ratio of pay: non pay expenditure (M11, 2005/06) is 48:52, reflecting the high cost of consumables, implants etc.

The Trust is undertaking extensive benchmarking and service modernisation, alongside a strategy of raising awareness at the Department of Health around the inadequacies of the tariff for cardiac services.

The Trust's income in 2005/06 is £77.81 million, over 11% of this is received from the Welsh Health Commission. The majority of the remainder is received from the Cheshire and Merseyside Specialist Commissioning Team, with whom the Trust contracts on behalf of Primary Care Trusts.

In 2006/07, 66% of the Trust's income will be governed by the tariff under 'Payment by Results'.

The Trust's financial strategy builds upon earlier financial planning undertaken for the Full Business Case (approved October 2003), the FT diagnostic pilot (2005) and commissioning agreements set out in the Local Delivery Plan. It has the full support of Cheshire and Merseyside Specialist Commissioners and has been developed in consultation with clinical staff, general managers and other stakeholders as part of this integrated business plan. The Trust's financial plans have been tested for consistency with other cardiac providers through participation in a number of strategic financial planning workshops.

The Trust has demonstrated an excellent record in financial performance over the last 3 years.

Financial balance has been achieved when financial pressures have been considerable and the Trust has faced many challenges through a period of rapid expansion. In 2005/06 the Trust opened the first phases of a major capital development on the site to assist with capacity problems and provide an improved environment for patient services. The scheme has been financed by Public Sector Capital from the National Heart Team and Cheshire and Merseyside SHA.



#### **DIRECTOR'S REPORT**

#### Overview

2005/2006 was another successful year for The Cardiothoracic Centre with the main financial targets achieved as follows:

Target	Requirement	Performance	Result
At least break even on our Income and Expenditure Account	breakeven	✓	✓
Achieve a Capital Cost Absorption Rate of 3.5%	3.5%	3.4%	✓
Operate within The External Financing Limit determined by The Department of Health	£18,423,000	£18,423,000	1

#### **Income and Expenditure**

Total income for the year was £77.81 million (£71.06 million in 2004/2005) representing real terms growth of over 9.5%. Included within income was £5.2m in respect of the new site development.

Expenditure increased in line with these levels of workload and allowed us to perform 11,507 spells (12,224 in 2004/2005). We also saw an increase in the number of outpatients to 39,776. (36,984 in 2004/2005).

Effort continues to be applied to reduce costs and obtain value for money in all areas. During 2005/2006 the cardiac centres in the North West continued with a consortium arrangement for the purchase of high cost devices and consumables. The work of the consortium has benefited all its members by reducing costs and negotiating favourable long term agreements with medical consumable suppliers.

#### **Balance Sheet**

The Financial Year 2005/2006 saw significant additional investment in the fixed assets of the Centre. This included:

Costs associated with the Site Development (£17.156m)

In addition over £510,000 was spent on upgrading or acquiring new medical equipment, essential for the day to day operation of the Centre.

Once again the Centre achieved its year end cash target. It achieved 93% (92% in 2004/2005) compliance with the Better Payments Practice Code. Details of compliance with this policy are given in Note 6 to the summary accounts.

#### Outlook

The Centre is looking forward to the seventh full year of implementing the National Service Framework for Coronary Heart Disease.

Construction work continues on the site development. The Theatres Recovery Unit is due to be finished in May 2006 with the Cardiac Catheter Laboratories in Autumn 2006. Work is also anticipated to commence on upgrading one of the Theatres for Aneurysm cases.

Melanie Simmonds
Director of Finance

### Statement on Internal Control

#### 1. Scope or Responsibility:

The Board is accountable for internal control. As Accountable Officer and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer memorandum.

I carry out my accountability role:

- Through the Trust performance management structure.
   This covers the implementation of the Trust's annual Business Plans, ongoing monitoring of performance in meeting LDP targets and in implementing action plans to take forward a continuing expansion in workload and quality of services.
- By working through the Trust Board and reporting sub-committees to ensure that the management of risk and achievement of the Trust's policies, aims and objectives are given due attention.
- During the year the Terms of Reference of all sub-committees have been reviewed and approved by the Trust Board.
- Agreeing personal objectives for directly accountable senior managers and through them all staff to ensure that objectives are linked to the Trust's overall Business Plan.
- Carrying out Directorate reviews twice a year to review progress against Trust objectives.
- Ensuring that all managers adhere to the agreed code of conduct.

The Trust works in partnership with other NHS Trusts, PCTs and SHA to implement and co-ordinate strategic change through:

- North Mersey NHS Chief Executive Committee
- Clinical Networks
- Overview and Scrutiny Committee
- · Health Improvement Programme
- The developing programme of shared services between Trusts.
- The establishment of a purchasing hub with North West Strategic Health Authorities.
- Cheshire & Merseyside Cardiac Network

#### 2. 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 organisation's policies, aims and objectives: and
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Cardiothoracic Centre - Liverpool NHS Trust for the year ended 31st March 2006 and up to the date of approval of the Annual Report and Accounts.

#### 3. Capacity to Handle Risk

As Chief Executive, supported by the Board, I have responsibility for the introduction and implementation of the Risk Management processes within the Trust. The Audit and Governance committees' role reviews these risk management processes within the Trust, and the Trust's system of internal control. In order to ensure risk management is integrated into all practices and procedures within the Trust the following are in place:

- Risk Management Committee to assess and update risks and oversee the operational management of risk.
- · An organisation wide risk register.
- An increased awareness of staff of a risk identification culture through a "self assessment process".
- The continuing integration into induction and annual mandatory training of risk management, risk assessment and incident reporting procedures.
- Staff awareness of the requirement to report all adverse incidents.
- Sharing of good practice between The Cardiothoracic Centre Liverpool NHS Trust and Salford Royal Hospital.
- Promotion of continuing and personal development that meet individual and business needs of the Trust.
- Board workshops to review risks identified in the Assurance Framework.

#### 4. The Risk and Control Framework (Any gaps in Assurance)

The Trust has established a Risk Management Strategy and Risk Management Policy which were approved by the Board. The key elements of the strategy include:

- A commitment to risk management and support for staff in providing high quality services that are safe for patients.
- Risk management processes that include the identification, evaluation, analysis, risk control, review and effective follow up of risk management.
- Training arrangements.
- Dissemination to key stakeholders.

To provide evidence in support of the Statement of Internal Control and Controls Assurance Framework. This has been agreed at Board level and covers the following activities:

- Objectives and targets which the Trust is striving to achieve.
- Identification of the risk to the achievement of objectives and targets.
- The system of internal control in place to manage risks.
- Management and independent assurances that the risks are being managed effectively.
- Board action plans which assure the delivery of objectives.

Further developments for 2006/07 include:

- Reviewing strategic and organisational objectives for 2006/07 financial year and updating the assurance framework accordingly.
- The mapping of all Trust objectives to individual Board sub-committees.
- Ensure risk management processes within the Trust are consistent with requirements of a Foundation Trust.

#### 5. Review of Effectiveness (Significant control issues)

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work.

Executive Managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principle objectives have been reviewed.

My view is also informed by the work of External Audit, the audit of the Clinical Negligence Scheme for Trusts and the Strategic Health Authority. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, Audit, Clinical Governance, Governance and Risk Management committees. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The effectiveness of the system of internal control has been maintained and reviewed as follows:

- The Board has provided active leadership of the Trust within a framework of prudent and effective controls that enable risk to be assessed and managed.
- The Audit Committee has advised the Board on the effectiveness of the system of internal control.
- The Clinical Governance, Risk Management and Governance committees have provided strategic direction, ensuring a comprehensive and coherent framework of healthcare governance.
- Internal audits of effectiveness of system of internal control.
- Other explicit review/assurance mechanisms in place include the assurance framework and controls assurance processes and a range of other independent assessments against key areas of control (see above).

The Healthcare Standards Group has reported to the Board through the Governance Committee on compliance with healthcare standards.

Mike Bone Chief Executive

#### Independent auditors' report to the Directors of the Board of The Cardiothoracic Centre - Liverpool NHS Trust (The Trust)

We have examined the summary financial statements set out on page 21/26.

This report is made solely to the Board of The Cardiothoracic Centre - Liverpool NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

#### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. Our responsibility is to report to you our opinion on the consistency of the summary financial statements within the Annual Report with the statutory financial statements. We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statements.

#### Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statements' issued by the Auditing Practices Board.

#### Opinion

In our opinion the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2006.

Signature:

Date: 20th September 2006

Baker Tilly Registered Auditor and Chartered Accountants Brazennose House Lincoln Square Manchester M2 5BL

#### Income and Expenditure Account for the Year Ended 31 March 2006

	2005/06	2004/05
	£000	£000
Income from activities	75,645	66,283
Other operating income	2,162	4,773
Operating expenses	(75,898)	(69,649)
OPERATING SURPLUS (DEFICIT)	1,909	1,407
Cost of fundamental reorganisation/restructuring	1 0	0
Profit (loss) on disposal of fixed assets	0	(43)
SURPLUS (DEFICIT) BEFORE INTEREST	1,909	1,364
Interest receivable	73	92
Interest payable	0	0
Other finance costs - unwinding of discount Other finance costs - change in discount rate	0	0
on provisions	0	0
SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR	1,982	1,456
Public Dividend Capital dividends payable	(1,982)	(1,456)
RETAINED SURPLUS (DEFICIT) FOR THE YEAR	0	0

All income and expenditure is derived from continuing operations.

#### Balance Sheet as at 31 March 2006

	31st March	31st March
	2006	2005
	£000	£000
FIXED ASSETS		
Intangible assets	59	69
Tangible assets	70,265	50,268
Investments	0	0
CURRENT ASSET	70,324	50,337
Stocks and work in progress	3,159	2,393
Debtors	5,375	3,052
Investments	0	0
Cash at bank and in hand	106_	106
	8,640	5,551
CDEDITORS. Amounts folling due within		
CREDITORS: Amounts falling due within one year	(9,863)	(6,548)
, and the second se	<u> </u>	
NET CURRENT ASSETS (LIABILITIES)	(1,223)	(997)
TOTAL ASSETS LESS CURRENT LIABILITIES	69,101	49,340
CREDITORS: Amounts falling due after more		
than one year	0	0
PROVISIONS FOR LIABILITIES AND CHARGES	(121)	(484)
TOTAL ASSETS EMPLOYED	68,980	48,856
FINANCED BY:		
TA VDAVEDC: FOLLITY		
TAXPAYERS' EQUITY Public dividend capital	53,919	35,496
Revaluation reserve	10,960	10,061
Donated asset reserve	1,540	715
Government grant reserve	0	0
Other reserves	(23)	0
Income and expenditure reserve	2,584	2,584
TOTAL TAXPAYERS EQUITY	68,980	48,856

Mike Bone Chief Executive 6th July 2006

#### Cash Flow Statement for the Year Ended 31 March 2006

	2005/06 £000	2004/05 £000
OPERATING ACTIVITIES  Net cash inflow (outflow) from operating activities	2,345	3,492
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE: Interest received Interest paid Interest element of finance leases	73 0 0	92 0 0
Net cash inflow (outflow) from returns on investments and servicing of finance	73	92
CAPITAL EXPENDITURE  (Payments) to acquire tangible fixed assets Receipts from sale of tangible fixed assets (Payments) to acquire intangible assets Receipts from sale of intangible assets (Payments to acquire)/receipts from sale of fixed asset investments	(18,846) 0 (13) 0	(14,614) 0 (5) 0
Net cash inflow (outflow) from capital expenditure	(18,859)	(14,619)
DIVIDENDS PAID	(1,982)	(1,456)
Net cash inflow (outflow) before management of liquid resources and financing	(18,423)	(12,491)
MANAGEMENT OF LIQUID RESOURCES (Purchase) of current asset investments Sale of current asset investments	0 0	0 0
Net cash inflow (outflow) from management of liquid resources	0	0
Net cash inflow (outflow) before financing	(18,423)	(12,491)
FINANCING Public dividend capital received Public dividend capital repaid (not previously accrued) Public dividend capital repaid (accrued in prior period) Loans received Loans repaid Other capital receipts Capital element of finance lease rental payments Cash transferred (to)/from other NHS bodies	18,423 0 0 0 0 0 0 0	12,304 0 0 0 0 187 0
Net cash inflow (outflow) from financing	18,423	12,491
Increase/(decrease) in cash	0	0

### Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2006

	2005/06 £000	2004/05 £000
Surplus (deficit) for the financial year before dividend payments	1,982	1,456
Fixed asset impairment losses	0	0
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	1,046	1,644
Increases in the donated asset and governme grant reserve due to receipt of donated and government grant financed assets	nt 692	50
Reductions in the donated asset and governing grant reserve due to the depreciation, impairment and disposal of donated and government grant financed assets	nent (14)	(146)
Defined benefit scheme actuarial gains/(losse	s) 0	0
Additions/(reductions) in "other reserves"	(23)	0
Total recognised gains and losses for the financial year	3,683	3,004
Prior period adjustment	0	0
Total gains and losses recognised in the financial year	3,683	3,004

## Remuneration Report eration

The Remuneration committee has delegated authority from the Trust Board to decide on all matters relating to the terms of employment and remuneration for Executive Directors and senior managers within the Trust.

In the context of the remuneration policy the term "senior manager" means Executive Directors, their deputies and managers who report directly to the Chief Executive.

All Non-executive Directors are members of the committee (one of whom is appointed by the Committee as Chairman), including the Trust Board Chairman.

The Chief Executive is a member of the Committee except when any matters are being decided which relate to the terms of employment or remuneration for the position of Chief Executive. Four Non executive Directors form a quorum.

The Committee will meet at least once during each financial year.

The Remuneration Committee decides on changes to the remuneration of the Chief Executive on the advice of the Trust Board Chairman. Account is taken of any advice issued by the Department of Health on the increase in remuneration for senior NHS managers. The Chief Executive makes recommendations to the Committee on changes to the remuneration of other Executive Directors and attends meetings of the Committee when this is being discussed. No changes are made to the remuneration of Executive Directors without such changes being agreed by the Committee. Executive Directors have delegated authority to decide on changes to the remuneration of other senior managers within the framework set by the Committee.

The Chairman of the Trust agrees annual personal objectives with the Chief Executive and monitors progress in meeting objectives throughout the year. The Chief Executive in turn agrees objectives for other Executive Directors. An assessment on how each senior manager performed in meeting their objectives is presented to the Committee when considering changes to the officer's remuneration. The same process takes place when Executive Directors are reviewing the remuneration for other senior managers.

The Committee receives benchmarking information on NHS remuneration and at its own discretion makes whatever enquiries it may feel appropriate from other organisations.

The CTC does not have a performance related pay component of its remuneration package for senior managers or any other employee of the Trust. The only additional benefit that has been agreed for Executive Directors is an allowance towards the cost of a lease car. The value of the allowance is reviewed at the discretion of the Committee. Based on the outcome of annual performance reviews and changes in levels of responsibility the committee may decide to increase a manager's remuneration above the average increase for other managers.

All senior managers are given substantive contracts on appointment. The starting salary is set in accordance with the above process for considering revisions to remuneration.

The notice period for a senior manager is 3 months on both sides. Should the Trust decide to terminate the contract of employment of a senior manager the minimum payment that would be made would be equivalent to the remuneration for the notice period, including where appropriate any lease car allowance. The Committee at its discretion can decide to pay an increased termination payment to a manager where this is considered appropriate considering any particular circumstances that may apply in each case. Appropriate legal and audit advice would be obtained in such circumstances.

There have been no significant awards made to past senior managers in 2005/06.

Mike Bone Chief Executive

#### Note 1 Management and Administration Costs

The Management costs of the Trust were £3,778,000 (2,993,000 in 2004/05) and amounted to 4.9% of Trust Income (4.1% in 2004/2005)

Note 2 Salary and other remuneration of Senior Managers

Name and Title	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Benefits in kind (bands of £5000)
2005/06			
M Bone - Chief Executive	95-100	0-5	0
A Soorae - <i>Medical Director</i>	25-30	155-160	0
G Russell - Deputy Medical Director	10-15	150-155	0
M Simmonds - Director of Finance	70-75	0-5	0
M Fitzsimmons - <i>Chairman</i>	15-20	0-5	0
Walters - Director of Nursing	65-70	0-5	0
Acres - Non- Executive Director	5-10	0-5	0
Brown - Non Executive Director	5-10	0-5	0
Firby - Non Executive Director	5-10	0-5	0
Jones - Non Executive Director	5-10	0-5	0
Barrow - Director of HR	60-65	0-5	0
( Halligan - <i>Non Executive Director</i>	5-10	0-5	0
2004/05	00.05	0	0
M Bone - Chief Executive	90-95	0	0
C Hind - Medical Director	10-15	65-70	0
A Soorae - Medical Director	15-20	195-200	0
G Russell - Deputy Medical Director	0-5	155-160	0
Ferguson - Director of Nursing	0-5	0	0
M Simmonds - Director of Finance	65-70	0	0
G Wallwork - Non-Executive Director	0-5 0-5	0	0
N Williams - Non-Executive Director	0-5 0-5	0	0
Barton - Non-Executive Director  Director  Director	0-5	0	0
Mason - Non-Executive Director	0-5 0-5	0	0
M Cantwell - Non-Executive Director	0-5	0	0
M Fitzsimmons - Chairman		0	0
	15-20 50-55	0	0
Walters - Director of Nursing *  Acres - Non- Executive Director *****	0-5	0	0
Beacham - Non Executive Director **	0-5	0	0
Brown - Non Executive Director ****	0-5	0	0
P Firby - Non Executive Director *****	0-5	0	0
Guy - Non Executive Director *****	0-5 0-5	0	0
Jones - Non Executive Director *****	0-5 0-5	0	0
E Powell - Non Executive Director **	0-5	0	0
	0-0	U	U

- \* J Walters came into post on 14.06.04
- \*\* J Beacham & E Powell came into post on 27.10.04
- \*\*\* A Soorae took Medical Directors post and G Russell came into post on 24.11.04
- \*\*\*\* B Barrow came into post on 01.12.04
- \*\*\*\*\* P Acres, J Brown, P Firby, F Guy and S Jones came into post on 01.03.05

#### Note 3 Pension entitlements of senior managers

#### **B)** Pension Benefits

Name and title	Real increase in pension and related lump sum at age 60 (bands of £2500) £000	Total accrued pension and related lump at age 60 at 31 March 2006 (bands of £5000)	Cash Equivalent Transfer Value at 31 March 2006 £000	Cash Equivalent Transfer Value at 31 March 2005 £000	Real Increase in Cash Equivalent Transfer Value £000	Employers Contribution to Stakeholder Pension  To nearest £100
B Barrrow Director of Human Resources	2.5 - 5	40 - 45	107	88	12	0
M Bone Chief Executive	10 - 12.5	135 - 140	536	468	40	0
S Ferguson  Director of Nursing				180		0
C Hind <i>Medical Director</i>				628		0
G Russell Deputy Medical Director	15 - 17.5	135 - 140	506	424	50	0
M Simmonds Director of Finance	7.5 - 10	90 - 95	316	269*	29	0
A Soorae Medical Director	30 - 32.5	245 - 250	No CETV	No CETV	No CETV	0
J Walters Director of Nursing	7.5 - 10	65 - 70	209	168	26	0

<sup>\*</sup> As at 31 March 2005 CETV was reported as 382. This was an error by pensions agency and should have been 269.

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

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.

#### Note 4 Capital cost absorption rate

The trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets.

Prior to 2003/04, the cost of capital rate was 6% of average relevant net assets. However, funding of NHS commisioners was changed at the time of change of the rate in such a way that the ability to meet the target was unaffected.

	2005/06 £000s	2004/05 £000s
Trust Debt Remuneration	1,982	1,456
Average Relevant Net Assets	57,719	40,806
Rate of Return	3.4%	3.6%

#### Note 5 Breakeven Performance

The retained surplus for the year is £0 (2004/05 £0)

#### Note 6 Better Payment Practice Code - measure of compliance

The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

	2005/06		2004/05	
	Number	£000	Number	£000
Total bills paid in the year	25,096	51,181	18,390	27,031
Total bills paid within target	20,813	47,754	16,954	25,024
Percentage of bills paid within target	82.9%	93.3%	92.2%	92.6%

#### Note 7 External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2005/06 £000	2004/05 £000
External financing limit	18,423	12,304
Cash flow financing	18,423	12,491
Finance leases taken out in the year	0	0
Other capital receipts	0	(187)
External financing requirement	18,423	12,304
Undershoot (overshoot)	0	0

#### **Note 8 Five Year Financial Summary**

The results of the Trust	2005/06 £000	2004/05 £000	2003/04 £000	2002/03 £000	2001/02 £000
Total Income	77,807	71,056	62,306	58,283	48,315
Surplus for the Financial Year before dividend payments.	1,982	1456	988	1683	1480

#### **Note 9 Related Party Transactions**

The Cardiothoracic Centre - Liverpool NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with The Cardiothoracic Centre - Liverpool NHS Trust. One of our associate directors is married to a director of Cheshire West PCT. The income from this PCT was £12.2 million in 2005/6. Neither party has had any involvement in the commissioning process.

The Department of Health is regarded as a related party. During the year, The Cardiothoracic Centre - Liverpool NHS Trust has 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:

Central Liverpool PCT, North Liverpool PCT, South Liverpool PCT, South Sefton PCT, Bebington & West Wirral PCT, Warrington PCT, Cheshire West PCT, Halton PCT, Birkenhead & Wallasey PCT, Ellesmere Port & Neston PCT, St Helens PCT, Knowsley PCT, Southport & Formby PCT, West Lancashire PCT, Central Cheshire PCT, Ashton Wigan & Leigh PCT, Bolton PCT and the Welsh Commission, the NHS Litigation Authority, the NHS Logistics Authority, Royal Liverpool & Broadgreen University Hospitals NHS Trust, Royal Liverpool Children's Hospital NHS Trust and Mersey Regional Ambulance Service NHS Trust

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies, for example Liverpool University.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the Trustees for which are also members of the NHS Trust Board.

#### **Note 10 Auditors Fees**

Fees paid to the Auditors were solely in respect of audit services and totalled £117.000.

