



*formerly The Cardiothoracic Centre*

*... now Liverpool Heart and Chest Hospital*

**Best  
Performing Hospital**  
in the country for  
**Overall Patient  
Care** (2006 and 2007)

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We hope that you find the information contained within our Annual Report useful and thank you for your interest in our hospital.

This document can also be provided in other formats and/or languages.

If you have any comments about this annual report then please write to us at:

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Visit our website on: [www.lhch.nhs.uk](http://www.lhch.nhs.uk)



## Mission Statement


The Trust is committed to providing every patient with a first class patient experience in a clean, safe, friendly environment.

Our staff will:

- Treat every patient with dignity and respect
- Listen to, and respond to, individual patient's need in a timely manner
- Provide safe, high quality nursing care and treatment as a matter of course
- Involve patients in their care and treatment by giving them the information they need to make informed decisions

We want every patient - every day - to receive high quality care. If you feel that we can improve our service please speak to the nurse in charge or Matron.

Raj Jain  
Chief Executive  
on behalf of the Trust Board

Liverpool Heart and Chest Hospital 

NHS Trust

# Chairman's Welcome Message



It is my pleasure to introduce our Trust's seventeenth Annual Report.

This year is my second term as Chairman of the Trust and I am pleased to report that the past twelve months have been a very important year in the future of our hospital and the services we provide.

There have been a number of changes to the Trust Board. In October 2007 Mike Bone retired after 10 years as Chief Executive. I would like to take this opportunity to publicly thank Mike for his direction in taking the Trust forward during his tenure and for his vision throughout our hospital's site development. The project has transformed facilities and the environment for our patients, staff and the general public. On behalf of the Trust I wish Mike a very happy and successful retirement.

The Trust would also like to record its thanks to Mr. Bob Chadwick for his efforts during his term as Interim Chief Executive and also to our Finance Director, Melanie Simmonds, who stepped in as Acting Chief Executive following Bob's return to The Pennine Acute Hospitals NHS Trust.

We offer a very warm welcome to our new Chief Executive, Raj Jain, who joined us from Salford Royal NHS Foundation Trust on 1st April 2008. Raj has brought with him an exceptional vitality and vision that will strengthen our position as a leading hospital for cardiothoracic care and I look forward to working with him as we aspire to achieve NHS Foundation Trust status and change the name of our hospital to "Liverpool Heart & Chest Hospital NHS Trust".

Neil Large was appointed Non Executive Director on 1st October 2007 and the Board said farewell to Ken Halligan who completed his term as Non Executive Director on 31st December 2007.

There is much to look forward to in the coming year as we strive to achieve NHS Foundation Trust status and we are excited by the opportunities that this autonomy will bring to further develop patient services across the region.

A lot of preparatory work has already been planned and staff and volunteers continue to receive regular briefings on our application. Our integrated business plan, which is the document that describes in detail our plans, how

we are going to achieve them, together with the governance arrangements of the Trust, will be formally submitted to the Strategic Health Authority & Department of Health in May 2008. We are hopeful that our application will be successful and we will become a Foundation Trust within the next twelve months.

Over many years our hospital has built up a unique partnership with our patients and we genuinely hope that as an NHS Foundation Trust this partnership will continue to grow from strength to strength. Membership of our Foundation Trust is a crucial element to our success and we welcome the involvement of our members who will have the opportunity to help us shape the future of our hospital by receiving regular information about the Trust, have a say in our future developments and take part in member events that we are planning throughout the region including North Wales.

On Valentine's Day 2008 our Trust successfully launched its "Get Engaged" campaign with the aim of recruiting additional members. Membership is free and anyone over the age of 16 can apply if they live in Merseyside, Cheshire, North Wales and the rest of England or Wales. Application forms can be downloaded via our website [www.lhch.nhs.uk](http://www.lhch.nhs.uk).

Much of our work goes unreported, however, our staff and volunteers have repeatedly enabled the Trust to achieve all of its key targets for which the Board and Executive Team are extremely grateful. This year we have once again received exceptionally high marks in the Healthcare Commission's national inpatient survey 2007. For the second year in succession we have been rated the best performing hospital for overall patient care. The results indicate that our patients have great confidence in the specialist care we provide and the dignity with which we treat our patients.

As Chair of the Trust I would like to take this opportunity to thank our patients for completing this survey and for their continued loyalty towards our staff and the Trust. Above all we must express our profound thanks to our staff and volunteers who work tirelessly with a dedication that never ceases to amaze me. Thank you.

*Mark Fitzsimmons*

**Chairman**

# Chief Executive's Statement



This is my first Annual Report as Chief Executive of this Trust and it gives me great pleasure to outline the objectives we are setting out to attain during the next twelve months and, at the same time, reflect on the Trust's achievements during 2007/08. I hope this Annual Report captures the essence of the specialist services that we provide to our patients including our aspirations for the future.

My initial impression of this Trust is that of a hospital that is in good shape, financially sound, but with a determination to excel further. More importantly, the Trust has the ability to stand back and be self-critical, which is a vital quality if it is going to explore the areas where improvements are needed.

I am inspired by the Trust's excellent reputation and clinical quality, which again places us as one of the top performing hospitals in the country. The 2007 Inpatient Survey conducted by the Healthcare Commission praised our staff for the exceptional care and dignity patients receive. It is quite an achievement that, for the second year in succession, our Trust has been placed the top performing hospital in the country for "overall patient care". This continued measure of success is attributable to the enormous talent and dedication of staff and volunteers working at the Trust and their efforts are applauded by the Board and Executive Team.

The 2007 performance ratings once again saw the Trust score "Good" for both quality of services and use of resources. In addition to this, we have also had encouraging results for the Trust's infection prevention and control. The number of patients who have acquired MRSA within the Trust has fallen over the past two years and the number of cases of Clostridium Difficile has also fallen to the lowest levels recorded in the past twelve months. I must record my congratulations to all the staff involved in achieving this reduction and for their good practices which have also earned the Trust a commendation from the Department of Health. Tackling this issue will remain a top priority for every member of staff within the Trust and I promise that patient safety, together with quality of the patient experience, will remain at the heart of everything we do.

On page 6 of this report we highlight our performance for clinical quality against the standards for better health and I am

pleased to advise that the Trust has, once again, achieved all its key national targets including financial balance for a successive 17th year.

The Board and Executive Team appreciate that staff are already delivering care that is considered excellent, however we are hugely ambitious. Our goal is to further dramatically improve the safety of care that we provide to our patients by delivering unprecedented levels of quality and patient safety. This is a goal that will be achieved over a 3 year period but, in this first year, we plan to work with staff, patients and other partners to put in place the infrastructure we need to achieve this ambition.

In his welcome message our Chairman has alluded to our application for NHS Foundation Trust status which is on target for completion in the next twelve months. The Board and Executive Team appreciate that staff have been challenged during the past year as they have been required to adopt different working practices, however, the Board and Executive Team are fully committed to ensuring staff satisfaction and I am confident that we can build on this teamwork and further develop our reputation as one of the best hospitals in the NHS.

The year ahead is both exciting and promising as our plans to change the name of this hospital come into fruition in 2008. Our future as "Liverpool Heart and Chest Hospital NHS Trust" is a significant step and I am delighted to be a part of this development alongside our dedicated staff and volunteers.

In closing I would like to congratulate the NHS as it celebrates its 60th Anniversary in July 2008. Healthcare and the NHS have come a long way since 1948 and it is now the fourth largest employer in the world. Thanks to research, patients are living longer than they did before the creation of the NHS and we plan to celebrate this unique occasion by holding a number of events throughout the year showcasing our services for the benefit of our patients, staff and the general public.

*Raj Jain*  
Chief Executive

# Liverpool Heart and Chest Hospital - your hospital of choice

## Who are we?

Liverpool Heart and Chest Hospital - NHS Trust is a tertiary referral centre providing specialist services in cardiac and thoracic surgery, cardiology and respiratory medicine and is now one of the largest specialist heart and chest hospitals in the United Kingdom.

## Who do we treat?

The Trust serves an adult population of over 2.8 million and the geographical catchment area encompasses Merseyside, Lancashire, Cheshire, North Wales and the Isle of Man. However, as a tertiary referral hospital our patients come from all over the UK, not just from our regional areas.

## Why choose our hospital?

- We are the largest single sited specialist cardiothoracic hospital in the UK
- Our staff are experts in the treatment of heart and lung disease.
- The Trust was commended by the Department of Health in December 2007 for good practice against infection prevention. In addition to this, the number of patients who have acquired MRSA within the Trust has fallen over the last two years and the number of patients with Clostridium Difficile has also fallen this year to the lowest levels recorded.
- Hospital food has achieved an 'excellent' rating within the Liverpool Heart and Chest Hospital in the Patient Environment Action Team (PEAT) inspections over the past two years. In addition to this the Trust has also achieved 'Excellent' for hospital cleanliness in the annual PEAT inspection.
- Following the recent major site development programme, which brought a new state of the art

Critical Care Unit with over 40 beds, Outpatients, ECG and Pulmonary Function departments, the Trust continues to upgrade wards and departments throughout the Trust to improve facilities for the benefit of our patients.

- The Trust's Radiology department boasts an MRI scanner, sixty-four slice CT scanner and has invested in an electronic Patient Archive System which stores X-Ray images on the computer network, dramatically reducing diagnostic waiting times.
- The Trust has eight operating theatres, one pacing theatre, endoscopy room and six cardiac catheter laboratories.  
This includes one brand new state of the art hybrid theatre which is used for the treatment of aneurysms of the aorta, part of the service development scheme for the treatment of this group of patients. The operating theatre boasts a Philips FD 20 Allura - an imaging system specifically designed for use in the most complex of procedures. This imaging system is the very first in the UK to be sited within a theatre environment and offers totally sterile conditions.
- Robert Owen House provides hotel style accommodation for the relatives of patients undergoing treatment at the hospital.
- There is a two-deck car park which provides an additional 350 spaces on site and a courtesy minibus service which transports patients and visitors around the hospital site.

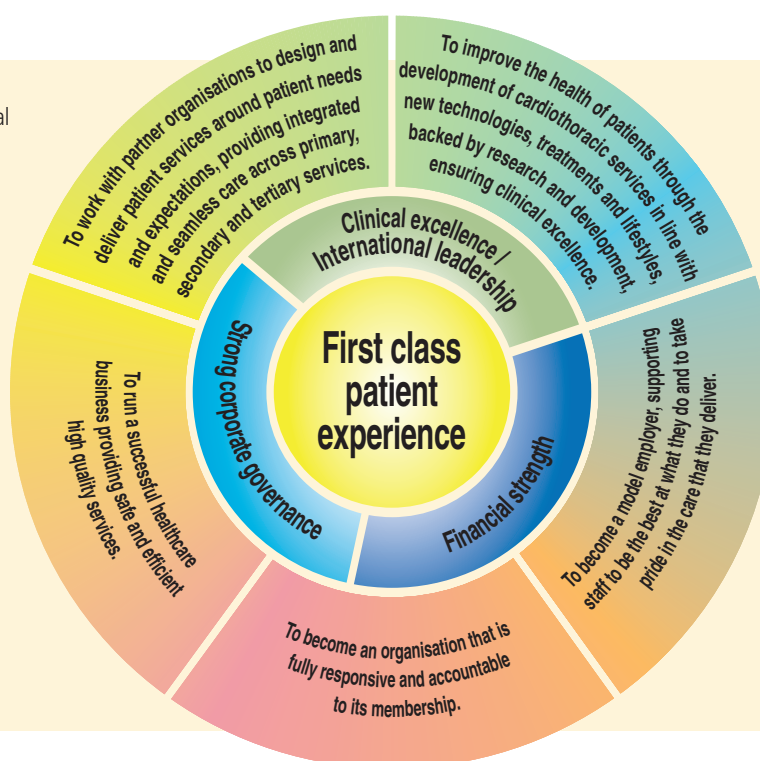
'From the time I entered the hospital I was treated courteously and in a relaxed manner, putting me completely at ease'

LHCH Patient



# Our Vision and Strategy

The Trust's vision is to be a national and international leader in cardiothoracic care, delivering clinical excellence and a first class patient experience



## A summary of how we are performing

Performance Overview 2007/08	
Quality of Services (2007 Performance rating)	Good
Use of Resources (2007 Performance rating)	Good
Full compliance for Standards for Better Health	✓
Treating patients with dignity and respect	Excellent (PEAT assessment)
Cleanliness of the Hospital	Excellent (PEAT assessment)
No more than 12 MRSA infections per year	✓
Access waiting times for inpatients and outpatients	✓
Cancer referrals seen within two weeks	✓
Continued compliance National Institute for Health and Clinical Excellence (NICE) guidelines	✓
Continued compliance with the National Service Framework for Coronary Heart Disease	✓
The development of assurance systems for reporting compliance with the 'Standards for Better Health' core and developmental standards	✓
Patient satisfaction	✓
Full Compliance with the Freedom of Information Act 2000 (KF)	✓

# The Year in Review

## April 2007

A new Catheter Laboratory suite became operational at the Trust.

This state of the art facility has increased Trust capacity and our ability to deliver additional emergency procedures.

## May 2007

National Nurses Day was celebrated throughout the Trust in May and our nurses were thanked for their hard work and dedication over the past twelve months.

## June 2007

Health Minister, Andy Burnham publicly praised the Trust's new facilities as 'world class'.

The Trust hosted the 2nd Aortic Surgery Symposium, an international showcase on the management of aortic aneurysms. The event saw national and international experts provide relevant and contemporary reviews of the latest developments in this exciting field.

The Trust held its 7th Annual Volunteers Day to acknowledge and thank all of our volunteers for their contributions to the Trust on a daily basis.

## July 2007

The extension to Robert Owen House, which now can accommodate up to 30 people, was officially opened by Professor Emeritus Robert Owen on 3rd July. The Archbishop of Liverpool, The Most Reverend Patrick Kelly, also visited the Trust on this day and was in attendance at the official opening, to add his blessing to the occasion.

For more details on the Trust's relatives accommodation please see the Patient Support Services section.

Mr. Gerard Houllier, Ex Liverpool FC Manager returned to the Trust to officially open Theatre B, a new state of the art operating theatre used for the treatment of aneurysms of the aorta at the hospital, part of the service development scheme for this group of patients.

## August 2007

As part of the Trust's Public Health strategy a 'Raleigh' bus was brought on the hospital site to encourage members of staff to improve their personal health and reduce carbon emissions by using a bike as an alternative method of transport.

## September 2007

Following the Bentley Drivers Club's fundraising rally event held in July in aid of the Trust's Merseybeat Appeal. Bentley drivers returned to the Trust to present a cheque for a staggering £33,000 for the Appeal. Further details on the Trust's Fundraising activities can be found in the Fundraising section of this annual report.

At the Trust's Annual General Meeting, Mike Bone, Chief Executive announced his retirement following ten years of service.

## October 2007

The Trust's new Admissions & Discharge Lounge became operational in October 2007. All admissions to the Trust now report to this facility and are booked in by Patient Services personnel.

This Lounge provides a safe, pleasant and comfortable environment for patients and their carers to wait until a bed on the appropriate ward is available or until they are able to go home.

The Trust received Good for 'Quality of Services' and Good for 'Use of Resources' in the annual Healthcare Commission performance ratings.

An extended table top exercise to support emergency planning was held this month. The aim of the exercise is to reinforce Trust plans and preparation with staff should a major incident occur. Preparedness for major incidents, such as pandemic 'flu, remains a top priority for the Trust. The Trust is fully compliant with the requirements of the NHS Emergency Planning Guidance 2005.

## November 2007

The Trust launched the new hospital website [www.lhch.nhs.uk](http://www.lhch.nhs.uk) for the benefit of our patients, staff and the general public.

The Trust's 3rd Annual Staff Awards & Christmas Party was held on 30th November at the Britannia Adelphi Hotel, Liverpool. The Trust was delighted to welcome the Lord Mayor of Liverpool and Lady Mayoress and distinguished guests Peter Kilfoyle M.P and Alastair Machray, Editor of The Liverpool Echo to share the occasion. Full details on the Staff Awards scheme and the winning categories can be found in the Human Resources and Organisational Development section of this publication.

## December 2007

Raj Jain, Chief Executive was appointed as Chief Executive of Liverpool Heart and Chest Hospital NHS Trust.

The Department of Health, on invitation by the Trust, visited the hospital and commended the Trust for good practice for infection prevention.

# The Year in Review (continued)

## January 2008

The Trust welcomed Pharmacists from Osaka University, Japan to see first hand how patient outcomes can be improved by successful integration of the clinical pharmacist into the multi disciplinary team.

## February 2008

Liverpool Actor and Comedian, Ricky Tomlinson held a 'By Pass' show at the Liverpool Empire theatre to raise awareness of heart disease and funds for the Trust's Merseybeat Appeal. The show included performances from Gerry Marsden, Johnnie Casson, Duncan

Norvelle, Liz McClarnon, Roy Walker and raised £18,000 for the Appeal.

As part of the Trust's application to achieve Foundation Trust status, the 'Get Engaged' campaign was launched on Valentine's Day to encourage our patients, staff and the general public to become a member of our Foundation Trust.

The Trust launched a discharge advice line 0151 600 1056 which is available Monday - Friday, 8.00am - 4.00pm for patients who would like advice following their treatment and discharge from hospital

## March 2008

Doreen Russell, Pulmonary Function Manager at the Trust was named as one of seven finalists in the Working Families national 'Britain's Best Boss' awards.

The Trust completed the 'deep clean' programme meeting national deadlines.

Work on the Trust's new aseptic suite in the Pharmacy department neared completion. This facility allows the preparation of injections, pain relief infusions and other medicines for patients on site in a completely sterile environment.

## Working towards Foundation Trust Status

Throughout 2007/2008 the Trust has continued to focus on its preparation long term to become an NHS Foundation Trust Hospital. The Integrated Business Plan and Financial Model were further developed and approval was received from the North West Strategic Health Authority (SHA) to submit our application in Wave 9. Assessment by the SHA commenced in January 2008 and formal submission will be made in May 2008.

As an NHS Foundation Trust, we will remain fully within the NHS and committed to the core principles of providing care according to need and free at the point of delivery. The Healthcare Commission will continue to inspect the Trust for compliance with healthcare standards and targets and will be overseen by an independent regulator called Monitor. However, the Trust will have far greater autonomy to manage its financial affairs and will have greater freedom to develop services that are designed to meet the needs of our patient population.

For the second year running the Trust has maintained an overall score in the Healthcare Commission's Annual Performance Ratings (2007) of:

**'Good' for Quality of Services**

**'Good' for Use of Resources**

These results confirm that the Trust continues to provide good quality services and effective management of financial resources. Both of which mean it is ideally placed to be a strong and successful Foundation Trust in 2008.

### Membership Recruitment

Valentine's Day 2008 saw the successful launch of the Trust's 'Get Engaged' campaign when patients, relatives, carers and the general public were invited to 'Get Engaged' and become a member of the hospital's future Foundation Trust. Promotional material was displayed throughout the hospital and members of staff were on hand in the Trust's Outpatients department to provide information on Foundation Trust status and membership.

A number of targeted recruitment activities have taken place throughout the region to achieve a growth in membership. In particular, efforts have been made to increase membership in Cheshire and North Wales to ensure appropriate representation throughout all of the Trust's catchment areas.



### Membership Engagement

As an NHS Foundation Trust it is important that we ensure regular engagement with our members. The first members' newsletter was sent out in December 2007 in order to update members on the Trust's progress towards Foundation Trust status. Newsletters will continue to be sent on a twice yearly basis.

Members can also access up to date information on the Trust's progress towards Foundation Trust status via the website [www.lhch.nhs.uk](http://www.lhch.nhs.uk).

### Council of Members

As a Foundation Trust, the hospital will be required to establish a Council of Members. This will consist of the following:

To date all of the 7 non-elected members have been nominated and it is hoped to commence staff and public elections towards the end of 2008.

Constituency	Number
<b>Public Constituency - Elected Council Members</b>	
Merseyside	6
Cheshire	4
North Wales	3
Rest of England and Wales	1
<b>Total</b>	<b>14</b>
<b>Staff Constituency - Elected Council Members</b>	
Nurses	2
Non-clinical	2
Allied Health Professionals, scientific, technical	1
Medical	1
<b>Total</b>	<b>6</b>
<b>Nominated Council Members</b>	
Primary Care Trust (Liverpool PCT)	1
Liverpool City Council	1
English Specialist commissioners (North West Specialist Commissioning Team)	1
Welsh Specialist Commissioners	1
Local University (Liverpool John Moores University)	1
Charitable organisation (Cystic Fibrosis Trust)	1
Voluntary organisation	1
<b>Total</b>	<b>7</b>
<b>GRAND TOTAL</b>	<b>27</b>

'Liverpool Heart and Chest Hospital is without doubt a centre of excellence in Europe and beyond'

*LHCH Patient*

## Patient Support Services

The Patient Support Services Department incorporates the following:

- Patient Advice & Liaison Service (PALS)
- Complaints Service
- Patient & Public Involvement
- Production and co-ordination of patient information
- Co-ordination of hospital volunteers

The service has built on good practice currently taking place within the Trust and aims to provide patients, their relatives and carers with the opportunity to influence every level of service delivery.

As highlighted in the below table, in 2007/08 the PALS team saw an 86% rise in the number of miscellaneous enquiries received compared with those received last year. In addition to this the department encouragingly saw a 15% reduction in the number of complaints

# Patient Support Services (continued)

Number of PALS miscellaneous enquiries received in 2006/07	Number of PALS miscellaneous enquiries received in 2007/08	Formal Complaints received in 2006/07	Formal Complaints received in 2007/08
508	867	71	61

Swift action by the PALS team often leads to resolution of people's problems, without them having to go through the complex formal complaints procedure. 200 PALS enquiries received could potentially have led to a formal complaint, but the effective and efficient use of the PALS service has effectively resolved the concerns before reaching this level.

## Improvements made as a result of complaints/concerns raised through the PALS team

- Improved signposting
- Review of all admission and appointment letters
- Action plan drawn up for deaf/blind patients
- Extended hours for Courtesy bus - now operates 8am- noon 1pm - 6pm
- Reviewed patient information to include multi-lingual box on all leaflets of most popular requested languages in past two years
- Reviewed Discharge information all available in large print and on yellow paper
- Trial of Vocera voice activation bleeps within the medical team
- Implementation of a new discharge team to review processes and communication relating to discharge, district nurse liaison and to improve communication
- Immediate actions to issues raised to improve patient comfort and safety
- Introduction of a 'storyboard' for patients with learning difficulties coming in for cardiac surgery.
- Co-ordination of meetings with consultants and recently bereaved relatives to provide an opportunity for relatives to ask any questions about the care provided, and to ensure they have no unresolved questions or concerns

'Very professional, nothing too much trouble, very friendly which is a great comfort and I noticed all staff continually cleaning their hands. You do not need to improve as you are at a perfect level!'

*LHCH Patient*

## Patient Information

Our wide range of patient information leaflets continues to develop with additional leaflets now available. Work continues to update leaflets and, after review, these are placed on the Trust's website [www.lhch.nhs.uk](http://www.lhch.nhs.uk).

All information continues to be reviewed by the lay-readers group prior to publication and the Patient Support Services team would like to thank the group for their continued help and support. Information can be made available in other languages and formats (e.g. large print or Braille) when requested.

## Patient and Public Involvement (PPI)

We continue to value the benefits of listening and responding to patients' experiences as part of their journey which acts as a mechanism to help us improve the way services are developed and delivered. We are looking forward to the implementation of LINKs (Local Involvement Network Support) in September 2008 which will replace the PPI Forum. The department has also facilitated several focus groups where ex-patients and carers are invited to the Trust to provide their views and opinions about the care and services provided here at Liverpool Heart and Chest Hospital.

In addition to this the Trust has:

- Recruited new volunteers including a dedicated volunteer to participate in patient satisfaction questionnaires
- Conducted patient and relative satisfaction surveys. We are hoping to achieve a greater than 75% - always meeting your expectations by 2007/2008

### Catering

The Trust continues to run a monthly nutritional group to ensure nutrition and quality is a high priority for the benefit of our patients. The Nutritional Group has strived to continuously make improvements and, for the past two years, has achieved 'excellent' in our PEAT ratings for hospital food. The group consists of the Catering Manager and Supervisor, Dieticians, Matrons, the Support Services Manager and patient representatives, who all focus on the nutritional well being of the patient. The group has resulted in the following:

- Regular food tasting sessions
- Receiving patient feedback
- Providing light lunches consisting of chef's home made soup, sandwich and dessert
- Protective meal times
- Implementing seasonal menu changes
- Extending the range of our soft diet, halal, puree, vegetarian and vegan menus

The Trust is committed to procuring food locally and works with the Heart of Mersey and Ground Force organisations to move ahead with our aims for sustainability

### Cleaning

The Trust has always had stringent deep clean controls in place and is completely committed to providing a clean and safe environment for our patients, staff and visitors.

In addition to this the Trust, in March 2008, met the national deadline for completing the deep clean programme.

### Relatives Accommodation

Robert Owen House provides hotel style accommodation for the relatives of patients undergoing treatment at the hospital and is often described by guests as a 'home from home' for relatives during this time.

In July 2007, an extension to the house was officially opened by Colwyn Bay's Professor Emeritus Robert Owen.

The extension has meant that the house can now accommodate up to 30 people and, because the house is conveniently situated close to the hospital's Critical Care Unit, relatives can be near to their loved ones during their stay in hospital. The most Reverend Patrick A. Kelly, Archbishop of Liverpool also visited the Trust on this day and was in attendance at the official opening to add his blessing to the occasion.

In addition to this the previously existing areas of the house have also undergone a complete refurbishment, which were completed in March 2008. This has included all bedrooms, bathrooms and communal areas receiving a face lift for the benefit of house residents.

The house is funded by the fundraising efforts of LHCH volunteers, patients and relatives including those from North Wales and the Isle of Man. Relatives interested in staying at Robert Owen House should contact Patient Services on 0151 600 1454.

### Our Volunteers

The Trust would like to thank all of our dedicated volunteers who have supported our hospital in various ways throughout 2007/08.

In summer 2007 the Trust held its 7th Annual Volunteers Day to acknowledge and thank all of our volunteers for their contributions to the Trust on a daily basis. This event offered our volunteers with the opportunity to meet with members of our Trust Board, tour new facilities and enjoy a delicious buffet prepared for the occasion.

The Trust continues to recruit new volunteers in various areas of the hospital. If you would like to become one of our valued volunteers then please contact the Trust's Patient Support Services Department on 0151 600 1257.

'Everyone treats you with courtesy and dignity and make you feel like you are the most important person in their life from the consultant to the lady who brings you tea and toast.'

*LHCH Patient*

# Human Resources and Organisational Development

The Trust regards its workforce as its most valuable resource and, acknowledges that it is through our staff that the Trust aspires to deliver its vision of first class patient care.

The Trust acknowledges that it has been a challenging year for staff with the emergence of a new organisational structure and the prospect of further challenges ahead as we continue our journey to becoming an NHS Foundation Trust.

## Key Achievements

### Equality and Diversity

The Trust is committed to ensuring that we will not discriminate against anyone on the basis of race, disability, gender - including transgender, age, sexual orientation, religion, belief, HIV status, caring responsibilities or any other relevant characteristics or need.

During 2007 the Trust reviewed its Single Equality Scheme and reporting mechanisms relating to Equality and Diversity. Following consultation of this scheme the Trust is due to publish the new Single Equality Scheme and Action Plan in April 2008. The Scheme has received national recognition from NHS Employers.

As part of the Single Equality Scheme action plan the Trust has delivered 'Equality Impact Assessment' training for all staff who are involved in writing policies and procedures. This training assists staff in examining their policies and procedures to ensure that there is no potential for discrimination against any particular (equality) group.

### Learning and Development

During the past year the Trust has strengthened systems to ensure that all staff receive the necessary mandatory training that will help to minimise risk to both patients and colleagues. This has included the development of an electronic mandatory training work booklet for non clinical staff groups via virtual learning which has proved highly effective.

The Trust was chosen as one of 10 national demonstrator sites by 'Skills for Health' to pilot the development of a 'Cardiothoracic Continuing Professional Development Framework'. The Trust is leading on this innovative design for flexible Continuous Professional Development based on 'Skills for Health' learning design principles and national occupational standards/workforce competences. The Trust has also introduced a university accredited work based learning module in collaboration with Liverpool John Moores University

which focuses on the development of management and leadership skills linked directly to the knowledge and skills framework (KSF).

Other achievements during 2007/8 include:

- Following the successful implementation of Electronic Staff Records (ESR) within timescales, further development of its functionalities has occurred. For example, the introduction of an electronic 'exit interviewing' process to capture vital information regarding staff retention.
- Continued successful partnership working which is demonstrated through recent organisational change and approved system for reviewing and consulting on Human Resources policies and procedures.
- Restructuring of the Human Resources (HR) Department to include the introduction of a Workforce Bureau to streamline and strengthen the transactional elements of HR processes including Recruitment & Selection
- Currently meeting targets, set by the European Working Time Directive (EWTD) for Junior Doctors, to ensure compliance and cost savings to the Trust.
- The robust and transparent review of key HR policies such as Managing Attendance and disciplinaries
- Further utilisation of NHS Jobs including on line short-listing



- The Trust held its Staff Awards event on Friday 30th November at the Britannia Adelphi Hotel in Liverpool City Centre. The event, which was in its third year, was introduced as part of the Creativity, Innovation and Recognition Awards scheme to recognise the many and varied ways in which our staff contribute to the Trust's services and high quality patient care. The following staff received awards in the categories listed:

The Unsung Hero Award	Ritchie Jankowski, Porter/Unison Representative
The Light Bulb Award	Surgery, Anaesthesia and Critical Care Directorate
The Bureaucracy Buster Award	Hospital Co-ordinators
The Lifetime Achievement Award	Carol Birch, Telecommunications Supervisor
Clinical Impact Award	Perfusion Team
Publication of the Year Award	Chris Bell, PR & Communications Manager and Jayne Coville, Nurse Practitioner
National Recognition Award	The multidisciplinary Cardiac Cath Lab Team
Best Supporting Colleague Award	Lily Jones, Admin Assistant, Physiotherapy
Best Supporting Manager Award	Doreen Russell, Pulmonary Function Manager
Team of the Year Award	MR Scanning Team

A Posthumous Award in memory of Dave Winsor, Estates Manager, who sadly died of cancer in 2007, was presented to Dave's widow and children at the Awards Ceremony.

'Throughout my stay I witnessed just what a caring team you have. The porters who took me to theatre were perfect. They sensed I was apprehensive and acted accordingly. What lovely gentlemen. The technician in the anaesthetic room treated me with dignity and fully explained what was happening. Again a kind and caring young man. The cheery 'tea lady', the efficient courteous and friendly cleaning staff, to the lovely young physiotherapist, the pain relief nurse and the whole nursing and medical staff are a perfect example of how a good team should work. How privileged I am to have been treated with such understanding and medical excellence.'

*LHCH Patient*



'Your medical teams change so many people's lives. Clearly miracles are performed as matter of routine in the theatres and in the Post Operative Critical Care Unit (POCCU)'

*LHCH Patient*

The Trust is actively working towards improving the quality of clinical care provided across all its dimensions. We aim to make the healthcare we deliver more:

- Safe, by minimising risk and harm to service users
- Timely, by ensuring access appropriate to clinical need
- Effective, by using treatments that are proven to work, resulting in improved health outcomes for individuals and communities
- Efficient, by getting the most out of the resources we have
- Equitable, by checking that what we do does not vary in quality because of personal characteristics such as age, gender, ethnicity, race, geographical location of socioeconomic status
- Patient centred, by taking into account the preferences and aspirations of our services users and the culture of their communities

The following milestones were achieved during 2007/2008:

- Development of a new clinical quality strategy designed to deliver real improvements in health outcomes for patients
- Participation in the national in-patient survey where results demonstrate year on year consistently high performance
- The development of a nurse led discharge process whose aim is to coordinate care, reduce length of stay and improve the experience of patients at the time they are ready to leave hospital.
- The achievement of a "good" rating for quality of services and a "good" rating for use of resources by the Healthcare Commission which placed our Hospital in the top 5% of performing hospitals in the country
- Achievement of all targets with respect to waiting times for patients
- Continued publication of the "Best Practice" newsletter, which keep staff up to date with improvements in care
- The development of patient focus groups designed to really understand the comments and concerns of patients regarding our services so that any necessary improvements may be made
- Significant changes in clinical practice as a result of clinical incidents reported
- The development of key quality indicators for every part of the service which are regularly monitored so that each may understand their contribution to our improvements in quality
- The conduct of safety walkabouts conducted by senior medical staff, which involve the discussion of issues directly with staff that are affecting the delivery of high quality, safe care
- Establishment of the Quality Improvement Service to facilitate staff training and empowerment together with the development, redesign and continuous improvement in the services that the Trust offers
- Compliance with those national institute for health and clinical excellence guidelines specific to the Trust's services
- The development of an integrated report that brings together the experiences from incidents reported, complaints and claims made against the Trust so that we may more effectively learn from when care has been suboptimal
- Continued compliance with the National Service Framework for Coronary Heart Disease
- The publication of Consultant specific performance rates following our major treatments for the reassurance of patients and the public
- Presentation of our service improvement work at national conferences so that other health care professionals may learn from our experiences
- Continued development of a quality improvement programme for cardiac interventions which involves colleagues from other tertiary centres, district general hospitals and primary care
- Implementation of a health promotion strategy which aims to improve the lifestyle of our patients, their carers, visitors and staff. This includes achievement of "Health Promoting Hospital" status, awarded by the World Health Organisation
- Working to achieve compliance with the National Service Framework for Older People, Diabetes and Renal services, as well as the Cancer Plan
- Continued development of assurance systems for reporting compliance for "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
- Improvement to the awareness of our patients about their rights to request a copy letter from their healthcare professional following their treatment
- Full involvement in work conducted by the Cardiac, Cancer and Critical Care Networks for the benefit of all patients with heart and chest disease in Cheshire & Merseyside

# Surgery, Anaesthesia and Critical Care Directorate

The Directorate has expanded this year to include the Physiotherapy and Infection Prevention departments. These support services are key aspects of surgical patient recovery and this move has provided more opportunities to improve the patient journey.

Modernisation work has taken place throughout the directorate to improve patient pathways, resulting in a further reduction in patient waiting times supporting the attainment of the 18 week referral to treatment target in March 2008. This has posed a real challenge due to complex cardiac pathways and further work will be undertaken towards the December 2008 target in the coming months.

The directorate has worked hard to reduce patient cancellations through the year and a 43% decrease from the previous year has been achieved. This needs to be improved further still in the coming year and is one of the key aims of the directorate.

The directorate continues to seek the views of patients and visitors through patient involvement in service delivery groups, matrons rounds, complaints and patient surveys. Information collected is used to improve the patient experience and the services we provide.

## Highlights

- A new hybrid theatre was officially opened in July 2007, enabling an expansion in the aneurysm service offering ground breaking surgery with percutaneous repair and stenting of aneurysms. The directorate has increased the level of activity for this procedure. In June 2007 the Trust hosted an international aortic symposium with live video link from this theatre over to Liverpool's Maritime Museum where the conference was taking place.
- Thoracic activity levels have increased this year with an additional 54 complex thoracic cases completed.
- Ward E moved into a newly refurbished acute ward facility in October 2007, which provides an enhanced patient environment with increased side room facilities.
- The directorate has seen the expansion of Upper Gastrointestinal Surgery over the last twelve months with an increase of 13 cases above the plan. This has involved surgeons from the Royal Liverpool & Broadgreen University Hospital Trust (RLBUHT) and North Cheshire Trusts transferring this aspect of surgery to the Trust and the appointment of a specialist nurse.
- In June the directorate implemented a new pathway for patients who experience a stroke during or after surgery, working closely with the RLBUHT stroke service. This has ensured earlier review by specialist stroke physicians, multi disciplinary team meetings, appointment of a stroke coordinator and faster access to stroke rehabilitation services.
- A business case for a pilot of open heart Atrial Fibrillation Ablation has been approved which will see a number of patients benefit from this procedure reducing the need for continued anti-coagulation.
- The patient admission and discharge process has been improved, assisting in reducing length of stay for patients resulting in positive patient feedback. This has been supported by the opening of an admissions and discharge lounge.
- The discharge process has been further supported with the implementation of nurse led discharge and the introduction of a discharge team. Both of these initiatives have contributed to decreasing the length of stay of surgical patients.
- The discharge team have introduced a post discharge helpline for patients who have any queries after they have left hospital.
- A deep clean exercise has been completed throughout the directorate and infection prevention targets for MRSA and clostridium difficile have been attained.
- Air handling units in two of the Trust's operating theatres have been upgraded, ensuring that the air flow continues to provide sterile conditions and support infection prevention.
- A number of improvements have been made as a result of root cause analysis of incidents and in response to comments and complaints. For example, the introduction of new discharge documentation, improvements to the discharge process and new checking processes for the use of hand gel dispensers.

'All staff from the surgeon, nurses and cleaners were full of humour and smiles. This made my stay so much easier and relaxing, which I believe, so much helped my recovery'

*LHCH Patient*

# Cardiology and Chest Medicine Directorate

The Directorate has expanded this year to include Radiology, Pulmonary Function, Cardiac Physiology and Non Clinical Support Services. This has increased the opportunities to work with both clinical and non clinical support staff to improve the patient's journey, in some cases reducing the number of hospital visits.

This year has seen a further reduction in waiting times and the directorate successfully achieved the national targets, over 85% of our admitted patients and over 90% of non admitted patients received their treatment within eighteen weeks of their initial referral. This challenging reduction has been the result of modernisation work; ensuring patient pathways are seamless and efficient driving the waiting times down whilst improving the patient experience.

'All in all my experience in the LHCH was a master class in patient care and I would be very grateful if you could convey my heartfelt gratitude and sincere thanks to all concerned, on behalf of my family and me.'

*LHCH Patient*

The directorate continues to be proactive in seeking the views of patients and visitors and responding to information we have received from matrons rounds, concerns and patient surveys.

## Highlights

- A new catheter lab was opened in April 2007. This state of the art facility has increased our capacity and our ability to deliver additional emergency procedures.

- A further increase in day case rates from 53% to 76% of all procedures has given the directorate the opportunity to rebase beds. The Trust's day case unit has expanded accordingly from 19 beds to 26.
- Ward staff continue their work on improving the environment for patients and we have sustained our good scores on our inspections. The cardiology wards, A and B, relocated for a period of time to allow an upgrade of the current facility. This new single cardiology and chest medicine ward will open in early April 2008 further improving the facilities for both patients and staff.
- Heart failure patients need to have their health measured at regular intervals. The Trust has successfully trialled a home monitoring system giving patients the benefit of having their implantable cardiac defibrillators devices checked at regular intervals from their home without the need for a hospital visit. The results of this are then downloaded by technical staff who will notify patients if there is any need for a follow up check with a hospital visit. The Trust received very positive feedback from the patients and consequently, this service has now been established and is offered to all appropriate patients giving them greater freedom by reducing the number of hospital visits that they are required to make.
- The Trust has further expanded echo services to allow direct access to general practitioners. This has reduced the waiting times for patients who require diagnostic investigations.
- The adult Cystic Fibrosis (CF) service continues to grow, with a further 25 patients welcomed as young adults in the last year. The clinic is recognised as a large specialist centre by the UK Cystic Fibrosis Trust, now caring for over 220 adults of all ages.
- The Rapid Access Lung Cancer Clinic continues to provide "state of the art" care for patients with suspected lung cancer and is the only service in Merseyside to provide a "one stop" diagnostic facility, with an excellent histological diagnosis rate of over 80% and the achievement of all cancer waiting time targets.  
In conjunction with thoracic surgical colleagues, the endobronchial stent service flourishes and plans are advanced to further improve the diagnostic rate with the introduction of endobronchial ultrasound.

- General chest medicine services for GPs in Liverpool and their clinics have become increasingly popular since the full implementation of Choose and Book.
- The diagnostic sleep service for obstructive sleep apnoea continues to attract large numbers of referrals. Most patients are now assessed in the community, speeding up the diagnostic process and releasing bed days. Funding has been secured to expand the service to include a treatment arm for Liverpool patients and this will be rolled out in 2008.
- A business case to assess patients who require supplemental oxygen has been approved by Liverpool Primary Care Trust and this service, which will require an expansion of the respiratory specialist nurse base with additional pulmonary physiology input, will commence in 2008.
- As well as carrying out a full range of pulmonary and oesophageal physiological tests, the Pulmonary Function department continues to support primary care colleagues with an award winning community based spirometry service, carrying out 6000 tests for almost 4000 patients in 7 clinics at 5 locations in Liverpool. Developments in 2008 include support for the oxygen titration service and the establishment of a sleep apnoea treatment service.
- The weekly interstitial lung disease clinic, the only such facility in Merseyside, has continued to expand.

## National and International Interest

The Trust has forged the following international links over the past twelve months:

- The Trust hosted an **International Aortic Symposium** in June 2007 on the management of aortic aneurysms. The event saw national and international experts provide relevant and contemporary reviews of the latest developments in this field. The symposium was the second bi-annual course of its kind and involved live operations taking place at the Trust and being projected via satellite link to Liverpool's Maritime Museum, where the conference took place.
- **Pharmacists from Osaka University**, Japan visited the Trust in January 2008 to find out more on the valuable role of the palliative care pharmacist and how patient outcomes can be improved by successful integration of the clinical pharmacist into the multi-disciplinary team. It is hoped that formal ties can be developed in the future to help with the implementation of the Liverpool End-of-Life Care Pathway.
- **Representatives from the Malaysian Heart Institute** visited the Trust in February 2008 to gain knowledge of the Trust wide processes in place here at Liverpool Heart and Chest Hospital. The Trust offers support, in partnership with Liverpool John Moores University, to the Malaysian Heart Institute with education packages in cardiothoracic nursing, technical cardiothoracic courses and mentorship.
- The Trust's **Cystic Fibrosis** unit has a very active research profile, presenting over 30 pieces of original research at International Cystic Fibrosis meetings in the US and Europe by the whole of the multidisciplinary team. Five full papers were also published, mainly on the impact of Cystic Fibrosis related diabetes and the important issue of cross infection prevention which the unit has pioneered in the past. Funding has just been secured for the appointment of a Clinical Research Fellow, with the aim of further enhancing research output.
- The **Lung Cancer unit** is very active in audit and research: over 20 papers have been presented at National and International meetings (both Europe and the USA) and an MD project looking at molecular markers in lung cancer nears completion.
- The Trust has considerable national and international interest in the field of **Tuberculosis** with lead clinicians from the Trust regularly visiting international countries to lecture and provide information and advice about Tuberculosis.
- The Trust's own **Red Dress Campaign** continues to work in partnership with the Heart Truth Campaign, USA to raise awareness of heart disease in women. The Trust's own Red Dress Campaign is a public awareness raising scheme and any funds generated are used for gender comparative research here at the Trust.

# Fundraising

The Trust's Merseybeat Appeal has been privileged to receive support from a wide range of events over the past twelve months that have in turn successfully raised the profile of the appeal.

## Highlights 2007 - 2008

### May 2007

Over 60 people put on their walking shoes for a 10 mile hike taking in the beautiful scenery around Hope Mountain in Flintshire.

### June 2007

The Appeal's 8th Annual Golf Day took place on Thursday 14th June at Formby Golf Club.

### July 2007

The Bentley Drivers Club organised a prestigious four day Rally from Liverpool to the Isle of Man involving 23 Vintage Bentleys and 1 Vintage Rolls Royce. The Rally and subsequent fundraising events raised a fantastic £35,000 for the Appeal.

### November 2007

A ladies lunch was held in November 2007 as part of the Trust's Red Dress Campaign to highlight that heart disease is the number one killer of women in the UK. Guests took away the message that with a few simple lifestyle changes the risks of developing heart disease can be significantly reduced.

Also in November, five intrepid supporters took on the challenge of cycling 600kms in 9 days through Vietnam and Cambodia. They averaged around 65km a day but were spurred on by knowing that every push of the pedal may prolong a life for heart patients. Organiser of the event, Michael Lee, said

*"My father suffered a stroke and had a number of heart attacks and we wanted to do something for the hospital's Merseybeat Appeal to show our appreciation and, at the same time, help others".*

### February 2008

Liverpool Actor and Comedian, Ricky Tomlinson, held a fantastic evening of music and laughter at the Liverpool Empire theatre. Ricky entitled his show 'The By Pass Show - the show with more by-passes than an AA Road Map'. Many of Ricky's friends from the world of show business came far and wide and gave their time to support the event. The show featured star names such as Gerry Marsden, Johnnie Casson, Duncan Norvelle, Liz McClarnon and Roy Walker to name but a few.

## Research

The second year of a four year programme of committed support from Peter Johnson, Chairman of the Johnson Foundation, commenced. The research project compares two alternative methods of improving blood supply to the heart in patients with narrowed arteries.

Funding received as a result of the Bentley Rally was put towards a project identified by our researchers of providing much needed evidence for changing clinical practice on the post operative management of Coronary Artery Bypass Graft (CABG) patients. Cardiac Surgeon, Mr Mike Poullis, is leading this innovative project. Mr Poullis said:

*"All patients undergoing coronary artery bypass graft surgery (CABG) require blood-thinning drugs to prevent blood clots from forming. The study will be the first to explore scientifically the merits of pre-operative testing for how the body reacts to blood thinners and prescribe the appropriate drugs. This study will therefore be hugely important in establishing treatment guidelines."*

## Legacy

The Merseybeat Appeal received £160,000 worth of income from legacies this year. This income allows us to plan vital research and fund a number of important research studies.

## In the Community

The appeal is always amazed and extremely grateful for the generosity shown by our patients, their friends and families who organise their own fundraising events to say thank you to the hospital for the care they have received.

## Our Thanks

Thank you to everyone for all the support given to the appeal over the past twelve months. With your help we are tackling some of the more difficult challenges facing cardiovascular medicine today, helping to prevent heart disease and to improve treatments for patients of the future.

More details on the Trust's Merseybeat Appeal, forthcoming fundraising events and how you can make a donation can be found on the Trust's website <http://www.lhch.nhs.uk/about-us/fundraising.asp>



# Research and Development (R&D)

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 Trust's strategy for R&D. Notable achievements included:

- The continued development of two research programmes in cardiovascular disease that the Trust has the lead for on behalf of other hospitals in the Merseyside & Cheshire area
- Twenty three non commercial studies approved, and £274k in non commercial grants awarded to researchers at the Trust with four studies awaiting external funding decisions
- The development of meaningful research collaborations with other Hospitals and Universities
- The award of a Doctor of Philosophy (PhD) thesis to a member of the Research Laboratory who studied the use of radiation in reducing the growth of cells that can lead to renarrowing of arteries after treatment
- Publication of our work in respected medical journals
- Continued implementation of the research governance framework
- Study of the inflammatory response that accompanies cardiac surgery and its reduction using alternative surgical techniques
- 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
- The conduct of a number of research projects in association with commercial partners
- 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



... now Liverpool Heart and Chest Hospital

formerly The Cardiothoracic Centre

# Investing in Our Website

Over the past twelve months the Trust has undertaken the complete re-design of the Trust website, re-writing site content to give a fresh overview of the Trust's services.

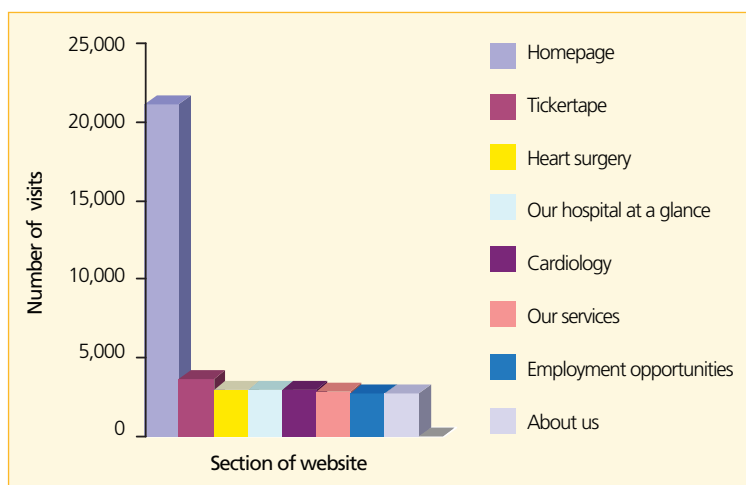
The new website, designed with our patients in mind, went 'live' on 1st November 2007 following consultation with Trust patient representatives and members of staff.

The website was created with the following in mind:

- Four clearly defined sections (About Us, Patients and Visitors, Our Services and Working for the Trust) to allow easy navigation throughout the site
- Useful, clear and concise text

The new website has been well received, however, we would welcome your views on the website and how you feel it could be improved. Please contact the PR & Communications office on 0151 600 1409/1410 or by emailing [webmaster2@lhch.nhs.uk](mailto:webmaster2@lhch.nhs.uk).

The Trust's PR & Communications office has the ability to view which pages on the website are viewed most frequently. Since the website has become live the following areas have been most popular:



In March 2008 the Trust website became Browsealoud friendly. Browsealoud reads web pages aloud for people who find it difficult to read online. Reading large amounts of text on screen can be difficult for those with literacy problems, many of whom have downloaded Browsealoud to their computer already. Therefore, the Trust's website content will be made accessible by a greater number of our patients, staff and the general public. More details on how Browsealoud can be downloaded on to your computer can be found on [www.browsealoud.com](http://www.browsealoud.com)

## Estates and Facilities

### Sustainable Development

The Corporate Citizen Self-Assessment Tool produced by the Sustainable Development Commission for the NHS assesses the current performance of Trusts in relation to the following six key areas: - transport, procurement, facilities management, employment and skills (human resources), community engagement and new buildings.

An NHS organisation is an important part of the local community. As good corporate citizens, active within the local community and engaged in local planning decisions through processes such as Local Strategic Partnerships, NHS organisations can help to improve the health of local people, promote social cohesion, regeneration and tackle health inequalities. Building sustainability provides healing environments and healthier workplaces that can enhance public health. It maximises the benefits the building can bring to the local community and economy by, for example, generating local jobs.

A high proportion of the Trust's scores which resulted from the completion of the self assessment tool exceeded the national average for the six key areas. The Trust is committed to embracing the sustainable development initiative and is looking to build upon this level of success to benefit patients, visitors, members of staff and the local community.

### Reducing Our Carbon Footprint

The Trust is strongly committed to reducing our carbon footprint and has developed an action plan to identify measures on how to improve the current energy consumption levels on the hospital site. This plan takes into account the fact that since the new build was brought into use in 2005/06 there has been an 83% increase in heated volume within the building. As part of this strategy the Trust plans to increase staff energy awareness to ensure that energy conservation measures are successfully implemented.

# Trust Board

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

The Trust Board and the committees on which they serve can be viewed on the Trust Board section of the Trust website [www.lhch.nhs.uk](http://www.lhch.nhs.uk)

Until Liverpool Heart and Chest Hospital becomes an NHS Foundation Trust, members of the public will be invited to attend Public Trust Board meetings. A schedule of these public meetings and full details of the Trust Board and the committees on which they serve can be viewed on the Trust Board section of the Trust website [www.lhch.nhs.uk](http://www.lhch.nhs.uk)

The following Trust Board members 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.

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

Dr. Glenn Russell	Chairman of the Mersey School of Anaesthesia and Perioperative Medicine (Charity under the umbrella of the Trust)
Mark Fitzsimmons	Wife employed by the Liverpool Women's NHS Foundation Trust Daughter employed by Clatterbridge NHS Foundation Trust
Patricia Firby	Lay member of the oversight Sub-Committee for Human Embryonic Stem Cell Research at the University of Liverpool
John Brown	Paul Brown (son) is a GP in practice in West Kirby
Neil Large	Trustee at Tarporley Cottage Hospital (voluntary) Chester University - external advisor Audit and Risk Management Committee (voluntary) Business & Financial Consultant (part-time)
Mike Hewitt	Director of Carnoy Limited

## Board Appointments

Neil Large	Appointed Non Executive Director, 1st October 2007
Robert Chadwick	Appointed Interim Chief Executive on 15th October through to 21st December 2007
Melanie Simmonds	Appointed Acting Chief Executive on 22nd December through to 31st March 2008.

## Board Resignations/Retirement

Mike Bone	Retired as Chief Executive on 26th October 2007
Ken Halligan	Retired 31st December 07
Bronwyn Barrow	31st August 2007 - stepped down as Executive Director

Additional Notes: Hazel Holmes to take up the position of Director of Nursing on 1st September 2008 following the resignation of Jan Walters.

# Non-Executive Directors

**Mark Fitzsimmons, Chairman**  
Appointed May 2004

## Experience

- Associate for Health Improvement/ Healthcare Commission
- Manager (part-time) for OC PLUS
- Former Deputy Chairperson, Central Liverpool Primary Care Trust
- Former Project Manager, Youth at Risk, Liverpool City Council

## Qualifications

- National Qualified CNA Youth and Community Work
- Healthcare Commission - Qualified Reviewer
- Certificate in Managing Staff Performance
- Nationally Qualified DANOS Alcohol and Young People
- Nationally Qualified DANOS Substance Misuse Models of Care



**Neil Large, Non Executive Director**  
Appointed October 2007

## Experience

- Director of Finance & ICT Cheshire & Merseyside SHA (2002-2006)
- Prior to that 15 years NHS Board Level experience (South Cheshire H.A. /Chester H.A.) with a range of portfolios including:  
Chief Executive  
Director of Finance  
Director of Contracting  
Director of Information  
Director of Strategy & Commissioning
- Member of the NHS National Foundation Trust Pilot Diagnostic Board
- Project Director C&M SHA Foundation Trust Diagnostic & Northern Roll-Out
- Member of National Finance Staff Development Board

## Qualifications

- Accountant - C.I.P.F.A.
- Member British Computer Society



**Patricia Firby, Non Executive Director (Deputy Chair)**  
Appointed March 2005

## Experience

- Lay member - Stem Cell Research Committee, University of Liverpool
- On the North West Stem Cell Centre Advisory Board
- Former Director: School of Nursing and Primary Care Practice, Liverpool John Moores University
- Former Assistant Director, Pre-registration Programmes, Liverpool John Moores University
- Former Academic Sub Dean, School of Health Sciences, University of Liverpool
- Former Lecturer, Department of Nursing, University of Liverpool

## Qualifications

- MSc Social Research Methods
- Certificate in Counselling
- Diploma of Education
- Diploma in Nursing
- Registered General Nurse



**John Brown, Non Executive Director**  
Appointed March 2005

## Experience

- Deputy Chairman of Governors at St Anselm's College, Birkenhead
- Trustee, The Royal School for the Blind, Wavertree, Liverpool
- Treasurer Hoylake and District Remembrance Sunday Committee
- Former Associate Convener, Royal Liverpool and Broadgreen University Hospital Trust
- Former Manager, Midland Bank
- Former Treasurer, Hoylake Sea Cadets
- Former Treasurer, West Kirby Council of Churches
- Former Chairman, Into Business Ltd
- Former Director of Merseyside TECH Ltd and Chairman of Audit Committee
- Former Director of Business Link Merseyside Ltd

## Qualifications

- Associate of the Chartered Institute of Bankers



**Michael Hewitt, Non Executive Director**  
Appointed March October 2007

## Experience

- Managing Director of CARNOY Group
- Former Corporate Development Director - Bruntwood Estates
- Former Strategic Planning Director - My Travel Group PLC
- Former Managing Consultant - Airtours Holidays Ltd
- Former Managing Consultant - Anderson Consulting
- Governor - Culcheth High School
- Former Governor - Newchurch CPS

## Qualifications

- BSc (Hons) Computer Science



# Executive Directors

## Raj Jain, Chief Executive Appointed April 2008

### Experience

- Former Executive Director at Salford Royal Foundation Trust since January 2003 - responsible for Workforce and Service Improvement
- 14 years as a Senior Manager within the NHS
- 10 years within the Gas Industry

### Qualifications

- BA (Hons) Management Accounting and Economics
- Diploma in Management Studies



## Melanie Simmonds, Director of Finance & Information - Appointed 2003

### Experience

- Deputy Chief Executive at Liverpool Heart and Chest Hospital
- Acting Director of Finance, St Helens and Knowsley Hospital Trust
- Deputy Project Director - Strategic Redevelopment Project (PFI), St Helens and Knowsley Hospital Trust
- Deputy Director of Finance, St Helens and Knowsley Hospital Trust

### Qualifications

- BSc (Hons) Managerial and Administrative Studies
- C.I.P.F.A - Chartered Institute of Public Finance & Accountancy
- Cert IHSM
- Postgraduate Certificate in Action Learning - Salford University
- Applied Learning - Dartmouth University 2008



## Dr Glenn Russell, Medical Director Appointed July 2006

### Experience

- Consultant Anaesthetist and Honorary Lecturer, University of Liverpool
- Former Clinical/ Research Fellow in Cardiac Anaesthesia, University of Ottawa Heart Institute, Canada
- Former Senior Registrar in Anaesthesia
- Former Clinical Lecturer in Cardiothoracic Anaesthesia, University of Liverpool

### Qualifications

- M.B/Ch.B July 1980
- FFARCS
- Member of Liverpool Society of Anaesthetist, BMA, Association of Cardiothoracic Anaesthetists of Great Britain,
- European Association of Cardiothoracic Anaesthesiologists (EACTA), Society of Cardiovascular Anaesthesiologists (USA) and International Anaesthetic Research Society



## Jan Walters, Director of Nursing & Operations Appointed June 2004

### Experience

- Former Deputy Director of Nursing/ Head of Midwifery, Mid Cheshire Hospitals NHS Trust (2001-2004)
- Former Directorate Manager for Obstetrics and Gynaecology (1997-2001)

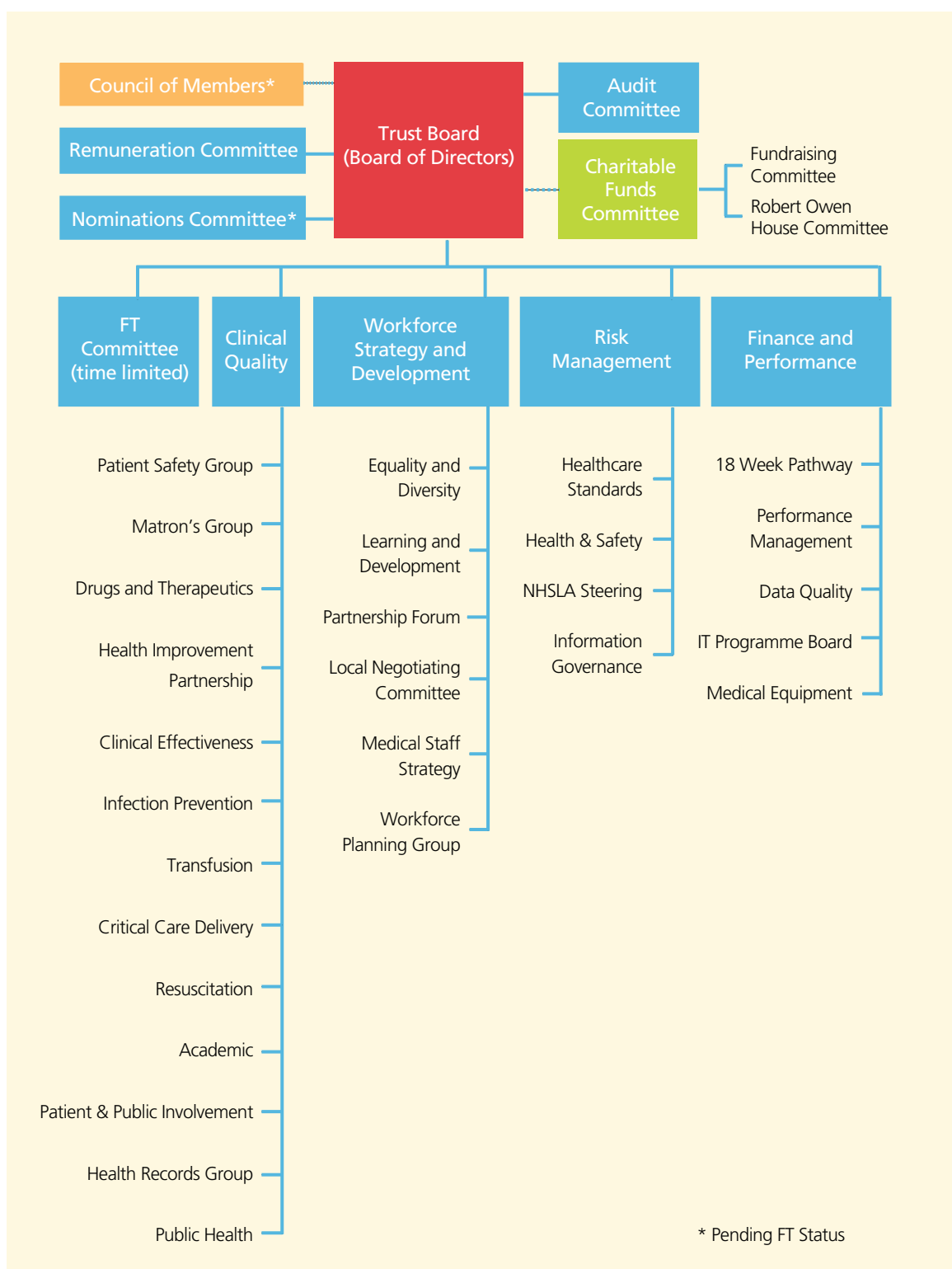
### Qualifications

- MSc in Health Policy and Management (2003)
- Certificate in Health and Safety Management (1999)
- BA (Hons) Health Care Management (1997)
- Diploma in Risk Management (1994)
- Advanced Diploma in Midwifery (1992)
- Registered Midwife (1987)
- Registered General Nurse (1986)





# Committee Structure (as at April 2008)



# Operating and Financial Review

## Foreword to the Accounts

These accounts for the year ended 31st March 2008 have been prepared by Liverpool Heart and Chest Hospital NHS Trust (formerly The Cardiothoracic Centre - Liverpool NHS Trust) under section 98(2), schedule 2 of The National Health Service Act 1977 (as amended by section 24(2), schedule 2 of The National Health Service and Community Care Act 1990) in the form which the Secretary of State has, with the approval of the Treasury, directed.

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formerly The Cardiothoracic Centre

... now Liverpool Heart and Chest Hospital

## 1. Operating and Financial Review

The organisation has successfully delivered its financial objectives in 2007/08 in meeting its key statutory financial duties for a 17th successive year. A fantastic achievement against the backdrop of increasingly challenging clinical targets, the revenue costs of the new site development and delivery of a £2.3m Cost Improvement Programme.

Driving improvements in clinical quality has been a key theme in 2007/08, with an increased focus on the patient experience and clinical outcomes. This has been reflected in the Trust's superb performance in the NHS National Patient Survey, classified as amongst the best hospitals in the country for the delivery of patient care.

The Trust has also completed its Hospital Improvement Project in 2007/08, with gains in efficiencies attributed to reducing length of stay in hospital and expanding the number of procedures being delivered as a day case contributing to the £2.3m Cost Improvement Programme and the small surplus delivered.

Performance against statutory financial targets is summarised in the table below.

Statutory Target	Outcome
To demonstrate at least a break-even Income and Expenditure position	The Trust achieved a surplus of £27k as included in the financial plan for the year.
To achieve a capital cost absorption rate of 3.5%	Return of 3.7% achieved which is within the Department of Health's tolerance range of 3 - 4%
To operate within an agreed External Financing Limit (EFL) of £4.243m	Target achieved.
To operate within a Capital Resource Limit (CRL) of £8.815m	Target achieved.

## 2. Trends in Income and Expenditure

The Trust has seen the demand for our services increase again in 2007/08, particularly in specialist procedures such as PCI's with an increase in the associated ICD and EP implants. It is anticipated that the Primary PCI service will expand from October 2008 in line with commissioner intentions. This will have a further impact on income and expenditure trends in this area.

With a large catchment of Welsh patients the Trust has had to implement a system to manage and deliver differential waiting times. The trajectories and management of component waits differs between Wales and England, however the Trust has successfully managed this complex process.

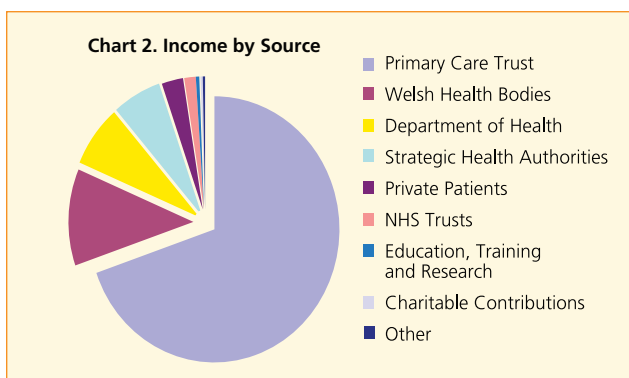
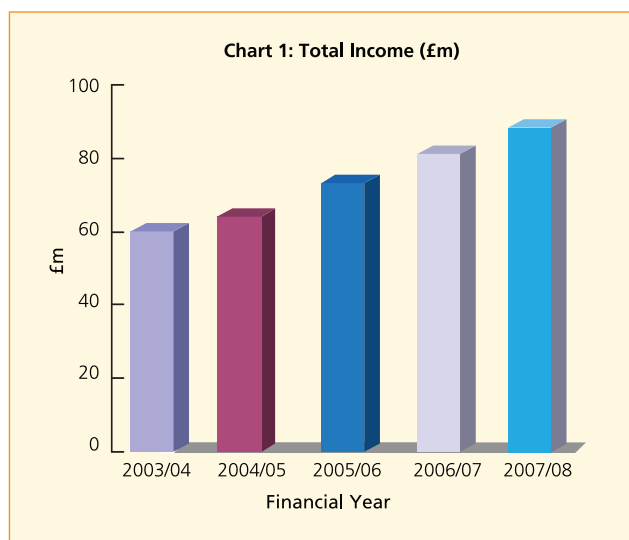
The Trust has continued with its successful HIP programme in improving patient care by reducing length of stay, alongside the reduction of its Reference Cost Index through the successful delivery of a challenging Cost Improvement Programme.

Looking to the future, the delivery of the 18 week waiting time target, increased demand for the organisations specialist services, increasing requirements for the delivery of real efficiencies and the cessation of transitional relief under Payment by Results will have an impact on future income and expenditure patterns.



### 3. Income Trends

The charts below summarise the organisations main sources of income and how this income has grown over the last few years:



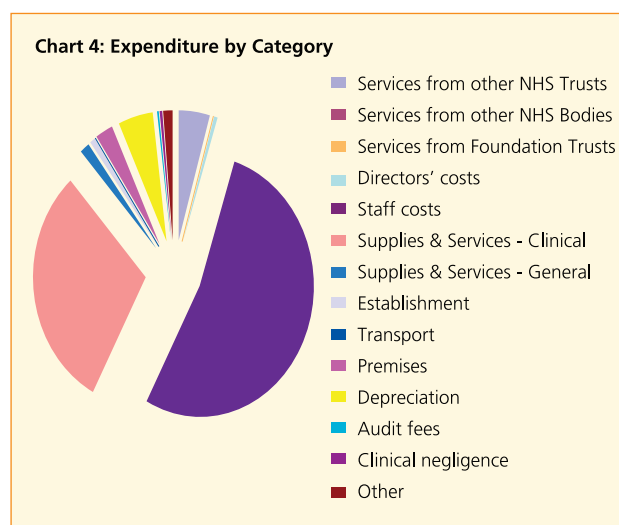
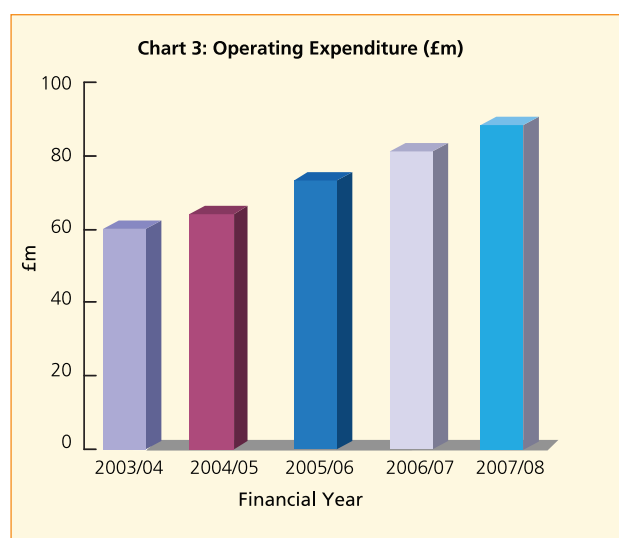
The combined pressures of achieving waiting list targets, and a real growth in underlying demand has resulted in significant growth in activity. NHS Activity increased by 7.9% between 2006-07 and 2007-08, with Welsh activity increasing by 24%. Reduced waiting times have also been a contributory factor in the reduction of demand for private cases.

The pattern of increased activity has been reflected in the receipt of income to the Trust which has increased by £6.7m from 2006/07 to £88.5m. Income from the Department of Health has reduced due to the tapering of transitional relief. 2007-08 was the final year for receipt of this relief and there will therefore be a significant decrease in funding from the Department of Health in 2008-09.

As drives towards efficiency and clinical effectiveness continue the Trust is actively participating in two formal benchmarking groups with peer providers and is working at a national level in the formulation and development of HRG4 through its involvement on the Expert Working Group. The Trust is also actively involved in the generation of a national tariff for Cystic Fibrosis.

### 4. Expenditure Trends

The charts below summarise the organisations main areas of expenditure and how this expenditure has grown in line with activity and income over recent years:



Operating expenditure (excluding depreciation) has continued to grow - with an increase of 7.1% in 2007/08. This is primarily linked to an increase in activity & a changing case mix.

The largest category of expenditure is pay costs of £46,393m, which represents 53% of all operating expenses. However, given the specialist nature of this Trust, Clinical Supplies & Services make up a substantial 30.5% of all operating expenses at £26.573m.

The Trust is committed to implementing further cost reduction programmes in the forthcoming year. These schemes, combined with the benefits realisation of a new workforce configuration, will significantly address its higher than average reference costs index.

## 5. Trust Assets and Capital Investment

The Trust committed £8.815m to its Capital Programme in 2007/08, with most of this sum committed to the completion of the Site Development Scheme as well as smaller sums spent on the Ward A&B re-configuration, purchase of assets held under operating leases and replacement of medical equipment.

For 2008/09 the Trust has a limited Capital Programme of £1.626m as the organisation seeks to retain cash reserves to support more extensive capital investment from 2010/11. Given the limited sums available the majority of the programme will be dedicated to minor works, backlog maintenance and the replacement of medical equipment where necessary.

The largest single Capital item planned for 2008/09 is the replacement of one of the Catheter Laboratories at a cost of circa £600k. This will ensure the organisation is adequately resourced to support the planned expansion of the primary PCI service from October 2008.

## 6. Liquidity and Balance Sheet

Average cash balances held on account by the Trust have enabled £299k to be generated in interest.

To meet its EFL target the Trust was required to deliver a cash balance of £106k at the 31st of March which was achieved partly through the return of investment of £4.5m to the North West Specialist Commissioning Group which will be re-invested in 2008/09.

The Trust will be applying for Foundation Trust status in 2008/09, which, when successful will give the organisation certain financial flexibilities including the ability to retain and carry forward cash reserves.

Net Assets have increased from £69.9m to £76.6m representing an increase of £6.8m. Most of this has been due to an increase in purchased Fixed Assets of £8.815m and donated assets of £92k. This has been offset by a revaluation downwards of £2.689m as parts of the New Site Development have been commissioned during the year. Reserves have increased by £4.243m as the Trust drew down Public Dividend Capital to partly fund the Capital Programme.

In addition the revaluation reserve has increased by £2.3m overall due to the impact of prospective indexation despite the impact of the revaluation downwards outlined above.

## 7. Financial Outlook

Excellent results in the recent Patient survey, a highly skilled and valued workforce, continuing success in delivering efficiencies and the long term commitment of the Trust's commissioners will ensure the Trust continues its successful financial performance as a Foundation Trust in 2008/09 as it anticipates successful authorisation in the latter half of the period.

*Melanie Simmonds*

Director of Finance



## 8. Remuneration Report

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.

Liverpool Heart and Chest Hospital 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.

During 2007/08 Mike Bone, Chief Executive, left the Trust under early retirement arrangements that were subject to Trust Board and Strategic Health Authority Remuneration Committee approval.

*Raj Jain*  
Chief Executive

## Note 1. Management and Administration Costs

The Management costs of the Trust were £4,423,218 (£3,994,605 in 2006/07) and amounted to 4.95% of Trust Income (4.8% in 2006/07)

## Note 2. Salary and other remuneration of Senior Managers

Name and Title 2007/2008	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Benefits in kind (Rounded to the nearest £100)
M Bone - Chief Executive*	60-65	0-5	0
R Chadwick - Interim Chief Executive**	20-25	0-5	0
G Russell - Medical Director	20-25	155-160	0
R Page - Deputy Medical Director	10-15	150-155	0
M Simmonds - Director of Finance	85-90	0-5	0
M Fitzsimmons - Chairman	15-20	0-5	0
J Walters - Director of Nursing	70-75	0-5	0
J Brown - Non - Executive Director	5-10	0-5	0
P Firby - Non - Executive Director	5-10	0-5	0
M Hewitt - Non - Executive Director	5-10	0-5	0
B Barrow - Director of HR	65-70	0-5	0
A Oates - Acting Director of HR***	5-10	0-5	0
K Halligan - Non - Executive Director	5-10	0-5	0
P N Large - Associate Director	5-10	0-5	0

\* Michael Bone - left post in October

\*\* Robert Chadwick - Interim Chief Executive from October 2007 for 3 months

\*\*\* Amanda Oates - Acting Director of HR from 14th January 2008

Name and Title 2006/2007	Salary	Other Remuneration	Benefits in kind (bands of £5000)
M Bone - Chief Executive	105-110	0-5	0
A Soorae - Medical Director *	0-5	0-5	0
G Russell - Medical Director **	20-25	140 - 145	0
R Page - Deputy Medical Director ***	5-10	130 - 135	0
M Simmonds - Director of Finance	75-80	0-5	0
M Fitzsimmons - Chairman	15-20	0-5	0
J Walters - Director of Nursing	70-75	0-5	0
P Acres - Non - Executive Director ****	0-5	0-5	0
J Brown - Non - Executive Director	5-10	0-5	0
P Firby - Non - Executive Director	5-10	0-5	0
S Jones - Community Focus Advisor*****	5-10	0-5	0
B Barrow - Director of HR	65-70	0-5	0
K Halligan - Non - Executive Director	5-10	0-5	0
P N Large - Associate Director*****	0-5	0-5	0
M Hewitt - Non - Executive Director*****	0-5	0-5	0

\* A Soorae left post in July 2006 and was replaced by G Russell

\*\* G Russell moved from Deputy Medical Director to Medical Director in August 2006

\*\*\* R Page replaced G Russell as Deputy Medical Director in August 2006

\*\*\*\* P Acres left post in September 2006

\*\*\*\*\* S Jones moved from Non-Executive Director to Community Focus Advisor in March 2007

\*\*\*\*\* PN Large joined as Associate Director in September 2006

\*\*\*\*\* M Hewitt replaced S Jones as Non-Executive Director in March 2007

The below information has been extracted from the full accounts for the year ending 31 March 2008  
copies are available on request from Christine Bell - PR & Communications Manager, telephone (0151) 600 1409

## 9. Pension Benefits

Name and title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2008 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2008 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2007	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£00
Michael Bone*	10-12.5	32.5-35	50-55	150-155	NO CETV	595	N/A	0
Melanie Simmonds	2.5-5	7.5-10	25-30	85-90	432	368	55	0
Jan Walters	0-2.5	0-2.5	15-20	55-60	261	237	19	0
Bronwyn Barrow	0-2.5	0-2.5	10-15	35-40	145	129	13	0
Glenn Russell	2.5-5	12.5-15	40-45	125-130	645	542	89	0
Richard Page	5-7.5	17.5-20	40-45	120-125	593	473	108	0
Amanda Oates**			5-10	15-20	55			0

\*\*A Oates Acting Director of Human Resources as from 14th January 2008

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

### Cash Equivalent Transfer Value

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 members' 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.

## 10. Statement on Internal Control

### 1. Scope of responsibility

The Board is accountable for internal control. As Accounting Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS 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 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 Trust Accounting Officer Memorandum

I carry out my accountability role:

- with commissioning bodies through service agreements,
- with local partners and wider communities through holding public meetings, publishing business plans, an annual report and accounts, and through compliance with the Code of Practice on Openness in the NHS,
- with patients through management of standards of care,
- to the Secretary of State and Strategic Health Authority Chief Executive for performance and statutory financial duties.

### 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 policies, aims and objectives of the Liverpool Heart and Chest Hospital NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Liverpool Heart and Chest Hospital NHS Trust for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts.

### 3. Capacity to handle risk

As Chief Executive and supported by Board Members I have responsibility for the introduction and implementation of the risk management processes within the Trust. The Audit Committee scrutinises these risk management processes and the Trust's systems of internal control.

In order to ensure that risk management becomes integrated into all practices and procedures carried out by staff, the Trust provides training and procedures which:

- Increase the awareness of staff to **report all** Adverse incidents and near misses;

- Facilitate proactive self assessment of risks throughout the Trust;
- Develop systems and processes which have the capability to reduce risk;
- Improve procedures for reporting and feedback mechanism;
- Continue to ensure compliance with policies and professional standards;
- Provide consistency in the management of risks;
- Ensure compliance with professional registration requirements;
- Ensure compliance with professional codes of practice;
- Promote continuing personal and professional development that meets the needs of individuals and the business needs of the Trust.
- Enable staff appraisal to focus on improvements in performance related to Adverse incidents/near misses, concerns and complaints received.

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 into 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

### 4. The risk and control framework (Any Gaps in Assurance)

Risk management requires participation, commitment and collaboration from all staff. The process starts with the systematic identification of risks throughout the organisation and these are documented on 'risk registers'. These risks are then analysed in order to determine their relative importance using a risk scoring matrix. Low scoring risks are managed by the area in which they are found while higher scoring risks are managed at progressively higher levels within the organisation. Achieving control of the highest scoring risk is given priority over low scoring risks. Risk control measures are identified and taken to reduce the risk's potential for harm. Some risk control measures do not require extra funding and these are implemented as soon as practically possible. However, where risk control requires extra funding then a risk funding process determines how best to use the organisation's financial resources to control that risk. Risk funding can direct funds to further risk control measures or it may decide to transfer the risk to others such as NHS insurance schemes or sharing the risk in the contracts drawn up with others. The whole process is a continual iterative process.

Information governance risks are managed as part of this process and assessed using the Information Governance Toolkit. During the year there has also been a detailed review of storage and transfer of information. A detailed action plan based on guidance provided by Connecting for Health is currently being implemented. The risk register is up to date with the currently identified information risks.

In order to provide evidence in support of the Statement on Internal Control the Trust has a Board Assurance Framework which is based on six key elements:

- Clearly defined principal objectives agreed with stakeholders together with clear lines of responsibility and accountability
- Clearly defined principal risks to the achievement of these objectives together with an assessment of their potential impact and likelihood.
- Key controls by which these risks can be managed.
- Management and independent assurances that the risks are being managed effectively.
- Board reports identifying that risks are being reasonably managed and objectives being met, together with gaps in assurances and gaps in risk control.
- Board action plans which ensure the delivery of objectives, control of risk and improvements in assurances.

#### 5. Review of economy, efficiency and effectiveness of use of resources.

The Trust has a robust performance management system which provides performance information on key indicators of economy, efficiency and effectiveness and use of resources. These are reviewed monthly by the Finance and Performance Committee which ensures agreed actions are implemented and reports progress and risks to the Trust Board.

All Executive Directors are also members of the Clinical Quality Committee, Risk Management Committee and Workforce Strategy and Development Committee as well as the Finance and Performance Committee and this ensures economy, efficiency, effectiveness is a common theme for all standing committees.

The Trust also has in place an effective Internal Audit function, which regularly updates the Audit Committee who in turn reviews the work of the standing committees. In addition the Trust commissions specific pieces of work designed to highlight areas where improvements are required.

#### 6. Review of effectiveness (Any Significant Control Issues)

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the NHS trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The head of internal audit provides me with an opinion on the overall arrangements for 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 systems of internal control provide me with assurance through reviews by the standing committees and the Audit Committee. The Assurance Framework/Risk Register is reviewed by the Trust Board three times a year and it provides me and the Board with evidence of the effectiveness of controls in place to manage risks to achieving the organisation's principal objectives. My review is also informed by: External Audit, audit by the National Health Service Litigation Authority and periodic audits of compliance with its standards by the Healthcare Commission.

Processes are well established to ensure regular review of systems and action plans on the effectiveness of the systems of internal control through:

- Trust Board review of Board Assurance Framework, risk register and action plans
- Audit committee scrutiny of controls in place
- Review of serious incidents and learning by the standing committees, including those for Risk Management and Clinical Quality.
- Review of progress in meeting the Standards of the Healthcare Commission's Standards for Better Health by the standing committees.
- Internal Audits of effectiveness of systems of internal control

No significant control issues were identified during the year April 2007 to March 2008 however the following control issues, not amounting to significant control issues, were identified:

- Control of hospital acquired bacteraemias including MRSA.
- Control of legionella
- Meeting cancer access targets, including interdependence between other trusts who refer their patients for assessment and treatment to this Trust.
- Meeting the 18 week target
- Potential financial consequences of equal value claims

Action to improve the control of all of the above risks have been progressing throughout 2007/08 and the effectiveness of these improvements have been reviewed by the Trust Board.

Signed

*Raj Jain*

Chief Executive Officer (on behalf of the Board)  
23rd June 2008

## 11. Audit Opinion

Independent auditor's report to the Board of Directors of the Liverpool Heart and Chest Hospital NHS Trust

### Opinion on the financial statements

We have audited the financial statements of the Liverpool Heart and Chest Hospital NHS Trust for the year ended 31 March 2008 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service set out within them. We have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Directors of the Liverpool Heart and Chest Hospital 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 auditor

The directors' responsibilities for preparing the financial statements in accordance with directions made by the Secretary of State are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. We report whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. We also report to you whether, in our opinion, the information which comprises the commentary on the financial performance included within the Operational and Financial Review, included in the Annual Report, is consistent with the financial statements.

We review whether the directors' Statement on Internal Control reflects compliance with the Department of Health's requirements, set out in 'The Statement on Internal Control 2003/04' issued on 15 September 2003 and the further guidance relating to that

Statement issued on 7 April 2006, 2 April 2007, 7 April 2008 and 20 May 2008. We report if it does not meet the requirements specified by the Department of Health or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the directors' Statement on Internal Control covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Foreword, the unaudited part of the Remuneration Report, the Chairman's Statement and the remaining elements of the Operating and Financial Review included in the Annual Report, is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.



## Opinion

In our opinion:

the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England, of the state of the Trust's affairs as at 31 March 2008 and of its income and expenditure for the year then ended;

the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England; and

- information which comprises the commentary on the financial performance included within the Operational and Financial Review, included within the Annual Report, is consistent with the financial statements.

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

23rd June 2008

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

## Directors' Responsibilities

The directors are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

## Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Trust for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to the criteria for NHS bodies specified by the Audit Commission. We report if significant matters have come to our attention which prevent us from concluding that the Trust has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for NHS bodies specified by the Audit Commission and published in December 2006, we are satisfied that, in all significant respects, the Liverpool Heart and Chest Hospital NHS Trust made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

## Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

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

23rd June 2008

Independent auditor's report to the Board of Directors of the Liverpool Heart and Chest Hospital NHS Trust Summarisation Schedules

We have examined the summarisation schedules numbered TRU01 to TRU35 of The Cardiothoracic Centre - Liverpool NHS Trust for the year ended 31 March 2008, which have been prepared by the Director of Finance and acknowledged by the Chief Executive.

This report is made solely to the Board of Directors of Liverpool Heart and Chest Hospital 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.

In our opinion these summarisation schedules are consistent with the statutory financial statements.

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

23rd June 2008

## 12. Chief Executives & Director's Responsibilities

Statement of The Chief Executives Responsibilities as the Accountable Officer of the Trust.

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable and for the keeping of proper records, are set out in the Accountable officers' Memorandum issued by the Department of Health.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as Accountable officer.

*Raj Jain*

Chief Executive

Date: 23rd June 2008

## Statement of Directors Responsibilities in respect of the Accounts

The Directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the Trust for that

period. In preparing those accounts, the Directors are required to:

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

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

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

By order of the Board

*Raj Jain*

Chief Executive

*Melanie Simmonds*

Finance Director

Date: 23rd June 2008

## 13. Glossary of Terms

<b>AF</b>	Atrial Fibrillation - an irregular heart rhythm
<b>Aneurysm</b>	A cardiovascular disease characterised by a saclike widening of an artery resulting from weakening of the artery wall
<b>CABG</b>	Coronary Artery Bypass Graft
<b>CIP</b>	Cost Improvement Programme
<b>CRL</b>	Capital Resource Limit
<b>CTC</b>	Cardiothoracic Centre
<b>DoH</b>	Department of Health
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation
<b>EFL</b>	External Finance Limit
<b>EPS</b>	Electro Physiological Study
<b>HIP</b>	Health Improvement Programme
<b>IBP</b>	Integrated Business Plan
<b>IFRS</b>	International Financial Reporting Standard
<b>HRG</b>	Healthcare Resource Group
<b>I&amp;E</b>	Income and Expenditure
<b>IBP</b>	Integrated Business Plan
<b>LDP</b>	Local Delivery Plan

<b>LTFM</b>	Long Term Financial Model
<b>MDCR</b>	Maximum Debt to Capital Ratio
<b>MFF</b>	Market Forces Factor
<b>Monitor</b>	Independent Regulator of Foundation Trusts
<b>NHS</b>	National Health Service
<b>NHSFT</b>	National Health Service Foundation Trust
<b>PBC</b>	Prudential Borrowing Code
<b>PbR</b>	Payment by Results
<b>PBL</b>	Prudential Borrowing Limit
<b>PCI</b>	Percutaneous Coronary Intervention
<b>PDC</b>	Public Dividend Capital
<b>POD</b>	Point Of Delivery
<b>PGO</b>	Paymaster General Office
<b>RAG</b>	Red, Amber, Green Performance Indicators
<b>SDS</b>	Service Development Strategy
<b>SFIs</b>	Standing Financial Instructions
<b>SLA</b>	Service Level Agreement
<b>STRGL</b>	Statement of Total and Losses
<b>WCF</b>	Working Capital Facility

# Annual Accounts

## Income and Expenditure Account for the Year Ended 31 March 2007

		2007/08	2006/07
	NOTE	£000	£000
<b>Income from activities</b>	3	<b>88,526</b>	81,776
<b>Other operating income</b>	4	<b>845</b>	1,146
<b>Operating expenses</b>	5	<b>(87,036)</b>	(80,951)
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>2,335</b>	1,971
Cost of fundamental reorganisation/restructuring		0	0
Profit/(loss) on disposal of fixed assets		0	0
<b>SURPLUS/(DEFICIT) BEFORE INTEREST</b>		<b>2,335</b>	1,971
Interest receivable		299	204
Interest payable	8	0	(2)
<b>SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR</b>		<b>2,643</b>	2,173
Public Dividend Capital dividends payable		(2,607)	(2,146)
<b>RETAINED SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>27</b>	27

The notes on pages 2 to 38 form part of these accounts.

All income and expenditure is derived from continuing operations.

## Balance Sheet as at 31 March 2008

		31st March 2008	31st March 2007
	NOTE	£000	£000
<b>FIXED ASSETS</b>			
Intangible assets	9	107	124
Tangible assets	10	77,951	71,012
Investments	13.1	0	0
		<b>78,058</b>	71,136
<b>CURRENT ASSETS</b>			
Stocks and work in progress	11	3,650	2,902
Debtors	12	4,158	6,359
Investments	13.2	0	0
Cash at bank and in hand	17.3	106	106
		<b>8,188</b>	9,367
<b>CREDITORS:</b>			
Amounts falling due within one year	14	(8,437)	(10,118)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>(523)</b>	(751)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>77,535</b>	70,385
<b>CREDITORS:</b>			
Amounts falling due after more than one year	14	0	0
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	(920)	(506)
<b>TOTAL ASSETS EMPLOYED</b>		<b>76,615</b>	69,879
<b>FINANCED BY:</b>			
<b>TAXPAYERS' EQUITY</b>			
Public dividend capital	21	62,799	58,556
Revaluation reserve	16	9,328	6,977
Donated asset reserve	16	1,873	1,758
Government grant reserve	16	0	0
Other reserves*	16	0	0
Income and expenditure reserve	16	2,615	2,588
<b>TOTAL TAXPAYERS' EQUITY</b>		<b>76,615</b>	69,879

The financial statements on pages 33 to 50 were approved by the Board on 21st June 2008 and signed on its behalf by:

Signed: 

Chief Executive  
Date: 23rd June 2008

**Statement of Total Recognised Gains and Losses  
for the Year Ended 31 March 2008**

	2007/08 £000	2006/07 £000
Surplus/(deficit) for the financial year before dividend payments	2,634	2,173
Fixed asset impairment losses	0	0
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	2,452	(3,905)
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	92	349
Defined benefit scheme actuarial gains/(losses)		0
Additions/(reductions) in "other reserves"	0	0
<b>Total recognised gains and losses for the financial year</b>	<b>5,178</b>	<b>(1,383)</b>
Prior period adjustment	0	0
<b>Total gains and losses recognised in the financial year</b>	<b>5,178</b>	<b>(1,383)</b>

**Cash Flow Statement for the  
Year Ended 31 March 2008**

	NOTE	2006/07 £000	2005/06 £000
<b>OPERATING ACTIVITIES</b>			
<b>Net cash inflow/(outflow) from operating activities</b>	17.1	<b>7,423</b>	6,557
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:</b>			
Interest received		299	204
Interest paid		(2)	0
Interest element of finance leases		0	0
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		<b>297</b>	204
<b>CAPITAL EXPENDITURE</b>			
(Payments) to acquire tangible fixed assets		(9,333)	(9,147)
Receipts from sale of tangible fixed assets		0	(17)
(Payments) to acquire intangible assets		(23)	(88)
Receipts from sale of intangible assets		0	0
(Payments to acquire)/receipts from sale of fixed asset investments		0	0
<b>Net cash inflow/(outflow) from capital expenditure</b>		<b>(9,356)</b>	(9,252)
<b>DIVIDENDS PAID</b>		<b>(2,607)</b>	(2,146)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		<b>(4,243)</b>	(4,637)
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
(Purchase) of investments with DH		0	0
(Purchase) of other current asset investments		0	0
Sale of investments with DH		0	0
Sale of other current asset investments		0	0
<b>Net cash inflow/(outflow) from management of liquid resources</b>		<b>0</b>	0
<b>Net cash inflow/(outflow) before financing</b>		<b>(4,243)</b>	(4,637)
<b>FINANCING</b>			
Public dividend capital received		4,243	4,637
Public dividend capital repaid (not previously accrued)		0	0
Public dividend capital repaid (accrued in prior period)		0	0
Loans received from DH		0	0
Other loans received		0	0
Loans repaid to DH		0	0
Other loans repaid		0	0
Other capital receipts		0	0
Capital element of finance lease rental payments		0	0
Cash transferred (to)/from other NHS bodies*		0	0
<b>Net cash inflow/(outflow) from financing</b>		<b>4,243</b>	4,637
<b>Increase/(decrease) in cash</b>		<b>0</b>	0

\*This line is only used by NHS Trusts that are dissolved mid-year

# Notes to the Accounts

## 1. Accounting policies

The Secretary of State for Health has directed that the financial statements of NHS Trusts shall meet the accounting requirements of the NHS Trust Manual for Accounts which shall be agreed with HM Treasury. The accounting policies contained in that manual follow UK Generally Accepted Accounting Practice and HM Treasury's Government Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. NHS Trusts are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

### 1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

### 1.3 Income Recognition

Income is accounted for applying the accruals convention.

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

### 1.4 Partially Completed Patient Spells

Following changes to SSAP 9 and FRS 5 (Reporting the Substance of Transactions, Application note G Revenue Recognition) NHS Trusts and Primary Care Trusts are required to agree the value of part completed spells for 2007/08 and to reflect this in their respective accounts. Trusts and PCTs are also required to account for this as a prior period adjustment. The Trust has calculated the value of part completed spells at the end of 2007/08 to be £63k.

The value of these spells was derived by grouping current inpatients and assessing the percentage completed by analysing the length of stay against the mean for that HRG. If a spell had a length of stay greater than the mean this was assessed as being 75% complete.

An adjustment was made for the spell ratio and because of a Health Authority agreement only non North West patients were valued.

### 1.5 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

## 1.6 Tangible fixed asset

### Capitalisation

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

- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.
- The Trust purchases Implantable Cardioverter Defibrillator (ICDs), Stents and Pacemakers which individually cost over £5,000 but are treated as revenue expenditure.

### Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

All land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in the intervening years by the use of indices.

The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS).

The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the Revenue and Customs Government Department.

The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the last asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and were applied on the 31 March 2005.

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

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

All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at current cost using the indexes as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor.

In March 2008 the District Valuer revalued completed and commissioned blocks of the New Site Development resulting in a revaluation downwards of £2.689m. This adjustment is reflected in a downward movement in the value of Fixed Assets and the Revaluation Reserve.

Operational equipment other than IT equipment, which is considered to have nil inflation, is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

### Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and assets surplus to requirements.

Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are

considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

Where, under Financial Reporting Standard 11, a fixed asset impairment is charged to the Income and Expenditure Account, offsetting income may be paid by the Trust's main commissioner using funding provided by the NHS Bank.

### 1.7 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

### 1.8 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks.

Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

### 1.9 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to:
  - its technical feasibility;
  - its resulting in a product or service which will eventually be brought into use;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation charge is calculated on the same basis as used for depreciation i.e. on a



quarterly basis. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. NHS Trusts are unable to disclose the total amount of research and development expenditure charged in the income and expenditure account because some research and development activity cannot be separated from patient care activity.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

### 1.10 Provisions

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

Note 15 provides further analysis of the movements of provisions, liabilities and charges. Specific provisions have been made for Rates liabilities associated with newly commissioned parts of the new joint Site Development. Liabilities to third party legal claims and to issues associated with Agenda for Change.

### Clinical negligence costs

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

Since financial responsibility for clinical negligence cases transferred to the NHS LA at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2007/08 relates to the Trust's contribution to the Clinical Negligence Scheme for Trusts.

### Non-clinical risk pooling

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

### 1.11 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and

liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

The Scheme is subject to a full actuarial investigation every four years. The main purpose of which is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such investigation, on the conclusions of which scheme contribution rates are currently based, had an effective date of 31 March 2004 and covered the period from 1 April 1999 to that date. Between the full actuarial valuations, the Government Actuary provides an annual update of the scheme liabilities for FRS17 purposes. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Authority - Pensions Division website at [www.nhs.gov.uk](http://www.nhs.gov.uk). Copies can also be obtained from The Stationery Office.

The conclusion of the 2004 investigation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. This is after making some allowance for the one-off effects of pay modernisation, but before taking into account any of the scheme changes which come into effect on 1 April 2008. Taking into account the changes in the benefit and contribution structure effective from 1 April 2008, employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008 employees paid contributions at the rate of 6% (manual staff 5%) of their pensionable pay. From 1 April 2008, employees will pay contributions according to a tiered scale from 5% up to 8.5% of their pensionable pay.

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

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

Additional pension liabilities arising from early retirement are not funded by the scheme except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Income and Expenditure account at the time the NHS Trust commits itself to the retirement, regardless of the method of payment.

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

In addition, the Trust has staff who contribute Additional Voluntary Contributions to Equitable Life and Standard Life.

### 1.12 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The Trust does not hold any investments with maturity dates exceeding one year from the date of purchase.

### 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.

### 1.14 Foreign Exchange

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

### 1.15 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 25 to the accounts.

### 1.16 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as

operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

The Cardiothoracic Centre - Liverpool NHS Trust has Operating Leases for Medical Equipment and cars.

During the year the Trust incurred expenditure of £1.29m to purchase Medical Equipment which was originally procured through Operating leases.

### 1.17 Public Dividend Capital (PDC) and PDC Dividend

Public Dividend Capital represents the outstanding public debt of an NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the NHS Trust.

A charge, reflecting the forecast cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend.

The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the forecast average carrying amount of all assets less liabilities, except for donated assets and cash with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. A note to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year.

### 1.18 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 each individual case is handled."

Losses and Special Payments are charged to the relevant functional headings in the Income and Expenditure Account on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). Note 30 is compiled directly from the losses and compensations register which is prepared on an accruals basis.

### 1.19 EU Emissions Trading Scheme

"EU Emission Trading Scheme allowances are accounted for as government granted current asset investments, valued at open market value. As the Trust makes emissions a provision is recognised, with an offsetting transfer from the government grant reserve. The provision is settled on surrender of the allowances. The current asset investment, provision and government grant reserve are valued at current market value at the balance sheet date.

The Liverpool Heart and Chest Hospital is not a member of this trading scheme.

The below information has been extracted from the full accounts for the year ending 31 March 2008  
copies are available on request from Christine Bell - PR & Communications Manager, telephone (0151) 600 1409

## 2. Segmental Analysis

The Trust is not a lead body for any consortium and as such, segmental reporting does not apply.

## 3. Income from Activities

	2007/08 £000	2006/07 £000
Strategic Health Authorities	5,472	240
NHS Trusts	1,256	1,080
Primary Care Trusts	62,406	61,712
Foundation Trusts	17	3
Local Authorities	21	24
Department of Health	6,426	7,008
NHS Other	0	0
Non NHS:		
Private patients	2,605	3,066
Overseas patients (non-reciprocal)	17	0
Road Traffic Act	-	0
Injury cost recovery	6	0
Other	10,300	8,643
	<b>88,526</b>	<b>81,776</b>

Included in Income from Strategic Health Authorities there is £3 million for strategic slippage returned to the Trust. Non NHS Other Income is wholly income from Health Commission Wales

## 4. Other Operating Income

	2007/08 £000	2006/07 £000
Patient transport services	0	0
Education, training and research	399	291
Charitable and other contributions to expenditure	230	278
Transfers from donated asset reserve	78	209
Transfers from government grant reserve	0	0
Non-patient care services to other bodies	0	0
Income Generation	0	2
Other income	138	366
	<b>845</b>	<b>1,146</b>

Other Income is income from companies for various studies.

## 5. Operating Expenses

### 5.1 Operating expenses comprise:

	2007/08 £000	2006/07 £000
Services from other NHS Trusts	3,711	3,250
Services from other PCTs	0	0
Services from other NHS bodies	50	52
Services from Foundation Trusts	46	41
Purchase of healthcare from non NHS bodies	0	0
Directors' costs	494	491
Staff costs	45,899	44,947
Supplies and services - clinical	26,573	23,860
Supplies and services - general	1,262	1,270
Consultancy services	0	0
Establishment	692	651
Transport	8	4
Premises	2,223	1,267
Bad debts	0	0
Depreciation	4,397	3,782
Amortisation	40	23
Fixed asset impairments and reversals	0	0
Audit fees	116	140
Other auditor's remuneration	0	0
Clinical negligence	310	267
Redundancy costs	28	0
Other	1,187	906
	<b>87,036</b>	<b>80,951</b>

Fees paid and accrued to the Auditors were solely in respect of audit services and totalled £116,000

Other Operating Expenses includes Legal/Professional fees of £474k, Early retirements costs of £396k,

Course fees of £157k, Vat Partial Exemption of £40k and External Consultancy fees of £105k

### 5.2. Operating leases

#### 5.2/1 Operating expenses include:

	2007/08 £000	2006/07 £000
Hire of plant and machinery	0	0
Other operating lease rentals	707	692
	<b>707</b>	<b>692</b>

## 5.2/2 Annual Commitments under non-cancellable operating leases are:

	Land and buildings		Other leases	
	2007/08	2006/07	2007/08	2006/07
	£000	£000	£000	£000
Operating leases expire:				
Within 1 year	0	0	446	0
Between 1 and 5 years	0	0	261	472
After 5 years	0	0	0	226
	<u>0</u>	<u>0</u>	<u>707</u>	<u>698</u>

## 6 Staff costs and numbers

### 6.1 Staff costs

	2007/08		2006/07	
	Total	Permanently Employed	Other	Number
	£000	£000	£000	£000
Salaries and wages	45,899	45,235	664	39,006
Social Security Costs	2,831	2,831	0	2,799
Employer contributions to NHS Pension Scheme	3,783	3,783	0	3,633
Other pension costs	0	0	0	0
	<u>52,513</u>	<u>51,849</u>	<u>664</u>	<u>45,438</u>

### 6.2 Average number of persons employed

	2007/08		2006/07	
	Total	Permanently Employed	Other	Number
	Number	Number	Number	Number
Medical and dental	122	118	4	103
Ambulance staff	0	0	0	0
Administration and estates	194	184	10	223
Healthcare assistants and other support staff	209	209	0	217
Nursing, midwifery and health visiting staff	455	455	0	464
Nursing, midwifery and health visiting learners	3	3	0	0
Scientific, therapeutic and technical staff	196	194	2	184
Social care staff	0	0	0	0
Other	37	37	0	0
Total	<u>1,216</u>	<u>1,200</u>	<u>16</u>	<u>1,191</u>

## 6.3 Employee benefits

	2007/08	2006/07
	£000	£000
There were no employee benefits	0	0
	<u>0</u>	<u>0</u>

## 6.4 Management costs

	2007/08	2006/07
	£000	£000
Management costs	4,423	3,995
Income	89,371	82,922

Management costs are defined as those on the management costs website at [www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSMangementCosts/fs/en](http://www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSMangementCosts/fs/en).

## 6.5 Retirements due to ill-health

During 2007/08 there was 1 (2006/07, 6) early retirement from the NHS Trust on the grounds of ill-health. The estimated additional pension liability of this ill-health retirement will be £29k (£451k). The cost of this ill-health retirement will be borne by the NHS Business Services Authority -Pensions Division.

## 7. Better Payment Practice Code

### 7.1 Better Payment Practice Code - measure of compliance

	2007/08	
	Number	£000
Total Non-NHS trade invoices paid in the year	27,609	39,227
Total Non NHS trade invoices paid within target	25,604	37,392
Percentage of Non-NHS trade invoices paid within target	93%	95%
Total NHS trade invoices paid in the year	1162	18,133
Total NHS trade invoices paid within target	808	15,934
Percentage of NHS trade invoices paid within target	70%	88%

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.

### 7.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2007/08	2006/07
	£000	£000
Amounts included within Interest Payable (Note 9) arising from claims made under this legislation	0	2
Compensation paid to cover debt recovery costs under this legislation	0	0

The below information has been extracted from the full accounts for the year ending 31 March 2008  
copies are available on request from Christine Bell - PR & Communications Manager, telephone (0151) 600 1409

## 8. Profit/(Loss) on Disposal of Fixed Assets

	2007/08 £000	2006/07 £000
Profit on disposal of fixed asset investments	0	0
(Loss) on disposal of fixed asset investments	0	0
Profit on disposal of intangible fixed assets	0	0
(Loss) on disposal of intangible fixed assets	0	0
Profit on disposal of land and buildings	0	0
(Loss) on disposal of land and buildings	0	0
Profits on disposal of plant and equipment	0	0
(Loss) on disposal of plant and equipment	0	0
	<u>0</u>	<u>0</u>

[Specify where major property disposals have occurred]

## 9. Interest Payable

	2007/08 £000	2006/07 £000
Finance leases	0	0
Late payment of commercial debt	0	2
Loans	0	0
Other	0	0
	<u>0</u>	<u>2</u>

## 10. Intangible Fixed Assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2006	210	0	0	0	210
Indexation				0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluation	0	0	0	0	0
Additions purchased	23	0	0	0	23
Additions donated	0	0	0	0	0
Additions government granted	0	0	0	0	0
Disposals	(5)	0	0	0	(5)
<b>Gross cost at 31 March 2007</b>	<b>228</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>228</b>
Amortisation at 1 April 2006	86	0	0	0	86
Indexation				0	0
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluation	0	0	0	0	0
Charged during the year	40	0	0	0	40
Disposals	(5)	0	0	0	(5)
<b>Amortisation at 31 March 2007</b>	<b>121</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>121</b>
<b>Net book value</b>					
- Purchased at 1 April 2006	123	0	0	0	123
- Donated at 1 April 2006	1	0	0	0	1
- Government granted at 1 April 2006	0	0	0	0	0
<b>- Total at 1 April 2006</b>	<b>124</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>124</b>
- Purchased at 31 March 2007	107	0	0	0	107
- Donated at 31 March 2007	0	0	0	0	0
- Government granted at 31 March 2007	0	0	0	0	0
<b>- Total at 31 March 2007</b>	<b>107</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>107</b>

## 10. Tangible Fixed Assets

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

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & 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 2007	3,647	51,162	513	7,246	15,045	0	3,502	1,758	82,873
Additions purchased	0	3,074	0	2,039	3,077	0	471	131	8,792
Additions donated	0	0	92	0	0	0	0	0	92
Additions government granted	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	4,760	287	(7,482)	2,410	0	0	25	0
Indexation	197	5,210	45	466	404	0	0	48	6,370
Revaluation	0	(2,689)	0	0	0	0	0	0	(2,689)
Disposals	0	0	0	0	(2,124)	0	(109)	(67)	(2,300)
<b>Cost or Valuation at 31 March 2008</b>	<b>3,844</b>	<b>61,683</b>	<b>937</b>	<b>2,269</b>	<b>18,812</b>	<b>0</b>	<b>3,864</b>	<b>1,895</b>	<b>93,138</b>
Depreciation at 1 April 2007					9,700	0	1,485	676	11,861
Charged during the year	0	2,149	27		1,489	0	558	174	4,397
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0		0	0	0	0	0
Indexation	0	948	3		260	0		18	1,229
Revaluation	0	0		0	0	0	0	0	0
Disposals				0	(2,124)	0	(109)	(67)	(2,300)
<b>Depreciation at 31 March 2008</b>	<b>0</b>	<b>3,097</b>	<b>30</b>	<b>0</b>	<b>9,325</b>	<b>0</b>	<b>1,934</b>	<b>801</b>	<b>15,187</b>
Net book value									
- Purchased at 1 April 2007	3,647	50,647	377	6,981	4,618	0	2,017	1,008	69,255
- Donated at 1 April 2007	0	515	176	265	727	0	0	74	1,757
- Government granted at 1 April 2007	0	0	0	0	0	0	0	0	0
<b>- Total at 1 April 2007</b>	<b>3,647</b>	<b>51,162</b>	<b>513</b>	<b>7,246</b>	<b>5,345</b>	<b>0</b>	<b>2,017</b>	<b>1,082</b>	<b>71,012</b>
- Purchased at 31 March 2008	3,844	57,879	353	2,269	8,768	0	1,930	1,035	76,078
- Donated at 31 March 2008	0	541	554	0	719	0	0	59	1,873
- Government granted at 31 March 2008	0	0	0	0	0	0	0	0	0
<b>- Total at 31 March 2008</b>	<b>3,844</b>	<b>58,420</b>	<b>907</b>	<b>2,269</b>	<b>9,487</b>	<b>0</b>	<b>1,930</b>	<b>1,094</b>	<b>77,951</b>

Of the totals at 31 March 2008, £NIL related to land valued at open market value and £NIL related to buildings valued at open market value and £NIL related to dwellings valued at open market value.

A revaluation downwards of £2.689m has taken place as parts of the new Site Development have come into use during 2007/08

The net book value of assets held under finance leases and hire purchase contracts at the balance sheet date are as follows:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account*	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 31 March 2008	0	0	0	0	0	0	0	0	0
At 31 March 2007	0	0	0	0	0	0	0	0	0

The total amount of depreciation charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts:

	£000	£000	£000	£000	£000	£000	£000	£000	£000
Depreciation 31 March 2008	0	0	0	0	0	0	0	0	0
Depreciation 31 March 2007	0	0	0	0	0	0	0	0	0



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## 10.2 The net book value of land, buildings and dwellings at 31 March 2008 comprises:

	31 March 2008 £000	31 March 2007 £000
Freehold	63,027	55,149
Long leasehold	0	0
Short leasehold	144	173
<b>TOTAL</b>	<b>63,171</b>	<b>55,322</b>

## 11. Stocks and Work in Progress

	31 March 2008 £000	31 March 2007 £000
Raw materials and consumables	3,650	2,902
Work-in-progress	0	0
Finished goods	0	0
<b>TOTAL</b>	<b>3,650</b>	<b>2,902</b>

## 12. Debtors

	31 March 2008 £000	31 March 2007 £000
<b>Amounts falling due within one year:</b>		
NHS debtors	2,581	3,749
Provision for irrecoverable debts	(104)	(125)
Other prepayments and accrued income	599	470
Other debtors	1,082	2,265
<b>Sub Total</b>	<b>4,158</b>	<b>6,359</b>
<b>Amounts falling due after more than one year:</b>		
NHS debtors	0	0
Provision for irrecoverable debts	0	0
Other prepayments and accrued income	0	0
Other debtors	0	0
<b>Sub Total</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>4,158</b>	<b>6,359</b>

## 13. Investments

### 13.1 Fixed Asset Investments

	Description £000	Description £000	Other £000	Total £000
Balance at 1 April 2007	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
<b>Balance at 31 March 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 13.2 Current Asset Investments

	EU emissions trading Scheme £000	Dept. of Health £000	Other £000	Total £000
Balance at 1 April 2007	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
<b>Balance at 31 March 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Cardiothoracic Centre - Liverpool NHS Trust is not a member of the EU Emissions Trading Scheme.

## 14. Creditors

### 14.1 Creditors at the balance sheet date are made up of:

	31 March 2008 £000	31 March 2007 £000
<b>Amounts falling due within one year:</b>		
Bank overdrafts	0	0
Current instalments due on loans	0	0
Interest payable	0	2
Payments received on account	0	0
NHS creditors	882	4,683
Non - NHS trade creditors - revenue	1,220	2,659
Non - NHS trade creditors - capital	245	314
Tax	108	409
Social security costs	232	8
Obligations under finance leases and hire purchase contracts	0	0
Other creditors	258	210
Accruals and deferred income	5,492	1,833
<b>Sub Total</b>	<b>8,437</b>	<b>10,118</b>
<b>Amounts falling due after more than one year:</b>		
Long - term loans	0	0
Obligations under finance leases and hire purchase contracts	0	0
NHS creditors	0	0
Other	0	0
<b>Sub Total</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>8,437</b>	<b>10,118</b>

Movements between NHS Creditors and Accruals and deferred income are due to reclassifications in accordance with financial coding within the general ledger system.

## 14.2 Loans and any other long-term financial liabilities

	31 March 2008	31 March 2007
	£000	£000
Amounts falling due:		
In one year or less	0	0
Between one and two years	0	0
Between two and five years	0	0
Over 5 years	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
Wholly repayable within five years	0	0
Wholly repayable after five years, not by instalments	0	0
Wholly or partially repayable after five years, by instalments	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

### Loans and long-term financial liabilities wholly or partially repayable after five years

Interest rate	31 March 2007 value outstanding	31 March 2006 value outstanding
%	£000	£000

## 14.3 Finance Lease obligations

	31 March 2008	31 March 2007
	£000	£000
Payable:		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
	<b>0</b>	<b>0</b>
Less finance charges allocated to future periods	0	0
	<b>0</b>	<b>0</b>

## 14.4 Finance Lease Commitments

Liverpool Heart and Chest Hospital NHS Trust has no Finance Lease Commitments

## 15. Provisions for liabilities and charges

	Pensions relating to former directors	Pensions relating to other staff	Legal claims	Restructuring	Others	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2007	0	0	81	0	425	<b>506</b>
Arising during the year	0	0	59	0	540	<b>599</b>
Utilised during the year	0	0	(60)	0	(125)	<b>(185)</b>
Reversed unused	0	0	0	0	0	<b>0</b>
Unwinding of discount	0	0	0	0	0	<b>0</b>
<b>At 31 March 2008</b>	<b>0</b>	<b>0</b>	<b>80</b>	<b>0</b>	<b>840</b>	<b>920</b>
<b>Expected timing of cashflows:</b>						
Within one year	0	0	60	0	62	<b>122</b>
Between one and five years	0	0	20	0	778	<b>798</b>
After five years	0	0	0	0	0	<b>0</b>

Other Provisions includes £597k for amounts associated with Agenda for Change

In addition £243k has been provided for a backdated Business Rates Liability arising from the commissioning of the New Site Development

£579k is included in the provisions of the NHS Litigation Authority at 31 March 2008 in respect of Clinical Negligence Liabilities of the NHS Trust (31 March 2007 £109k).

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## 16. Movements on Reserve

	Revaluation Reserve £000	Donated Asset Reserve £000	Government Grant Reserve £000	Other Reserves £000	Income and Expend Reserve £000	Total £000
At 1 April 2007 as previously stated	6,977	1,758	0	0	2,588	<b>11,323</b>
Prior Period Adjustments	0	0	0	0	0	<b>0</b>
At 1 April 2007 as restated	6,977	1,758	0	0	2,588	<b>11,323</b>
Transfer from the income and expenditure account	0	0	0	0	27	<b>27</b>
Fixed asset impairments	0	0	0	0	0	<b>0</b>
Surplus/(deficit) on other revaluations/indexation of fixed/current assets	2,351	101	0	0	0	<b>2,452</b>
Transfer of realised profits/(losses) to the income and expenditure reserve	0	0	0	0	0	<b>0</b>
Receipt of donated/government granted assets	0	92	0	0	0	<b>92</b>
Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated/government granted assets	0	(78)	0	0	0	<b>(78)</b>
Other transfers between reserves	0	0	0	0	0	<b>0</b>
Other movements on reserves - Movements to Creditors	0	0	0	0	0	<b>0</b>
Reserves eliminated on dissolution	0	0	0	0	0	<b>0</b>
At 31 March 2008	<b>9,328</b>	<b>1,873</b>	<b>0</b>	<b>0</b>	<b>2,615</b>	<b>13,816</b>

## 17. Notes to cash flow Statement

### 17.1 Reconciliation of operating surplus to net cash flow from operating activities:

	2007/08 £000	2006/07 £000
Total operating surplus/(deficit)	<b>2,335</b>	1,971
Depreciation and amortisation charge	<b>4,437</b>	3,805
Fixed asset impairments and reversals	<b>0</b>	0
Transfer from donated asset reserve	<b>(78)</b>	(209)
Transfer from the government grant reserve	<b>0</b>	0
(Increase)/decrease in stocks	<b>(748)</b>	257
(Increase)/decrease in debtors	<b>2,201</b>	(984)
Increase/(decrease) in creditors	<b>(1,138)</b>	1,332
Increase/(decrease) in provisions	<b>414</b>	385
Net cash inflow/(outflow) from operating activities before restructuring costs	<b>7,423</b>	6,557
Payments in respect of fundamental reorganisation/restructuring	<b>0</b>	0
Net cash inflow from operating activities	<b>7,423</b>	6,557

### 17.2 Reconciliation of operating surplus to net cash flow from operating activities:

	2007/08 £000	2006/07 £000
Increase/(decrease) in cash in the period	<b>0</b>	0
Cash (inflow) from new debt	<b>0</b>	0
Cash outflow from debt repaid and finance lease capital payments	<b>0</b>	0
Cash (inflow)/outflow from (decrease)/increase in liquid resources	<b>0</b>	0
Change in net debt resulting from cash flows	<b>0</b>	0
Non - cash changes in debt	<b>0</b>	0
Net debt at 1 April 2007	<b>106</b>	106
<b>Net debt at 31 March 2008</b>	<b>106</b>	106

### 17.3 Analysis of changes in net debt

	At 1 April 2007	Cash Transferred (to)/from other NHS bodies	Other cash changes in year	Non-cash changes in year	At 31 March 2008
	£000	£000	£000	£000	£000
OPG Cash at Bank	0	0	(2)	0	102
Commercial cash at bank and in hand	0	0	2	0	4
Bank overdraft	0	0	0	0	0
Loan from DH due within one year	0	0	0	0	0
Other debt due within one year	0	0	0	0	0
Loan from DH due after one year	0	0	0	0	0
Other debt due after one year	0	0	0	0	0
Finance leases	0	0	0	0	0
Current asset investments	0	0	0	0	0
	<b>106</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>106</b>

### 18. Capital Commitments

Commitments under capital expenditure contracts at 31 March 2008 were £60K (31 March 2007 £4.8m)

This relates to the completion of capital schemes which were started in 2007/08 and will be completed early in 2008/09

### 19. Post Balance Sheet Events

The Trust is hoping to achieve Foundation Trust status during 2008/09.

### 20. Contingencies

	2007/08	2006/07
	£000	£000
Contingent liabilities	(46)	(121)
Amounts recoverable against contingent liabilities	0	0
<b>Net value of contingent liabilities</b>	<b>(46)</b>	<b>(121)</b>
Contingent Assets	0	0

### 21. Movement in Public Dividend Capital

	2007/08	2006/07
	£000	£000
Public Dividend Capital as at 1 April 2007	58,556	53,919
New Public Dividend Capital received (including transfers from dissolved NHS Trusts)	4,243	4,637
Public Dividend Capital repaid in year	0	0
Public Dividend Capital written off	0	0
Public Dividend Capital issued as originating capital on new establishment	0	0
Public Dividend Capital transferred to Foundation Trust	0	-
Other movements in Public Dividend Capital in year	0	0
<b>Public Dividend Capital as at 31 March 2008</b>	<b>62,799</b>	<b>58,556</b>

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## 22. Financial Performance Targets

### 22.1 Breakeven Performance

The Trust's break even performance for 2007/08 is as follows:

	2003/04	2004/05	2005/06	2006/07	2007/08
	£000	£000	£000	£000	£000
Turnover	62,306	71,056	77,807	82,922	89,371
Retained surplus/(deficit) for the year	0	0	0	27	27
Adjustment for:					
- Timing/non-cash impacting distortions					
- Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0
- 2004/05 Prior Period Adjustment (relating to 1997/98 and 2003/04)	0				
- 2005/06 Prior Period Adjustment (relating to 1997/98 to 2004/05)	0	0			
- 2006/07 Prior Period Adjustment (relating to 1997/98 to 2005/06)	0	0	0	0	
- 2007/08 Prior Period adjustment (relating to 1997/98 to 2006/07)	0	0	0	0	0
Break-even in-year position	0	0	0	27	27
Break-even cumulative position	172	172	172	199	226
If anticipated financial year of recovery is more than two years state the period agreed with SHA					0
Materiality test (I.e. is it equal to or less than 0.5%):					
- Break-even in-year position as a percentage of turnover	0.00%	0.00%	0.00%	0.03%	0.03%
- Break-even cumulative position as a percentage of turnover	0.28%	0.24%	0.22%	0.24%	0.25%

### 22.2 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.

The rate is calculated as the percentage that dividends paid on public dividend capital, totalling £2.607m, bears to the average relevant net assets of £71.3m that is 3.7%.

### 22.3 External financing

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

	2007/08	2006/07
	£000	£000
External financing limit	<b>4,243</b>	4,637
Cash flow financing	4,243	4,637
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	<b>4,243</b>	4,637
<b>Undershoot/(overshoot)</b>	<b>0</b>	0

### 22.4 Capital Resource Limit

The Trust is given a capital resource limit which it is not permitted to overspend

	2007/08	2006/07
	£000	£000
Gross capital expenditure	<b>8,907</b>	8,522
Less: book value of assets disposed of	<b>0</b>	0
Plus: loss on disposal of donated assets	<b>0</b>	0
Less: capital grants	<b>0</b>	0
Less: donations towards the acquisition of fixed assets	<b>(92)</b>	(349)
Charge against the capital resource limit	<b>8,815</b>	8,173
Capital resource limit	<b>8,815</b>	8,173
<b>(Over)/Underspend against the capital resource limit</b>	<b>0</b>	0

### 23. Related Party Transactions

Liverpool Heart and Chest Hospital 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 Liverpool Heart and Chest Hospital NHS Trust. One of our associate directors is married to a director of Western Cheshire PCT. The income from this PCT which includes Specialist Commissioning Team Income totals £58 million in 2007/08. Neither party has had any involvement in the commissioning process.

The Department of Health is regarded as a related party. During the year Liverpool Heart and Chest Hospital 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:

A Strategic Health Authority  
North West SHA

B Primary Care Trust  
Ashton Leigh & Wigan PCT, Birmingham East & North PCT,  
Central Lancashire PCT,  
Central & Eastern Cheshire PCT, Halton & St. Helens PCT, Knowsley PCT,  
Liverpool PCT,  
North Lancashire PCT, Sefton PCT, Warrington PCT, West Kent PCT,  
Western Cheshire PCT, Wirral PCT.

C NHS Trust  
North Cheshire Hospitals NHS Trust,  
North West Ambulance Service NHS Trust,  
Royal Liverpool and Broadgreen University Hospital NHS Trust,  
Royal Liverpool Children's NHS Trust,  
The Walton Centre for Neurology and Neurosurgery NHS Trust.

D Foundation Trust  
Aintree University Hospitals NHS Foundation Trust, Blackpool,  
Fylde & Wyre NHS Foundation Trust,  
Clatterbridge Centre for Oncology NHS Foundation Trust,  
Liverpool Womens Hospital NHS Foundation Trust,  
Salford Royal NHS Foundation Trust,  
University Hospital of South Manchester NHS Foundation Trust,  
Wirral University Teaching Hospital NHS Foundation Trust.

NHS Business Services Authority  
NHS Litigation Authority

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 City Council.

The Trust has also received revenue and capital payments from a number of charitable funds. Some of these Trustees are also members of the NHS Trust Board

Liverpool Heart and Chest Hospital Charity is an umbrella charity made up of 37 funds with a combined balance at 31st March 2008 of £1.515m. The Trust has benefited during the year from donations from Charitable funds.

Material transactions during the year included a contribution to Research and Development from Merseybeat of £200,000. In addition £35k was spent on the refurbishment costs associated with Robert Owen House, this facility provides inexpensive accommodation for patients relatives.

The Trust hosted an international Aortic Surgery Symposium in June 2007. Live Aneurysm Surgery was performed at the Trust for the benefit of the international audience of Cardiac Specialists attending the event.

The Mersey School of Anaesthesia continued to provide training in Critical Care and Anaesthesia.

### 24. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with local Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS 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 the listed companies to which FRS 13 mainly applies. The NHS 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 Trust in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile. Provisions should be shown gross. Any amount expected in reimbursement against a provision (and included in debtors) should be separately disclosed.

#### Liquidity risk

The NHS Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. Liverpool Heart and Chest Hospital NHS Trust is not, therefore, exposed to significant liquidity risks.

#### Interest-Rate Risk

0% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Liverpool Heart and Chest Hospital NHS Trust is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the Trust's financial assets and liabilities:



The below information has been extracted from the full accounts for the year ending 31 March 2008  
copies are available on request from Christine Bell - PR & Communications Manager, telephone (0151) 600 1409

## 24.1 Financial Assets

	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate Weighted average interest rate	Weighted average period for which fixed	Non-interest bearing weighted average term
Currency	£000	£000	£000	£000	%	Years	Years
At 31 March 2008							
Sterling	106	106	0	0	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial liabilities</b>	<b>106</b>	<b>106</b>	<b>0</b>	<b>0</b>			
At 31 March 2007							
Sterling	106	106	0	0	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial liabilities</b>	<b>106</b>	<b>106</b>	<b>0</b>	<b>0</b>			

## 24.2 Financial Liabilities

	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate Weighted average interest rate	Weighted average period for which fixed	Non-interest bearing weighted average term
Currency	£000	£000	£000	£000	%	Years	Years
At 31 March 2008							
Sterling	(62,799)	0	0	(62,799)	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial liabilities</b>	<b>(62,799)</b>	<b>0</b>	<b>0</b>	<b>(62,799)</b>			
At 31 March 2007							
Sterling	(58,556)	0	0	(58,556)	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial liabilities</b>	<b>(58,556)</b>	<b>0</b>	<b>0</b>	<b>(58,556)</b>			

Note: The public dividend capital is of unlimited term.

### Foreign Currency Risk

The Trust has no/negligible foreign currency income or expenditure

### 24.3 Fair Values

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's financial assets and liabilities as at 31 March 2008.

	Book Value	Fair Value	Basis of fair valuation
	£000	£000	
<b>Financial assets</b>			
Cash	106	106	
Debtors over 1 year:			
- Agreements with commissioners to cover creditors and provisions	0	0	
Investments	0	0	
<b>Total</b>	<u>106</u>	<u>106</u>	
<b>Financial liabilities</b>			
Overdraft	0	0	
Creditors over 1 year:			
- Finance leases	0	0	
Provisions under contract	0	0	
Loans	0	0	
<b>Total</b>	<u>0</u>	<u>0</u>	

### 25. Third Party Assets

The Trust held £223 cash at bank and in hand at 31 March 2008 (£238 - at 31 March 2007) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

### 26. Intra Government and Other Balances

There were 21 cases of losses and special payments (2006/07: 11 cases) totalling £97k (2006/07: £25,735) paid during 2007/08. There are no cases greater than £250,000 for the Trust

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other Central Government Bodies	822	0	137	0
Balances with Local Authorities	243	0	21	0
Balances with NHS Trusts and Foundation Trusts	1,716	0	1,824	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,377	0	6,455	0
<b>At 31 March 2008</b>	<u><b>4,158</b></u>	<u><b>0</b></u>	<u><b>8,437</b></u>	<u><b>0</b></u>
Balances with other Central Government Bodies	0	0	897	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	3,749	0	3,685	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	2,610	0	5,536	0
<b>At 31 March 2007</b>	<u><b>6,359</b></u>	<u><b>0</b></u>	<u><b>10,118</b></u>	<u><b>0</b></u>

### 27. Losses and Special Payments

There were 21 cases of losses and special payments (2006/07: 11 cases) totalling £97k (2006/07: £25,735) paid during 2007/08. There are no cases greater than £250,000 for the Trust.



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