

Annual Report and Accounts 2014/15

Liverpool Heart and Chest Hospital NHS Foundation Trust

Annual Report and Accounts **2014/15**

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

Contents

	Page No.
Chair and Chief Executive's Foreword	6
Key achievements of 2014/15	8
1. Strategic Report	9
2. Directors' Report	19
3. Remuneration Report	30
4. Board of Directors and Code of Governance Report	36
5. Members	49
6. Council of Governors	52
7. Quality Report	58
8. Our Staff	113
9. Other Disclosures	131
10. Statement of Accounting Officer's Responsibilities	132
11. Annual Governance Statement	133
12. Annual Accounts	142

Chair and Chief Executive's Foreword

We are delighted to welcome you to this year's annual report and accounts for 2014/15.

The Trust and the wider NHS continues to operate within an increasingly challenging climate, and we would like to take the opportunity to recognise our staff as special people doing special things on a daily basis, transforming the lives of our patients and families.

This year, our staff have treated more than 13,000 inpatients and more than 70,000 patients visited our outpatient clinics with many thousands more undergoing diagnostic and rehabilitation services. As such, we would like to express our heartfelt thanks to all our staff from every ward and department across the Trust; they have all worked tirelessly again this year, not only to make sure that our patients and families receive care that is excellent, compassionate and safe, but also to encourage each other to '**be the best**' and to further raise the quality of services and care across the organisation.

It is this dedication to '**being the best**' that enabled the Trust to win a prestigious award for embedding Compassion in Practice into our ways of working at the Chief Nursing Officer Summit 2014. The judging panel, which included representatives from NHS England, NHS Employers, and front line healthcare staff, identified that the Trust had delivered demonstrable improvements to patient experience, by taking Compassion in Practice right to the core of the organisation.

We have worked closely with our commissioners and other partners in the wider health economy, particularly with the ongoing Healthy Liverpool programme. There is now recognition that the issues of health and social care require a collaborative approach and we are committed to working together with our partners and continuing the constructive dialogue that we have participated in this year.

While the financial challenges for all NHS providers continue, we are pleased that we have invested in improving our services and the hospital environment. As one of the leading providers of Cystic Fibrosis services in the country, we are looking forward to the opening of our new 10 bedded Cystic Fibrosis Unit, which will provide exceptional 'home from home' facilities for our patients. We are also delighted that upgrades have taken place within the relatives' area in Critical Care and in our on-site relatives' accommodation, Robert Owen House.

It is appropriate at this point that we express our thanks to the Friends of Robert Owen House for their determined fundraising efforts that have made these improvements possible, whilst we are also enormously grateful to the wider charitable support of so many members of the public. Their donations to the hospital bring real added value to the experience of all our patients and families.

Further improvements to the hospital environment have been made this year following the success of our inaugural hospital photography competition. High quality entries were received from patients, visitors, staff and members of the public and following rigorous

review, our judging panel selected 50 images for display around the hospital for the enjoyment of all.

We are resolutely committed to maintaining the highest quality and safety of all our specialist services, so that the experience of every patient and family member from Liverpool Heart and Chest Hospital, whether in the community, at our many off site clinics or in the hospital, is **the best** that it can be.

Indeed many people write and tell us of their positive experience, with one lung surgery patient saying:

“My speedy recovery was due to the most wonderfully organised and well-run hospital, with the most efficient, diligent and friendly staff at all levels. I cannot express sufficiently my praise and thanks.”

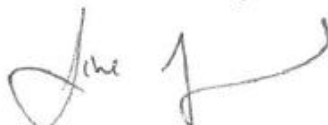
We are delighted that so many members of our community have taken a keen interest in the hospital this year, for example by attending open days, health awareness events, and patient engagement forums and we are once again particularly grateful to our Governors for their dedication and unstinting support of the work of the Trust and the Board of Directors.

Finally we would like to thank our volunteers for their invaluable and ongoing commitment. They play a crucial role in supporting our patients and families and enhancing the work of our staff.

We know that the year ahead will bring many more challenges, but we are confident that Liverpool Heart and Chest Hospital's track record for exceptional performance and delivering the highest quality of care and clinical services will continue.



Neil Large
Chairman



Jane Tomkinson
Chief Executive

Key Achievements in 2014/15

- Recognised as the 'best performing trust for Coronary Artery Bypass Graft Surgery' at the Advancing Quality Awards 2014.
- Rated as the top performing hospital for 'overall patient care' in the Care Quality Commission's 2013 National Inpatient Survey – the 7th time in 8 years.
- LHCH was recognised at the Chief Nursing Officer Summit 2014 for embedding Compassion In Practice into our ways of working.
- The Electronic Patient Record Team won an award for Best Virtualisation for Disaster Recovery at the VM World Europe Awards 2014.
- Ranked by the Clinical Digital Maturity Index as one of the joint top trusts in the country for digital capability.
- LHCH was a shortlisted finalist in four categories at the Nursing Times Awards 2014 and in one category at the HSJ Awards 2014.
- Fourth year of the Institute of Cardiovascular Medicine and Science, in collaboration with Royal Brompton and Harefield NHS Foundation Trust, Imperial College London and the University of Liverpool; we have seen significant progress made on collaborative research, education and service development as a consequence of this venture.
- Knowsley Community CVD Services' bid to continue providing CVD services was successful and the new contract started on 1st April 2014.
- LHCH was successful awarded £208,900 by the Nursing Technology Fund for a project entitled, Digitally Enabling Observation Management System.
- All minimum standards of care met or exceeded as defined by the Department of Health.

1. Strategic Report

This strategic report is prepared in accordance with:

- *sections 414A, 414C and 414D₅ of the Companies Act 2006, as interpreted by the FReM (paragraphs 5.2.6 to 5.2.11). In doing so, foundation trusts must treat themselves as quoted companies. Sections 414A(5) and (6) and 414D(2) do not apply to NHS foundation trusts.*

The accounts have been prepared under a direction issue by Monitor under the National Health Service Act 2006.

1.1 Introduction

Liverpool Heart and Chest Hospital NHS Trust achieved foundation trust status in 2009, and operates as a public benefit corporation with the Board of Directors accountable to its membership through the Council of Governors, which is elected from public and staff membership along with nominated representatives from key stakeholder organisations.

Our Vision is

To be the best cardiothoracic integrated healthcare organisation, delivering clinical excellence and a first class patient and family experience.

Our Mission is

Excellent, Compassionate and Safe Care for every patient, every day.

In this report you can read more about how Liverpool Heart and Chest Hospital is developing to ensure a clinically and financially sustainable future for its patient population.

2014/15 was a challenging year for the Trust financially, but one in which the Trust performed strongly, delivering a small normalised surplus and operating well within the regulatory framework as set out by Monitor. As part of this, the Trust delivered a Continuity of Service Risk Rating (CoSRR) of level 4 (indicating the lowest level of risk to delivery of the financial plan). Having previously exploited its financial freedoms as a foundation trust to invest surpluses to improve and develop its estate and IT infrastructure, it is now utilising capital as an enabler to facilitate change, which is key to the delivery of its quality, productivity and efficiency agenda.

The Trust recognises that staff are its most valuable asset and has continued to develop its Staff Experience Vision to ensure that they are involved in shaping the Trust's future, bringing forward their ideas for service improvement and innovation to deliver better clinical services at less cost through improved efficiency. In 2014/15 the Trust participated in the Mutuels in Health Pathfinder Research Project, to research new ways of developing staff engagement. The findings of this project will help to inform the Trust's People Strategy for 2015/16.

The Trust continues to enjoy a maturing relationship with its Governors who actively represent staff, partner organisations, members and the local community. Governors remain an integral part of the Trust's assurance processes participating in appraisal, audit, planning and capital projects.

1.2 Business Review and Operating and Financial Review

Our Business Model

Liverpool Heart and Chest Hospital is the largest single site specialist heart and chest hospital in the UK, providing specialist services in cardiothoracic surgery, cardiology, respiratory medicine including adult cystic fibrosis and diagnostic imaging.

The Trust serves a population of 2.8million spanning Merseyside, Cheshire, North Wales and the Isle of Man. The Trust also receives referrals from outside of its core population base for some of its highly specialised services such as aortics.

The Trust has 214 beds.

In 2014/15, it treated:

- 2,025 cardiac surgery inpatients
- 8,067 cardiology inpatients
- 580 respiratory inpatients
- 1,403 thoracic surgery inpatients
- 121 upper GI inpatients
- 686 other inpatients (including cystic fibrosis)
- 70,538 outpatients
- 27,999 community outpatients

As of March 31st 2015, the Trust employed 1,421 staff of whom 365 were male and 1056 were female. There were also 23 senior managers, of whom 8 were male and 15 were female. The Trust also greatly values the support of its ever expanding cohort of volunteers.

The Trust aims to provide 'excellent, compassionate and safe care to every patient, every day' and has firmly embedded the values and behaviours that are expected of all its staff and volunteers. The vision, 'to be the best cardiothoracic integrated healthcare organisation', and the five strategic goals underpinning this vision centre on the following areas:

- **Quality:** Delivering the highest quality, safest and best experience for patients and their families by providing reliable care.
- **Service and Innovation:** To develop our service portfolio for patients by expanding our current models of service and by developing innovative models of care underpinned by enhanced business systems.
- **Value:** To maintain financial viability, enhance service delivery and develop new models of care to improve the health of our patients and safely reduce costs through our programme of transactional and transformational change.
- **Workforce:** To be the best NHS Employer by 2019 with a demonstrable track record of motivating our high performing workforce.
- **Stakeholders:** To develop productive relationships and alliances with key stakeholders as effective and responsive partners in order to enhance the Trust's profile and reputation and thus secure LHCH clinical sustainability.

Furthermore, the Trust's vision, strategic objectives and all key activities are underpinned by its safety culture, vision for Patient and Family Centred Care and the development of its People Strategy.

The Trust currently has a strong position in the healthcare market. The changing health economy (both local and regional) and the potential impact of increased competition poses a number of threats and could expose weaknesses. The opportunities available to the Trust

should not be underestimated and the financial stability the organisation holds, in conjunction with our reputation for strong performance and high quality clinical services are a significant advantage.

The Trust faces challenge to retain and develop a portfolio of services that are clinically and financially sustainable in the current economic context and financial challenge facing the NHS and local authorities. Demand is increasing due to demographic and lifestyle factors. Heart and lung diseases continue to be amongst the biggest killers in the UK and all business decisions and opportunities are considered in the context of benefits for our patients. The Trust has a strong culture of research and innovation underpinning its excellent clinical outcomes.

The Trust is a digitally enabled organisation and seeks to improve clinical and operational performance and the patient and family experience. Alongside significant investments in its IT infrastructure, further investments have been made to the estate with all new clinical areas designed with the needs of patients and families and their comfort and safety in mind. The Trust is determined to ensure its business model provides for the future to ensure that all its clinical areas attain these high standards.

The Trust recognises the challenges it is facing but sees opportunities to strengthen its position through extending integrated models of care through collaborative working. The Trust has developed a long term plan that it continues to execute with success, which will help to ensure that the Trust continues to succeed and that commissioner focus on service quality (national standards, NICE implementation and delivery of the NHS Constitution) remains a key strength.

Within this context, the plan continues to focus on where it is possible to form strong clinical and organisational relationships. There is clear evidence that partnerships enhance the role of the Trust, improve patient care and outcomes at partner Trusts and reduce the motivation to offer competitive services.

Key Business Activities

Activity carried out by the Trust comprises both elective and emergency referrals from surrounding district general hospitals, general practitioners and clinicians from across the country. Our core services are cardiology and chest medicine, cardiac and thoracic surgery and the provision of primary care services for chronic long term conditions.

The total annual operating revenue for the Trust in 2014/15 was £117.9m - an increase of 3% from 2013/14.

The total income was derived from a number of key contracts; £68.4m from NHS England Cheshire, Warrington and Wirral Area Team for Tertiary Care activity, £14.4m from the Welsh Health Specialised Services Committee, £15.4m from North West Clinical Commissioning Groups for Secondary Care activity, £3.4m from Community contracts, £3.6m from Private Patient work, £2.9m for the Isle of Man Contract, £2.6m for Clinical Education and Training and £1.3m in support of Research and Development activities.

The table below demonstrates the movement in patient activity numbers since 2009/10.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	5 Year Growth
Surgery inpatients	3,572	3,604	3,356	3,728	3,724	3,709	4%
Cardiology inpatients	8,555	8,858	9,186	9,233	8,976	8,986	5%
Outpatients	59,257	62,794	64,226	63,968	65,758	73,029	23%

Analysis of 2014/15 Financial Performance

The Trust's financial plans for 2014/15 required the delivery of a surplus of £0.5m (after the achievement of a £5.8m cost improvement programme). The Trust delivered a normalised surplus (excluding the impact of impairments and restructuring costs) of £0.1m (including actual delivery of CIP of £4.7m) as summarised in the table below.

Financial Performance	2014/15 Plan £'000s	2014/15 Actual £'000's	Variance £'000's
Revenue	111,018	122,174	11,156
Costs			
Pay	-60,114	-64,103	-3,989
Direct Non-Pay	-36,762	-39,674	-2,912
Overheads	-6,724	-8,061	-1,337
Items Excluded from EBITDA (Included in net Financing / Non-Operating Costs) ¹		-3,884	-3,884
EBITDA	7,418	6,452	-966
Net Financing Costs	-6,943	-3,284	3,659
Trust Surplus/(Deficit)	475	3,168	2,693
Exceptional Items (included above) ²	0	-3,080	-3,080
Trust Normalised Surplus/(Deficit)	475	88	-387

1. *items Excluded from EBITDA (Included in net Financing / Non-Operating Costs): This figure includes the net impact of an impairment reversal (£3,502k), donated asset income (£777k) and the impact of restructuring costs (£422k) which have been treated as an exceptional in arriving at the normalised position for the year;*
2. *Exceptional items include an impairment reversal of £3.502m; offset in part by restructuring costs (MARs) of £0.422m).*

The Trust's total annual operating revenue which excludes the impact of impairment reversals and income related to donated assets was £117.9m which is some £6.9m above the plan for 2014/15. The main elements of this include:

- The tertiary contract with NHS England over performed by £3.75m (6%). This is materially driven by recharged devices (£2.6m) and non- elective activity (£0.78m).
- The secondary care contracts experienced an over performance of some £0.58m. Materially the over performance is driven by non-elective activity (£0.46m) and outpatient procedures (0.25m), offset by a large below plan performance with electives (-£0.52m).
- The Welsh contract was below plan by £371k (3%). Non-elective non-emergency activity was above plan (£196k), however both non elective (£320k) and critical care (£211k) were below plan.
- The Isle of Man contract was above plan by £274k (10%) above plan in driven by devices (£59k) and elective activity £229k (mainly TAVI £140k).
- Private patient income was above plan by £0.73m (25%).
- Non patient related income was above plan by in month 12 by £1,442k above plan (20%) materially driven by SLA/Trust income.

Costs and Cost Improvement Programme

The Trust's total costs in 2014/15 were £114.2m. After normalising for the impact of impairment of £1.3m and restructuring costs of £0.4m, costs were above plan by £6.7m.

Pay costs were £3.6m (5.9%) above plan. The average number of vacancies for the year was 69.01 FTE. Within this position Locum, Bank, Agency and overtime costs of £3.9m were incurred to cover the vacancies whilst these are incurred at a premium rate, they are essential to maintain quality during periods of high occupancy.

Direct non pay costs were above plan by £2.7m (7.2%). This largely relates to clinical supplies, within which one of the key drivers of the position is in relation to high cost devices which are directly offset by the over-recovery of income.

The Trust also delivered a Cost Improvement Programme (CIP) of £4.9m or 4.7% of its planned operating expenditure over the period. The savings can be categorised as follows:

CIP Performance by Category	Plan £'000	Actual £'000	Variance £'000
Revenue Generation	262	636	374
Pay	2,761	1190	(1,571)
Non Pay	2,761	3057	296
Total	5,783	4,882	(901)

Key enabling strategies that produced 2014/15 cost savings included procurement practices, staffing skill mix reviews, additional revenue generation and Service Line Reporting reviews that led to standardisation of products and practices.

CIP schemes are identified by Directorates and are subject to review via the Trust Senior Management Team and Executive Team but also through appropriate Assurance Committees to ensure they will not have a detrimental effect upon patient safety or quality of care. The Medical Director and Director of Nursing are required to approve all CIP schemes to provide assurance that they will not adversely impact upon patient care.

Capital Investments and Cash Flow

During the 2014/15 financial year, the total capital investment in improving the hospital facilities was £5.1m. The main investments included:

- £1.3m for the purchase of medical equipment
- £0.4m spent as part of the ongoing development of the Cystic Fibrosis unit (the development of the CF Unit will continue into 2015/16)
- £1.3m development / maintenance of the estate
- £0.8m IT investment and further development of the Electronic Patient Record system.

A breakdown of capital expenditure is detailed in the following table:

2014/15 Capital Programme Summary	£'m
Medical Equipment	1.3
Cystic Fibrosis Unit	0.4
Estates Infrastructure / Development	1.3
IT Infrastructure / Electronic Patient Record	0.8
Other	1.3
Total Investment	5.1

After funding the capital programme outlined above, the Trust had a closing cash balance of £12.3m as at 31st March 2015. The Trust's cash position was £3.6m ahead of plan and reflects favourable movements on working capital balances.

Financing

Under its licence conditions, the Trust's ability to service borrowings is measured through the capital service capacity risk rating. The only form of borrowing the Trust has undertaken during the year is leasing of Medical Equipment. The total amount of lease obligations remaining as at 31st March 2014 is £0.5m.

The Trust decided not to renew the working capital facility when it expired in December 2013 having had no call to utilise it since it became an NHS Foundation Trust in December 2009. The ability to remove the working capital facility was facilitated by a change in governance arrangements from October 2013 by Monitor who are the regulator of Foundation Trusts. Prior to that point the Trust was required to have such a facility in place.

Financing activities are managed in accordance with the Trust's approved Treasury Management Policy which is reviewed by the Investment Committee and approved annually by the Board of Directors. During the year, cash investments accrued £40k of interest.

Monitor Key Financial Indicators

The Trust is regulated by Monitor, and one of the key measures against which the performance of the Trust is assessed, is the Continuity of Services Risk Rating (CoSRR).

The CoSRR provides a measure of the level of financial risk NHS Trusts face, and particularly within the context of the potential impact on the continuity of service provision. As part of this framework, the Trust has a rating of 4, which denotes the lowest level of risk to the continuity of services (the CoSRR has a range of ratings from 1 to 4, with 1 indicating the highest level of risk and 4 indicating the lowest level of risk). This is illustrated below:

Continuity of Service Risk Rating	Weighting	Plan	Actual
Capital Service Capacity	50%	4	4
Liquidity	50%	3	3
Overall Risk Rating		4	4

Productivity, Efficiency and CIPs

The Board of Directors continues to be committed to managing the Trust's financial resources prudently and effectively, enabling the continued provision of high quality services, delivered by the exceptional teams at LHCH and from within a good infrastructure base. It is vital that the Trust remains financially viable and is able to generate surpluses, so that it can continue to provide the services that it already delivers and develop new services to improve the health of the population of Merseyside, Cheshire, Wales and beyond. The financial strategy has again been informed by the economic environment we are working within.

The Trust has rightly recognised and debated the challenges it is facing but continues to see the opportunities that can present themselves to strengthen its position in delivering the vision of becoming the premier integrated cardiothoracic healthcare organisation. The Trust believes that it will continue to be successful and that commissioner focus on service quality notably through specialised service specifications (with LHCH fully compliant) and patient choice plays to its strengths.

LHCH's Board of Directors, whilst fully cognisant of the pressure on NHS resources and the need to deliver both transactional and transformational efficiencies, is clear in its belief that they will not be delivered at any expense and at the risk of diminishing the quality of its clinical service offer to its patients.

LHCH fully recognises the need to move from a historical perspective of delivering efficiency through:

- 'trading out' via additional income under PbR
- in year ad hoc measures including holding of vacancies and top slicing of budgets

to a position where growth is only included where it is realistic, fully understood and deliverable. Where growth is considered likely, the Trust discuss with commissioners at the earliest opportunity, on the basis of "no surprises". Growth included in the plans for 2015/16 has been largely offset by additional marginal and stepped costs, so income growth provides a modest contribution to the overall efficiency requirement. This approach will require that

LHCH move to a newer, more transformational approach in order to deliver sustained clinical, operational and financial improvement.

The Trust's approach can be best typified by using its highly developed mature divisional structures allowing a challenge to deeper clinical engagement, responsive financial and operational controls to manage our expenditure base with improved rigour in its programme of implementation and performance management.

In designing the LHCH programme of transactional and transformational change, the focus of attention has been to look primarily at the way in which services are delivered and to look at ways of re-designing services to improve the quality of service provided, which in turn can lead to better use of resources. Divisions have been, and continue to be, encouraged to benchmark wherever possible from both a clinical quality and use of resources perspective the way services are provided at LHCH compared to elsewhere and to both identify and execute delivery of agreed improvements based upon that work.

Better Payment Practice Code

The *Better Payment Practice Code* requires trusts 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.

Whilst the performance has reduced from 2013/14, a number of previously disputed invoices have been paid during the year relating to prior years following resolution of disputes. In addition, the Trust migrated to Oracle R12 in November, which has also had an impact on the performance on the Better Payment Practice Code.

Better Payment Practice Code – measure of compliance	Number	£000's
Total Non-NHS trade invoices paid in the period	30,023	44,627
Total Non-NHS trade invoices paid in within target	27,042	37,465
Percentage of Non-NHS trade invoices paid within target	90.1%	84.0%
Total NHS trade invoices paid in the period	906	11,784
Total NHS trade invoices paid within the target	623	9,390
Percentage of NHS trade payables paid within target	68.8%	79.7%

Pension Liabilities

Early payment of a pension, with enhancement, is available to members of the NHS Pension Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

- **Number of early retirements due to ill health** 2
- **Value of early retirements due to ill health** £107,612.85

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension costs are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to operating expenses at the time the Trust commits itself to the retirement, regardless of the method or timing of payment.

Treasury Management

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within its Standing Financial Instructions and policies agreed by the Board of Directors. The Trust's treasury management activity is subject to review by its internal auditors.

Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest Rate Risk

The Trust has minimal borrowings in the form of a small number of leased assets which are based on rates of interest fixed at the time of entering into the lease agreements. The Trust funds its capital programme from internally generated funds, therefore does not have any other loans and so is not exposed to significant interest rate risk.

Credit Risk

The majority of the Trust's income comes from contracts with other public sector bodies. The Trust has low exposure to credit risk. The maximum exposures as at 31st March 2015 are in receivables from customers, as disclosed in the Trade and other receivables note.

Liquidity Risk

The Trust's operating costs are incurred under contracts with CCG's and NHS England, which are financed from resources voted annually by Parliament. The Trust finances its capital expenditure from internally generated funds. The Trust is not, therefore, exposed to significant liquidity risks.

Environmental Matters

The Trust continues to follow its Environmental Strategy which aims to:

- identify and implement environmentally responsible practices and procedures
- reduce the Trust's carbon footprint and reduce energy costs
- ensure that the Trust achieves compliance with relevant legislation and regulatory standards and guidance.

The Trust has appointed an executive lead for all environmental issues and continues to implement a number of low energy projects, predominantly lighting, across the Estate. The Trust also undertakes feasibility studies into alternative energy projects that will provide more sustainable energy and more resilient services to the trust.

In addition a planned environmental training package for all staff is also due to be rolled out during 2015 to all staff.

Going Concern

The Board of Directors has a reasonable expectation that the Trust has adequate resources to continue its operations for the foreseeable future. For this reason the accounts continue to be prepared under the going concern basis.

Conclusion

Despite another financially challenging year with patient activity levels exceeding plan, the Trust has delivered a normalised surplus position, together with a risk rating of 4. As part of which, the Trust delivered efficiencies of some £4.9m.

Plans for 2015/16 have been set and aim to build upon this year's strong performance, with further investment in the Trust's Estate, IT infrastructure and medical equipment.

A handwritten signature in black ink, appearing to read 'Jane Tomkinson', is positioned above the printed name and title.

Jane Tomkinson

Chief Executive

Date: 27th May 2015

2. Directors' Report

This report is prepared in accordance with:

- Sections 415, 416 and 418 of the Companies Act 2006 (section 415(4) and (5) and section 418(5) and (6) do not apply to NHS foundation trusts);
- Regulation 10 and Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the Regulations")
- Additional disclosures required by the *FReM*
- Additional disclosures required by Monitor

2.1 Quality Governance

The Trust is compliant with the required standards of Monitor's Quality Governance Framework as evidenced by an assessment undertaken by a Mersey Internal Audit Agency review which was completed in December 2014.

The report highlighted that the delivery of high quality safe care is central to the Trust's overall strategy and that there is strong evidence that the key quality issues are dealt with proactively and that the Board obtains assurances from the Executive about the commitment to improving the quality of care. There is a robust action plan for the areas identified within the review for improvement which will be monitored by the Quality Assurance Committee.

Developing services and improving patient care using foundation trust status
Liverpool Heart and Chest Hospital became an NHS Foundation Trust on 1st December 2009.

Foundation Trusts have a duty to engage with local communities, encourage local people to become members and ensure that the membership is representative of the communities they serve. They need to demonstrate that the full range of potential members' interests is represented, and there is a proper balance between different groups.

Membership of the Trust is open to everyone over the age of 16 who resides in the communities it serves including Merseyside, Cheshire, North Wales and Rest of England and Wales. All permanent members of staff or, those who have worked for the Trust for over 12 months, are automatically a member of the Foundation Trust.

The Trust's members represent the different groups of people to whom it is accountable. The Council of Governors represent the views of members and the public, whilst holding the Board of Directors to account. Members have the opportunity to help shape Trust strategies such as quality priorities and any future plans.

Members have supported the work of the Trust in many ways.

- Contributing, supporting and influencing the work of the Trust - including having their say on quality account priorities and providing key feedback through the bi-annual members' survey.

- Attending the Trust's programme of member events, including Annual Members Meeting and Annual Members Health Day and Open Day.
- Keeping informed regarding the latest news and hospital developments through the Trust's Members Matters newsletter.
- Engaging with the Council of Governors, enabling them to effectively represent their views for example through patient and family engagement events. Standing for election or voting in elections to the Council of Governors.
- Attending meetings of the Council of Governors.

Working in collaboration with patients, families, members and governors ensures that the Trust moves away from being an organisation with top down control and moves towards a shared decision making approach. This is now embedded in the Trust's approach to patient and family centred care, engagement and listening events.

LHCH was recognised in 2014 as being top in the country for 'overall patient care', the 7th time in 8 years, in the Care Quality Commission's National Inpatient Survey. The Trust was also successful in being awarded the national Compassion in Care Award by NHS England. Its Friends and Family Test results are consistently high, achieving an average net promoter score of 92. This is underpinned by 97% of staff who would recommend the hospital as a place to receive treatment.

The Trust continues to develop its patient and family centred care approach to truly involve families and carers in care. Its care partner programme has been rolled out, giving an opportunity for patients and families to be involved in care if they wish and the Trust no longer has fixed visiting hours, welcoming families and carers to be with their loved ones at times that suit them.

The Trust has fully considered key learning messages from national reviews including Francis, Keogh and the Berwick review, to inform its clinical priorities outlined within the Quality Improvement Strategy for 2014 – 2017.

Additionally, the key components of the Compassion in Practice Care Strategy (2012) namely the 6 Cs – *Compassion, Care, Commitment, Courage, Communication and Competence* - are embedded within the key priorities. The Trust will enable and support its staff to deliver high quality, compassionate care, and to achieve excellent health and wellbeing outcomes for its patients and their families. The Trust has a clearly defined quality strategy and its quality goals are articulated. Improving the quality, safety and experience of care for patients and families remains a key strategic objective for LHCH. Therefore, it is fundamental that the Trust has a well-defined quality strategy.

The Trust is keen to develop an open and transparent culture and therefore has implemented a number of work streams to do this. These include:

- **Sign up to Safety:** The Trust's focus on safety across the organisation has resulted in LHCH being part of the national *Sign up to Safety* campaign. The Trust has included the improvement work in its culture within this.

- **Culture Survey:** A Trust-wide culture survey has been undertaken, obtaining a 68% response rate which has allowed the Trust to truly understand how staff rate components of their working lives – covering areas such as teamwork, stress recognition and safety climate. The Trust now has the opportunity to work with its teams to understand their feedback in more detail and to work with them in setting improvement priorities.
- **Speak out Safely:** The Trust has signed up to the Nursing Times campaign and has implemented confidential ways in which its staff can speak out.
- **Safety Huddle:** The Trust has implemented a daily safety huddle where staff from across the organisation are encouraged to attend and raise potential safety issues.

Implementing Learning from Francis, Berwick and Keogh

Within the Trust's Quality Improvement Strategy, actions have been identified that need to be taken forward to ensure it learns from the Francis, Berwick and Keogh reports. To date, some key actions have been implemented:

- The Trust has patient boards above all inpatient beds identifying the consultant in charge of the patients care and the nurse who is caring for them on each shift.
- The Trust carries out mortality reviews on all patient deaths – a review is carried out by an identified doctor and a nurse.
- The Trust continually listens to patients and their families to hear first-hand their feedback on its services and seven listening events have been held this year.
- The Trust has launched its care partner programme where all patients' relatives and/or carers are invited to be involved in elements of care that they wish to be.
- The Trust reviews its nurse staffing levels every six months using evidence based tools to ensure the right staffing numbers are in place and publishes its staffing levels on a monthly basis.
- All the Trust's ward managers are supervisory and therefore have time to act in a supportive capacity for our staff, patients and families and are available to ensure that the high standards of care delivery LHCH aspires to deliver are maintained.
- A Trust-wide culture survey has been carried out to truly understand staff feedback in relation to teamwork, support they receive from senior management and their attitudes to safety. The Trust has good intelligence from its staff and will work with them to develop their local actions to improve the areas they have identified. The Trust will work with its staff to monitor progress with these throughout 2015/16.

Good progress has been made against the Trust's 2014/15 CQUIN schemes as negotiated with the commissioners. An achievement summary is highlighted below.

Friends and Family Test – the test has been implemented in outpatients, day cases and with staff, with improved response rates this year. Feedback is actively used to drive improvements which can be evidenced and testing is being extended to Day Ward, the Outpatient Department and in the community.

NHS Safety Thermometer – data collection targets being met together with significant reductions in pressure ulcer prevalence in 2014/15. .

Dementia – screening, assessment and referral are all being conducted at above target levels. A named clinical lead is in place and training is being delivered.

Advancing Quality – the Trust has achieved strong performance in Acute Myocardial Infarction and Coronary Artery Bypass Grafting.

Electronic Communications – a pilot electronic system is in place for discharge medication and this is being rolled out to increasing numbers of GPs capable of receiving these communications in Liverpool. An electronic solution has been developed for Outpatients and Day Cases, but implementation into clinical work flow remains outstanding. The Trust is well engaged in the local iLINKS programme (a Merseyside IT strategic programme) and plans for system interoperability and business continuity are in place.

Discharge Planning – performance against use of the discharge checklist, estimated date of discharge, production of the clinical management plan and patient and carer involvement is progressing well. A risk stratification tool for readmission has been identified for inclusion in the EPR work programme for 2015/16.

Quality Dashboards – developed to improve quality indicators.

Cardiac Surgical Inpatients Waits within 7 days – strong performance against plan.

Clinical Trial Recruitment – on plan.

2.2 Patient and Family Experience

Shadowing

Shadowing has been implemented across the Trust since April 2012 and to date 365 staff have been trained with 135 shadows completed. Shadowing involves a committed empathic observer to follow and observe a patient and or a family member throughout a selected care experience, to observe and gain insight on the patients and families experience. The gathering of information through observation, discussion and analysis is used by care staff to understand, and thus perfect, the patient and family experience. LHCH ascertains good feedback from shadowing patients and families. This includes:

- **Positive themes**
“Amazing staff, I felt safe, I felt really cared for, best hospital around.”
- **Negative themes**
“Untimely discharge, need to involve families more during care pathway, untimely medications on discharge, lack of information on discharge, too much information at pre-assessment clinics, lack of privacy on wards when discussing personal information, lack of communication.”

The themes that come from this are then followed up and discussed at the Patient & Family Listening events to get first hand feedback from patients themselves. The learning is shared with the divisional teams.

- **Improvements made:**

The Trust has changed the design of patient gowns, implemented improved storage for patients' personal effects, and created bedside folders to provide more information. It has introduced the Care Partner programme where families and/or carers are given the opportunity to be involved in care and the Meadow Suite in Theatres was designed, with enhanced décor, to provide an improved environment for patients going to theatres.

Shadowing continues to be a positive experience for LHCH teams, with lots of staff acknowledging that they found their shadowing enlightening.

Patient and Family Experience Engagement Events

The aim of engaging with patients and families is to enable us to truly understand their experience and to highlight any improvements required. This will then provide an opportunity to embed improvements where applicable. The events will be supported by representation from the Executive team, Non-Executives, Governors and clinical staff. The Trust facilitated eight events this year, including a session specifically looking at discharge planning.

More than 200 patients and their families have attended the events in a wide variety of locations and for the first time this also included the Isle of Man.

Each event has been supported by members of the executive team and Council of Governors, as well as Trust staff.

Some Comments and Actions

'There should be invites to these kind of events, not formal letters, I was a bit anxious when I received mine & wondered what it was for'. – Service Improvement Team has taken this on board and re-designed.

'All patients found the support groups a huge help, 'Lifeline', and the fact that they are available in local areas to patients is really good.'

A few patients believe that a counselling service could be offered, if someone is struggling to cope - this will be discussed as part of the new COPD tender.

'The Wi-Fi is poor in Robert Owen house I wanted to use face time to keep in touch as phoning is expensive'. This is being addressed by the Trust.

The Trust always ask if patients and families benefitted from attending the events. The response has always been positive and some families have suggested that these events should be like a monthly drop in.

Transparency Project

LHCH is one of 19 trusts that are being open and honest with the care provided, by displaying harms in relation to falls, pressure ulcers, venous thromboembolism (VTE) and catheter associated urinary tract infections. The Trust is currently delivering 97% harm free care with ambition to build upon this successful platform. Each month its transparency data is uploaded in a timely fashion, complete with a patient story and an improvement project. NHS England recognised the excellent work that is happening at the Trust.

Care Partner Programme

This involves staff asking family's members/carers if they would like to be involved in the care of their relative and which aspects of care they would like to take part in. This is a fundamental part of the Trust's family experience vision and is one of the ways in which LHCH articulates to patients its ambitions for them and their families to be partners in care. The care partner is now identified on the EPR system to facilitate audit of this in practice.

The Trust's ambition is to develop this programme to truly realise the benefits of involving care partners in the care experience. Care partner programme is now in place on all ward areas, and all patients are asked on admission if they would like someone to be involved in their care. There is improvement work required within the EPR to facilitate this process further. The Trust is also in the process of an application for a research project for Care Partner with the National Institute for Health Research.

Dementia

The Trust is committed to delivering better outcomes for patients with dementia. Managing the care of people with dementia is a significant part of the work of our staff. In order to ensure that these patients and their care partners receive good quality care, we have:

- trained more than 1000 staff and members of our local community in basic awareness of dementia via the dementia friend's campaign
- signed up to the Local dementia Action Alliance working towards making Liverpool a dementia friendly community
- developed a dementia strategy that will begin in April 2015
- been working with Liverpool museum and over 20 staff have attended the House of Memories training
- rolled out the 'This is Me' document across the hospital and the community services
- developed a patient information leaflet on dementia for families.

Improving the Trust's Culture

In 2014 a Trust-wide culture survey was undertaken, resulting in a 68% response rate. This has provided a true understanding of how staff rate components of their working lives – covering areas such as teamwork, stress recognition and safety climate.

The Trust now has the opportunity to work with its teams to understand their feedback in more detail and to work with them in setting improvement priorities. This work will be driven in 2015/16 working closely with staff to improve the culture across the organisation. The Patient Safety Group will monitor the actions identified from individual teams and share the learning amongst all department and ward teams.

Mortality Review Group

This group is a formal sub-group of the Clinical Quality Committee with a remit to review deaths, major harm events and cardiac arrests. It is chaired by a Consultant Cardiac Surgeon and is attended by consultants from cardiac surgery, thoracic surgery, cardiology and respiratory medicine.

A nursing mortality review process commenced in June 2014 with all specialist and senior nurses undertaking reviews. Where possible, these are fed back at the same time as the medical mortality review. An action plan is updated by the Chair of the Committee and this is sent to Divisional Governance Committees for review.

Care Quality Commission (CQC)

On the 7th February 2014 the Trust received an unannounced responsive visit from the CQC. The final report from the CQC was received in April 2014 which outlined the following for the surgical intensive care unit:

- Outcome 13 -Staffing – Non- Compliant – Moderate concern
- Outcome 14 -Supporting Workers – Non-Compliant - Minor concern
- Outcome 16 -Monitoring the quality of service provision – Non- compliant – Minor Concern

Following this inspection, the Director of Nursing and Quality led a programme of improvement to understand the staff experience concerns within the Critical Care Unit. This involved meeting with all staff groups supported by the Chief Executive to feedback the concerns raised to the CQC by the staff and to set out with the staff how the Trust will work with them to address their concerns.

A robust action plan containing key deliverables and milestones was issued to the CQC and a follow up visit was planned for later in the year. This took place on 18th September 2014 by the CQC. The staff spoke very positively about the changes that had taken place within the critical care unit since the last inspection. Their comments included:

“It is a different place to work now.”

“I was looking for another job, now I can see myself working here forever.”

Staffing levels have improved and the mix of skills within teams was appropriate for the dependency levels of the patients being cared for. Staff at all levels were better supported to undertake their roles through training, appraisal and clinical supervision.

There were systems in place to assess risk and quality within the Trust. The CQC also found that communication was good and there was a significant improvement in staff morale. Outcomes 13, 14 and 16 were all re-inspected and it was identified that the standard was achieved and LHCH was compliant.

2.3 Governance Rating

Good governance is essential to support the quality of care a trust provides and to ensure its financial sustainability. Monitor's role as sector regulator includes overseeing governance at NHS foundation trusts; governance requirements form a specific condition in NHS foundation trust licences.

A range of methods are used to assess governance issues at NHS foundation trusts, including:

- use of metrics for waiting times, referral to treatment times and infection rates
- individuals' (both staff and patients) perceptions of their hospital
- evidence that NHS foundation trusts commission independent reviews of governance at least every three years.

There are three categories to the governance rating applicable to all NHS foundation trusts. Where there are no evident grounds for concern, a green rating will be assigned. Where a concern has been identified, but Monitor has not yet taken action, the foundation trust's rating will be placed 'under review' and a written review will be provided by Monitor stating the issues at hand. Where enforcement action has begun, a red rating will be assigned.

At LHCH, a green governance rating has been maintained throughout the 2014/15 financial year, which is consistent with 2013/14. The Trust has no governance concerns. It is noted, however, that in line with national policy, the Trust has delivered a managed breach of its 18 week referral to treatment pathway, to ensure a reduction in the numbers of long wait patients.

Similarly the Trust has delivered a continuity of service rating of 4 in each quarter of 2014/15. The Trust has low levels of borrowing (in the form of leased equipment), with capital spend financed from the trust's cash reserves generated through the delivery of operating surpluses. In addition, the Trust ended 2014/15 with a reasonable liquidity position and cash balances significantly above plan. The Trust's financial rating for the year has also been consistent with good financial performance during 2014/15.

Both the governance rating and continuity of service ratings have been on plan for each quarter of 2014/15.

2014/15	Annual Plan	Q1	Q2	Q3	Q4
Continuity of service rating	4	4	4	4	4
Governance rating	Green	Green	Green	Green	Green

2.4 Risk Management

The Trust has a robust risk management system in place that supports the identification, control and management of risks at both operational and strategic levels. Escalation of risks from Ward to Board occurs in accordance with the Risk Management Policy in order that the Operational Board and Board of Directors are sighted on all areas of significant risk.

During 2014/15 the Trust reviewed its governance committee structures and a refreshed structure implemented in July 2014. This was externally validated by KPMG.

The Trust also commissioned an external review of its risk management arrangements which reported in November 2014. The recommendations from this report are being implemented and will lead to a further strengthening of the Trust's risk management processes.

The principal committee dealing with risks is the Risk Management and Corporate Governance Committee.

Integrated information dashboards are used by all operational committees to provide assurance on performance.

2.5 Research, Collaboration and New Services

Any New or Significantly Revised Services

The new five year Knowsley Cardiovascular Disease (CVD) contract was awarded to the Trust in April 2014 following a competitive tendering process. The Knowsley Clinical Commissioning Group (CCG) recognised the benefits to patient outcomes that this innovative service had achieved in the previous four years and will continue to achieve excellence through delivering cardiovascular care into community. The service was expanded to include direct access bookings for Cardiac Diagnostic Tests and the Early Supported Stroke Discharge Service was extended to a seven day service.

The Knowsley Chronic Obstructive Pulmonary Disease Service (COPD) was also awarded an extension to its services in July 2014 for patients on oxygen therapy through a fully comprehensive Home Oxygen Assessment and Review Service (HOS-AR). This service was expanded to include non COPD patients with the aim of improving care to this group of patients.

Research & Development

Research and innovation is one of the Trust's five strategic objectives.

In 2014/15, the Trust successfully recruited the University of Liverpool as a formal academic partner in our joint venture with the Royal Brompton & Harefield NHS Foundation Trust and Imperial College London. This enhancement to the Institute of Cardiovascular Medicine & Science will see the development of academic appointments and research activity to benefit patients.

This year the Trust continued to enjoy significant research activity. A number of commercially sponsored clinical trials were opened and recruited a significant number of patients. NECTAR-HF is just one example of this. The trial was testing the pioneering use of nerve stimulation to treat heart failure; electrodes were wrapped around a major nerve in the patient's neck which supplies the heart instead of stimulating the heart directly. Results of this international trial were presented in September 2014 at the European Society of Cardiology in Barcelona. The evidence gathered from this trial has informed new ways for the management and treatment of heart failure.

Additionally, the Trust continues to support research studies under the auspices of the Institute of Cardiovascular Medicine and Science; this year the Mendelian study saw 65 patients recruited at the Trust to investigate genetic mutations linked to aortic disease. It is expected that the findings from this major study will influence the management and future therapeutic avenues for patients affected with aortic disease and other genetic conditions affecting the heart and cardiovascular system.

The Trust's research fellows continue to work towards their higher degrees. One of the Trust's fellows has been awarded Young Investigator of the Year 2015 at the BCIS (British Cardiovascular Intervention Society) annual conference. Equally a number of other non-medical staff are engaged on higher degrees and they have had their research work presented at several national and international meetings. In addition, our team of research nurses have been finalists at the prestigious Nursing Times Awards in 2014; the subject of their submission was the embedding of a culture of research in busy clinical areas through shadowing, training and education.

The Trust is developing an increasing number of collaborations with industry as part of its innovation activity. This work sees LHCH clinicians developing and testing what will be the next generation of clinical care, bringing benefits and efficiencies to the treatment of patients.

Engaging with External Organisations

The Trust is a member of the Liverpool Health Partnership (LHP); this has been created to tackle health issues in the Liverpool area by bringing together a number of NHS Trusts and the University of Liverpool. This collaboration has facilitated the creation of a new academic post for tuberculosis and infectious diseases based at the Trust.

The Liverpool Lung Cancer Alliance has been also formed, as part of LHP to concentrate on models of care for patients affected with lung cancer, a major health problem in this city. This Alliance is promoting greater integration of care between different Trusts and local services to improve the experience of care of lung cancer patients. An academic post to concentrate on this important area has been created jointly between ourselves and Clatterbridge Cancer Centre. The new Professor of Thoracic Oncology commenced in post on March 1st 2015.

The Trust is a member of the North West Coast Academic Health Science Network (NWCASHN).

The AHSNs have been created as a response to Innovation: Health and Wealth, and are the identified vehicle for implementation of innovation across the NHS. LHCH is one of the two representative Trusts from Merseyside at the steering committee for innovation.

LHCH is an innovative Trust and as an example of this, the Trust's community services have been recognised nationally as truly innovative. Ensuring that innovation is high on the agenda and in the culture of the Trust benefits patients, as they will receive the most up to date care by highly committed staff.

The Trust continues to work collaboratively with partner district general hospital organisations to support its ambition to be a network leader for cardiology.

3. Remuneration Report

Year ended 31st March 2015					
Name and Title	Salary (Bands of £5,000)	Other Remuneration (Bands of £5,000)	Benefits in Kind	Pension related benefits (Bands of £2,500)	Total (Bands of £5,000)
	£000's	£000's	£'s	£000's	£000's
J Tomkinson - Chief Executive	155 - 160			2.5 - 5	160 - 165
G Russell - Medical Director	25 - 30	165 - 170			190 - 195
D Jago - Deputy Chief Executive / Chief Finance Officer	125 - 130		1,691	32.5 - 35	160 - 165
S Pemberton - Director of Nursing	100 - 105			17.5 - 20	120 - 125
M Jackson - Director of Research and Informatics	90 - 95			0	90 - 95
D Herring - Executive Director of Strategy & Organisational Development ¹	85 - 90			0 – 2.5	90 - 95
P N Large – Chair	40 - 45				40 - 45
G Appleton - Non-Executive Director ²	5 - 10				5 - 10
D Bricknell - Non-Executive Director	10 - 15				10 - 15
L Cotter - Non-Executive Director	10 - 15				10 - 15
M Fuller - Non-Executive Director ³	10 - 15				10 - 15
M Savill - Non-Executive Director	10 - 15				10 - 15
M Jones - Non-Executive Director ⁴	0 - 5				0 - 5
K Morris - Non-Executive Director ⁵	0 - 5				0 - 5

¹ D Herring commenced as Executive Director of Strategy & Organisational Development on 2nd June 2014

² G Appleton left the Trust on 31st October 2014

³ M Fuller left the Trust on 31st January 2015

⁴ M Jones commenced as Non-Executive Director on 2nd December 2014

⁵ K Morris commenced as Non-Executive Director on 1st February 2015

Year ended 31st March 2014					
Name and Title	Salary (Bands of £5,000)	Other Remuneration (Bands of £5,000)	Benefits in Kind	Pension related benefits (Bands of £2,500)	Total (Bands of £5,000)
	£000's	£000's	£'s	£000's	£000's
J Tomkinson - Chief Executive ¹	75 - 80			15 - 17.5	90 - 95
R Jain - Previous Chief Executive ²	70 - 75		1,416	25 - 27.5	95 - 100
G Russell - Medical Director	25 - 30	160 - 165		0	190 - 195
D Jago - Deputy Chief Executive / Chief Finance Officer	110 - 115		1,285	62.5 - 65	175 - 180
S Pemberton - Director of Nursing	95 - 100			37.5 - 40	135 - 140
C Pratt - Associate Director of Nursing, Cardiology and Chest Medicine ³	15 - 20			20 - 22.5	35 - 40
M Jackson - Director of Research and Informatics	85 - 90			35 - 37.5	125 - 130
P N Large – Chair	35 - 40				35 - 40
G Appleton - Non-Executive Director	10 - 15				10 - 15
D Bricknell - Non-Executive Director	10 - 15				10 - 15
L Cotter - Non-Executive Director ⁴	10 - 15				10 - 15
M Fuller - Non-Executive Director ⁵	10 - 15				10 - 15
M Savill - Non-Executive Director ⁶	10 - 15				10 - 15
P Firby - Non-Executive Director ⁷	0 - 5				0 - 5
B Leek - Non-Executive Director ⁸	0 - 5				0 - 5
R Toomey - Non-Executive Director ⁹	0 - 5				0 - 5

¹ J Tomkinson commenced as Chief Executive on 8th October 2013

² R Jain left the Trust on 7th October 2013

³ C Pratt was acting Director of Nursing from 11th October 2013 to 6th January 2014

⁴ L Cotter commenced as Non-Executive Director on 1st June 2013

⁵ M Fuller commenced as Non-Executive Director on 1st May 2013

⁶ M Savill commenced as Non-Executive Director on 1st May 2013

⁷ P Firby left the Trust on 31st May 2013

⁸ B Leek left the Trust on 31st May 2013

⁹ R Toomey left the Trust on 30th April 2013

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 st March 2015 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 st March 2015 (bands of £5,000)	Cash Equivalent Transfer Value at 31 st March 2015	Cash Equivalent Transfer Value at 31 st March 2014	Real increase /(decrease) in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
J Tomkinson - Chief Executive	0 - 2.5	2.5 - 5	55 - 60	170 - 175	1,095	1,018	50	0
D Jago - Deputy Chief Executive / Chief Finance Officer	0 - 2.5	5 - 7.5	35 - 40	115 - 120	718	645	56	0
S Pemberton - Director of Nursing	0 - 2.5	2.5 – 5	30 - 35	90 – 95	510	460	37	0
M Jackson - Director of Research and Informatics	0 - 2.5	0 - 2.5	30 - 35	90 - 95	595	557	23	0
D Herring - Executive Director of Strategy & Organisational Development	0 - 2.5	0 - 2.5	30 - 35	90 - 95	545	508	23	0

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the 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 disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

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 scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pay Multiples

Reporting entities are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Trust in the financial year 2014/15 was £194k (2013/14, £192.5k). This was 7 times (2013/14, 7 times) the median remuneration of the workforce, which was £28k, (2013/14 £26k). The median remuneration of the workforce for 2014/15 has remained consistent with 2013/14.

In 2014/15, nil (2013/14, nil) employees received remuneration in excess of the highest paid director.

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

Reporting related to the Review of Tax Arrangements of Public Sector Appointees (off-payroll arrangements)

The Trust's policy is to utilise off-payroll arrangements on an exceptions basis to meet urgent business need in a skill shortage area. Any such appointments must be approved by the Executive Team.

Reporting entities are required to disclose off-payroll engagements with a cost of more than £220 per day and that last for a period longer than six months.

Table 1: For all off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months

Number of existing engagements as of 31 March 2015	0
Of which:	
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months.

Number of new engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015	1
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	0
Of which:	
Number for whom assurance has been received	0
Number for whom assurance has not been received	1
Number that have been terminated as a result of assurance not being received	0

There were no off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2014 and 31 March 2015.

Expenses of the Directors and Governors

Directors

In 2014/15 the total number of directors in office was 14 (2013/14, 16). The number of directors receiving expenses in the reporting period was 9 (2013/14, 10). The aggregate sum of expenses paid to these directors in the reporting period was £13,363 (2013/14, £8,742).

Governors

In 2014/15 the total number of governors in office was 27 (2013/14, 25). The number of governors receiving expenses in the reporting period was 13 (2013/14, 10). The aggregate sum of expenses paid to these governors in the reporting period was £7,573 (2013/14, £8,338).



Jane Tomkinson

Chief Executive

Date: 27th May 2015

4. Board of Directors and Code of Governance Report

This section of the annual report sets out the role and work of the Board of Directors and explains how the Trust is governed.

The Board of Directors

The Board of Directors has collective responsibility for setting the strategic direction and organisational culture; and for the effective stewardship of the Trust's affairs, ensuring that the Trust complies with its licence, constitution, mandated guidance and contractual and statutory duties. The Board must also provide effective leadership of the Trust within a robust framework of internal controls and risk management processes. The Board approves the Trust's strategic and operational plans, taking into account the views of Governors; it sets the vision, values and standards of conduct and behaviour, ensuring that its obligations to stakeholders, including patients, members and the wider public are met. The Board is responsible for ensuring the safety and quality of services, research and education and application of clinical governance standards including those set by Monitor, the Care Quality Commission, NHS Litigation Authority and other relevant bodies. The Board has a formal Schedule of Matters Reserved for Board Decisions and a Scheme of Delegation.

The unitary nature of the Board means that Non-Executive Directors and Executive Directors share the same liability and same responsibility for Board decisions and the development and delivery of the Trust's strategy and operational plans. The Board delegates operational management to its executive team and has established a Board Committee structure to provide assurances that it is discharging its responsibilities. The formal Schedule of Matters Reserved for the Board also includes decisions reserved for the Council of Governors as set out in statute and within the Trust's constitution.

During the period 1st April 2014 to 31st March 2015, the following were members of the Trust's Board of Directors:

Name / Profile Overview	Title	Notes
Neil Large <i>Qualified accountant and diverse NHS career spanning 40 years.</i>	Chairman	
Geoffrey Appleton <i>LLB (hons) and MA in criminology with extensive experience in legal and personnel roles.</i>	Non-Executive Director / Deputy Chair	Resigned 31 st October 2014
David Bricknell <i>Master in Research and PhD in strategic decision making with a career as a lawyer in industry.</i>	Non-Executive Director / Senior Independent Director	Appointed Deputy Chair with effect from 1 st December 2014
Lawrence Cotter <i>Consultant Cardiologist and Honorary</i>	Non –Executive Director	

<i>Professor of Medical Education at University of Manchester.</i>		
Mark Fuller <i>Chartered accountant and venture capitalist.</i>	Non-Executive Director / Chair of Audit Committee	Resigned 31 st January 2015
Marion Savill <i>Business investor and Board level strategic advisor.</i>	Non-Executive Director	
Mark Jones <i>Senior executive with international career in pharmaceutical industry.</i>	Non-Executive Director	Started 1 st December 2014
Ken Morris <i>Accountant and management consultant; former Chair at Liverpool Women's NHS Foundation Trust.</i>	Interim Non-Executive Director / Chair of Audit Committee	Started 1 st February 2015
Jane Tomkinson <i>Qualified accountant and former Director of Finance positions– NHS England and Countess of Chester NHS Foundation Trust.</i>	Chief Executive	
David Jago <i>BA Hons, CPFA. Previous Director and Deputy Director of Finance roles in Tameside, University Hospital of South Manchester and Conwy & Denbighshire.</i>	Chief Finance Officer / Deputy Chief Executive	
Dr Glenn Russell <i>Consultant Anaesthetist with extensive experience in cardiac anaesthesia in UK and overseas.</i>	Medical Director	
Sue Pemberton <i>BSc Hons, Diploma in professional Nursing Practice; previous nurse leadership roles at LHCH and Salford Royal NHSFT.</i>	Director of Nursing and Quality	
Debbie Herring <i>Formerly Director of HR and OD at Aintree Hospital NHSFT with previous leadership roles within the NHS, local government and civil service.</i>	Director of Strategy and Organisational Development	Started 1 st June 2014
Mark Jackson <i>BSc Hons, Ph. Previous roles in medical research.</i>	Director of Research and Informatics	Served as executive member of Board until 31 st May 2014

How the Board Operates

Throughout 2014/15 the Board comprised the Chairman, Chief Executive, five independent Non-Executive Directors (one of whom is designated Senior Independent Director) and four Executive Directors. The Board is supported by three additional non-voting directors – the Chief Operating Officer, the Director of Research and Informatics (from 1st June 2014) and Associate Director of Corporate Affairs (also the Company Secretary).

The Trust is committed to having a diverse Board in terms of gender and diversity of experience, skill, knowledge and background and these factors are given careful consideration when making new appointments to the Board. Of the 11 serving members of the Board at 31st March 2015, 4 are female and 7 are male. The Board

regularly reviews the balance of skills and experience in the context of the operational environment and needs of the organisation. During the year the structure of the Board changed to strengthen leadership for strategic planning and stakeholder management with the appointment to a new Board position of Director of Strategy and Organisational Development. During the year, two Non-Executive Directors left their posts and two new appointments were made. One appointee will join the Trust in June 2015 and therefore an interim Non-Executive Director has been appointed for a fixed 4 month period and will fulfil the role of Audit Committee Chair. Both Non-Executive Directors who have held the role of Audit Committee Chair in 2014/15 hold relevant financial qualifications and have recent relevant financial experience. Strong clinical leadership is provided from within the complement of Executive and Non-Executive Directors.

All Directors have full and timely access to relevant information to enable them to discharge their responsibilities. The Board met eight times during the year and at each meeting Directors received reports on quality and safety, patient experience and care, key performance information, operational activity, financial performance, key risks and strategy. The Board has developed a dashboard to monitor progress on delivery of strategic objectives and is responsible for approving major capital investments. The Board engages with the Council of Governors, senior clinicians and management, and uses external advisors where necessary. The proceedings at all Board meetings are recorded and a process is in place that allows any director's individual concerns to be noted in the minutes. Meetings of the Board are held in public and the minutes of these meetings along with agendas and papers are published on the Trust's public website.

Directors are able to seek professional advice and receive training and development at the Trust's expense in discharging their duties. The Directors and Governors have direct access to independent advice from the Company Secretary (Associate Director of Corporate Affairs), who ensures that procedures and applicable regulations are complied with in relation to meetings of the Board of Directors and Council of Governors. The appointment and removal of the Company Secretary is a matter for the full Board in consultation with the Council of Governors.

Outside of the Boardroom, the Directors conduct regular walkabouts to meet informally with staff and patients and to triangulate data received in relation to patient safety and quality of care.

Balance, Completeness and Appropriateness

There is a clear division of responsibilities between the Chairman and the Chief Executive.

The Chairman is responsible for the leadership of the Board of Directors and Council of Governors, ensuring their effectiveness individually, collectively and mutually. The Chairman ensures that members of the Board and Council receive accurate and timely information that is relevant and appropriate to their respective needs and responsibilities; and ensures effective communication with patients, members, staff and other stakeholders. It is the Chairman's role to facilitate the effective contribution

of all Directors, ensuring that constructive relationships exist between the Board and the Council of Governors.

The Chief Executive is responsible for the performance of the executive team; for the day to day running of the Trust; and for the delivery of approved strategy and plans.

In accordance with the Code of Governance, all Non-Executive Directors are considered to be independent, including the Chairman. In line with Monitor's guidance, the term of office of Directors appointed to the antecedent NHS Trust are not considered material in calculation of the length of office served on the Board of the Foundation Trust. The Directors' biographical details summarised above demonstrate the wide range of skills and experience that they bring to the Board. The Board recognises the value of succession planning and the Board's Nominations and Remuneration Committee undertakes an annual process of succession planning review for executive team members. The Trust has a programme of full Board and individual appraisal to support the succession planning process and ensure the stability and effectiveness of the Board in the context of new challenges and the dynamic external environment within which the Trust operates.

In response to new 'fit and proper persons' requirements for directors which came into force on 27th November 2014 via the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014, the Trust has conducted an audit, including review of employment history, qualifications and Disclosure and Barring Service checks for each Director which has been reviewed and certified by the Chairman (Senior Independent Director in the case of the Chairman). In addition, all Directors have been required to make a self-declaration of compliance with the criteria and will be asked to repeat this self-declaration process annually. The Trust has strengthened the due diligence applied to recruitment processes for new directors in respect of the new requirements. The aim of this added rigour is to strengthen corporate accountability and make safer recruitment decisions in the wake of events such as those that occurred at Mid Staffordshire NHS Foundation Trust.

Board Meetings and Attendance

The Board met eight times during the year. Attendance at meetings is recorded in the table below.

Director	29 th April 2014	27 th May 2014	24 th June 2014	29 th July 2014	28 th Oct 2014	25 th Nov 2014	27 th Jan 2015	31 st March 2015
<i>Chairman</i>								
Neil Large	✓	✓	✓	✓	✓	✓	✓	✓
<i>Chief Executive</i>								
Jane Tomkinson	✓	✓	✓	✓	✓	✓	✓	✓
<i>Non-Executive Directors</i>								
David Bricknell	✓	✓	✓	✓	✓	✓	✓	✓
Geoffrey Appleton	✓	✓	✓	✓	✓			
Mark Fuller	✓	✓	✓	✓	✓	✓	✓	
Marion Savill	✓	✓	✓	✓	✓	✓	✓	✓

Lawrence Cotter	✓	✓	✓	✓	✓	✓	✓	✓
Mark Jones							✓	✓
Ken Morris								✓
<i>Executive Directors</i>								
David Jago	✓	✓	✓	✓	✓	✓	✓	✓
Glenn Russell	✓	✓	✓	✓	X	✓	✓	✓
Sue Pemberton	✓	✓	✓	✓	✓	✓	✓	✓
Debbie Herring (nee Fryer)			✓	✓	✓	✓	✓	✓
Mark Jackson	✓	✓						

Evaluation of Board and Committees

In 2014/15 the Board introduced new governance arrangements, including a new committee structure and Board assurance process. These arrangements have been evaluated internally and the Trust's internal auditors have also observed the new Assurance Committees (Quality Committee and Integrated Performance Committee) in action and provided assurance reports on their findings and recommendations. Each Committee has undertaken a review of its effectiveness in delivering its terms of reference and this is reported to the Board. Board members have evaluated the performance and conduct of the Board at the end of each Board meeting and have also participated in a survey on Board effectiveness which will inform further refinement of the Board's processes. The Board has designated four full days during the year to work on strategic planning and development. A new Operational Board was introduced in 2014/15 and this has facilitated a much clearer distinction between operational performance management and accountability (Executive-led) and assurance (Non-Executive led).

All Directors received an individual appraisal in 2014/15. In the case of the Chief Executive, this was led by the Chairman; for the executive directors, the process was led by the Chief Executive; and for the Non-Executives by the Chairman. The Chairman's appraisal was led by the Senior Independent Director and followed a process approved by the Council of Governors that involved all governors and directors having the opportunity to input relevant feedback.

Understanding the Views of Governors, Members and the Public

The Board recognises the value and importance of engaging with Governors in order that Governors may properly fulfil their role as conduit between the Board and the members, public and stakeholders.

The Board and Council of Governors meet regularly and enjoy a strong working relationship. The Chair ensures that each body is kept advised of the other's work and key decisions.

All members of the Board regularly attend Council of Governor meetings (quarterly) and Non-Executive Directors present reports on a cyclical basis of the work of the Board's Assurance Committees. A report from the Audit Committee is provided at every meeting of the Council of Governors.

The Council of Governors is provided with a copy of the agenda and minutes of every Board meeting and Governors are always welcome to attend to observe meetings of the Board which are held in public. Through observation of the Board in action, Governors are able to observe the challenge and scrutiny of reports brought to the Board, helping them to better understand the work of the Board and how it operates.

Prior to every meeting of the Council of Governors, there is an opportunity for Governors to participate in an organised walkabout led by the Chairman. This is followed by informal 'interest groups' at which Governors divide into three groups, each led by an Executive Director and a Non- Executive Director sponsor to discuss topical issues relating to either 'quality and safety', 'patient and family experience' or 'finance and performance'. These informal sessions also provide opportunity for Governors to prepare further questions for debate at the formal Council meeting that follows.

At the start of each Council meeting the governors receive a patient story and also a short presentation from either a clinical or operational manager on a particular service, in order to enhance Governor understanding and awareness of the services provided by the Trust.

In addition to the Council of Governors meetings, the Chair hosts a quarterly informal lunch meeting, at which Governors are updated on news and have opportunity to network and feedback on any matters they wish to raise. These meetings are followed up with a Chair's Bulletin which is sent to all Governors, ensuring that every governor is updated on any communications, news and forthcoming events.

At every Council of Governors meeting the agenda includes a standing item for governors to feedback on any networks, events or issues raised by consistency members.

The Trust also organises an annual development day for governors at which part of the time is allocated to joint working with Directors.

It is through this variety of mechanisms that the Chairman ensures strong working relationships and effective flow of communication between the Board and Council such that the Board is able to understand and take account of the views of governors, members and the public.

Registers of Interests

The Trust maintains a register of interests of Directors and a register of interests of Governors and these are reviewed periodically by the respective bodies to identify any material conflicts and where such conflicts arise, consider how these are to be managed. A copy of either Register of Interests is available on request by writing to the Company Secretary:

Associate Director of Corporate Affairs
Executive Office
Liverpool Heart and Chest Hospital NHS Foundation trust

Thomas Drive
Liverpool Heart and Chest Hospital
L14 3PE

Compliance with the Code of Governance

The Board of Directors is committed to achieving the highest standards of governance within the Trust and has established processes to enable it to comply with Monitor's revised NHS Foundation Trust Code of Governance published in December 2013 and updated in July 2014.

The Code requires Foundation Trusts to disclose their governance arrangements for the financial year 2014/15. The Code also requires the Board to explain how the main principles and supporting principles of the Code have been applied; and to provide a statement either confirming compliance with the provisions of the Code, or where appropriate, an explanation in each case as to why the Trust has departed from the Code.

In the Board's view the Trust has been fully compliant throughout the accounting period with all relevant provisions of the Code.

With regard to Provision B.6.2 which requires an external evaluation at least every 3 years to check that the Trust is meeting the requirements of Monitor's 'Board Leadership and Governance Framework' (published 1st January 2014), the Trust intends to commission its first review in 2016/17.

In readiness for this evaluation, the Trust has undertaken a number of discrete reviews in 2014/15, including an internal audit review of compliance with the Quality Governance Framework; an external review of risk management arrangements; a follow up review of new governance arrangements introduced in July 2014; and a more recent review of directorate management structures. Actions and improvement work arising from these reviews will be a focus for the Board in 2015/16.

Board Committees

The Board has three statutory Committees.

- Audit Committee
- Charitable Funds Committee
- Nominations and Remuneration Committees (Executive Directors)

There are two additional assurance committees.

- Quality Committee
- Integrated Performance Committee

Each of the above Committees is chaired by an independent Non-Executive Director; the Nominations and Remuneration Committee (Executive Directors) is chaired by the Chairman.

A second Nominations and Remuneration Committee (Non-Executive Directors) deals with the nomination and remuneration of Non-Executive Directors and reports to the Council of Governors. This Committee is also chaired by the Chairman (or the

Senior Independent Director when matters pertaining to the tenure or remuneration of the Chairman are to be discussed).

A report on the work of the Audit Committee is set out in section 4.1 below and reports on the Nominations and Remuneration Committee (Executives) and Nominations and Remuneration Committee (Non- Executives) in section 4.2.

Charitable Funds Committee

The Charitable Funds Committee comprises a Non-Executive Chair, a second Non-Executive Director, the Chief Finance Officer, Associate Director of Corporate Affairs and Financial Accountant. The Committee is responsible for the effective management of the LHCH Charitable Fund (Charity No 1052813).

The objective of the Charity is:

“For any charitable purpose or purposes relating to the National Health Service wholly or mainly for the service provided by the Liverpool Heart & Chest Hospital NHS Foundation Trust”.

The majority of the 29 funds within the umbrella charity are for the charitable purposes of advancement of health or saving of lives or for the advancement of education.

During 2014/15 the Committee has reviewed the guidance set out in the Department of Health’s paper “Review of the regulation and governance of NHS Charities Department’s “, issued in March 2014, and the outline guidance issued by the Association of NHS Charities and the Department of Health in November 2014 and made recommendations to the Board of Directors. The Board has determined that it will not convert the Charity to independent status at the present time and therefore the Board Directors will continue to be the trustees.

The Board of Directors receives regular reports from the Charitable Funds Committee.

Quality Committee

The Quality Committee is established as an Assurance Committee of the Board of Directors in order to provide the Board with assurances in respect of quality governance. It is a Non-Executive Committee.

Integrated Performance Committee

The Integrated Performance Committee is established as an Assurance Committee of the Board of Directors in order to provide the Board with assurances in respect of the Trust’s current and forecast performance and its operations in relation to compliance with the licence, regulatory requirements and statutory obligations. It is a Non-Executive Committee.

Directors’ Responsibility for Preparing Financial Statements

The directors of the Trust consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for

patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

Statement as to Disclosure to Auditors

In accordance with the requirements of the Companies (Audit, Investigations and Community Enterprise) Act 2004, the Trust confirms that for each individual who was a director at the time that the director's report was approved, that:

- so far as each of the Trust Directors is aware, there is no relevant audit information of which the Trust's Auditors are unaware
- each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information, and to establish that the Trust's Auditor is aware of that information.

For the purposes of this declaration:

- relevant audit information means information needed by the Trust's auditor in connection with preparing their report and that
- each director has made such enquiries of his/her fellow directors and taken such other steps (if any) for that purpose, as are required by his/her duty as a director of the Trust to exercise reasonable care, skill and diligence.

Additional Information

The Trust has not made any political donations during the year.

Additional information or statements which fall into other sections within the Annual Report and Accounts are highlighted below:

- A statement that accounting policies for pensions and other retirement benefits are set out in the notes to the accounts and details of senior employees' remuneration can be found in section 3; Remuneration Report.
- Details of future developments and strategic direction of the trust can be found in section 1; Strategic Report.
- Trust policies on employment and training of disabled persons can be found in section 9; Our Staff.
- Details of the trust's approach to communications with its employees can be found in section 9; Our Staff, Staff Satisfaction & Engagement.
- Details of the trust's financial risk management objectives and policies and exposure to price, credit, liquidity and cash flow risk can be found in the notes of the annual accounts.

Related Party Transactions

The trust has a number of significant contractual relationships with other NHS organisations which are essential to business. A list of the organisations with whom the trust holds the largest contracts is included in the accounts.

4.1 Audit Committee

The Audit Committee is a committee of the Non-Executive Directors (excluding the Chairman) and is chaired by Ken Morris (from 1st February 2015), previously Mark Fuller (until 31st January 2015).

The Committee met on 6 occasions during 2014/15.

Member	22 nd April 2014	27 th May 2015	8 th July 2014	11 th Nov 2014	24 th Feb 2015	30 th Mar 2015
Mark Fuller (Chair to 31.1.15)	✓	✓	✓	✓		
Ken Morris (Chair from 1.2.15)					✓	✓
David Bricknell	✓	✓	✓	✓	✓	✓
Geoffrey Appleton	✓	✓	✓			
Marion Savill	✓	✓	✓	✓	✓	✓
Lawrence Cotter	✓	✓	✓	✓	✓	✓
Mark Jones					✓	✓

Role of the Audit Committee

The Audit Committee provides the Board of Directors with an independent and objective review of its system of integrated governance, risk management and internal controls, covering the breadth of Trust activities in fulfilling the delivery of the Trust's corporate objectives.

The work of the Audit Committee in 2014/15 has been to review the effectiveness of the organisation and its systems of governance, risk management and internal control through a programme of work involving the scrutiny of assurances provided by internal audit, external audit, local counter fraud officer, Trust managers, finance staff and the clinical audit team along with reports and reviews from other external bodies.

An annual work programme is set at the start of the year along with agreement of the internal audit and counter fraud work plans, with provision to meet contingency requirements.

Principal Review Areas in 2014/15

The narrative below sets out the principal areas of review and significant issues considered by the Audit Committee during 2014/15 reflecting the key objectives of the committee as set out in its terms of reference.

- *Internal Control and Risk Management*

The Committee has reviewed relevant disclosure statements for 2014/15, in particular the draft Annual Governance Statement, MIAA Board Assurance Framework opinion which when combined together with receipt of the Director of

Audit Opinion, external audit opinion and other appropriate independent assurances provides assurances on the Trust's internal control and risk management processes.

- *Internal Audit*

Throughout the year, the Committee has worked effectively with internal audit to ensure that the design and operation of the Trust's internal control processes are sufficiently robust.

The Committee has given considerable attention to the importance of follow up in respect of internal audit work and recommendations in order to gain assurance that appropriate management action has been implemented.

The Committee reviewed and approved the detailed programme of work for 2014/15 at its March 2014 meeting. This included a range of key risks identified through discussion with management and executives and a review of the Trust's Board Assurance Framework. Reviews were identified across a range of areas, including financial systems, IM&T, performance, clinical quality, workforce, governance, risk and legality.

The Committee has considered the major findings of internal audit and where appropriate has sought management assurance that remedial action has been taken. In instances where 'limited assurance' has been assigned to a review, the Committee has requested sight of the full report including management response and attendance at the next meeting by the responsible manager. This has further strengthened the Committee's response to major audit findings in 2014/15 and ensured that any control weaknesses are understood by the Audit Committee and are quickly addressed.

- *Anti- Fraud*

The Committee reviewed and approved the anti- fraud services work plan for 2014/15 at its March 2014 meeting, noting coverage across all mandated areas of 'strategic governance', 'inform and involve', 'prevent and deter' and 'hold to account'. During the course of the year, the Committee also regularly reviewed updates on proactive anti-fraud work.

- *External Audit*

The Committee routinely received progress reports from the external auditor, including an update annual accounts audit timetable and programme of work, updates on key emerging national issues and developments which may be of interest to Committee members alongside a number of challenge questions in respect of these emerging issues which the Committee may wish to consider. The value of external audit services for the year was £56,000 (£54,100 in 2013/14); inclusive of the charitable funds audit.

- *Management Assurance*

The Committee has frequently assessed the adequacy of wider corporate assurance processes as appropriate and has requested and received assurance reports from executives, managers and wider Committee representation throughout the year. This has included review of actions in respect of internal

audit findings for agency and bank staff review, a critical applications review of the IT scanning solution, review of the policy for raising concerns and review of the clinical audit programme.

- *Financial Assurance*

The Committee has reviewed the accounting policies and annual financial statements prior to submission to the Board and considered these to be accurate. It has ensured that all external audit recommendations have been addressed.

- *Other Assurance*

The Committee routinely received reports during 2014/15 on losses and special payments, single source tender waivers and use of the Trust seal.

The Committee has reviewed and updated the Governance Manual including Standing Financial Instructions and Schemes of Delegation.

The Committee Chair has held regular discussions with the Assurance Committee Chairs to discuss the effectiveness of the Committee structure and communication flows between Committees. Each Committee produced a formal annual report, including a review of terms of reference, for consideration by the Board of Directors in April 2015.

Members of the Committee have met privately with the auditors, without the presence of any Trust officer.

There is a policy in place for the provision of non-audit services by the external auditor, in recognition of the need to safeguard auditor objectivity and independence. During 2014/15, the auditor has not been engaged in any non-audit activity.

The Audit Committee reviews its effectiveness annually through use of a questionnaire and workshop, following which a report and action plan is produced and provided to the Board of Directors for review. Within this effectiveness review the Audit Committee questioned the effectiveness of the external audit process and found that during 2014/15 this largely had been effective.

The Trust's external auditors, Grant Thornton, were appointed by the Council of Governors in September 2012 following a formal procurement exercise for a three year period. Any extension to this appointment will require the approval of the Council of Governors following recommendation from the Audit Committee.

Ken Morris
Interim Chair of Audit Committee
26th May 2015

4.2 Nominations and Remuneration Committees

The Trust has in place two Nominations and Remuneration Committees – one dealing with nominations (and remuneration) for Non-Executive appointments (including the Chair) and the other with nominations (and remuneration) for Executive appointments.

Nominations and Remuneration Committee (Non-Executive)

Membership: Chaired by the Trust Chairman with membership comprising the Deputy Chair and not less than three elected governors from the public constituency (If the Chair is being appointed, the Committee would comprise the Deputy Chair, one other Non-Executive Director and not less than three elected governors from the public constituency).

During this financial year, the committee met on 4 occasions and considered the appointment of the Deputy Chair role following resignation of Geoffrey Appleton. In addition to this the committee considered and approved the appointments (following thorough recruitment process) of two Non-Executive Directors, which were approved by the Council of Governors on 1st December 2014.

Nominations and Remuneration Committee (Executive)

Membership: Chaired by the Trust Chairman with all other Non-Executive Directors and Chief Executive as members.

The Committee met on four occasions in 2014/15 and appointed to the new post of Director of Strategy and Organisational Development; reviewed the appraisals and remuneration of the executive team members and considered the Board succession plan. The Committee also appointed a successor to the post of Medical Director in lieu of the forthcoming retirement in June 2015 of the current Medical Director.

Attendance at Nominations and Remuneration Committee (Executive) in 2014/15:

Member	29 th April 2014	29 th July 2014	27 th January 2015	31 st March 2015
Neil Large (Chair)	✓	✓	✓	✓
David Bricknell	✓	✓	✓	✓
Geoffrey Appleton	✓	✓		
Mark Fuller	✓	x	✓	
Marion Savill	✓	✓	✓	✓
Lawrence Cotter	✓	✓	✓	✓
Mark Jones			✓	✓
Ken Morris				✓
Jane Tomkinson	✓	✓	x	✓

5. Members

The Trust is committed to ensuring that members are representative of the population it serves. Anyone living in England and Wales over the age of 16 is eligible to become a public member. The public constituency is divided into four geographical areas:

- Merseyside (Districts of Knowsley, Liverpool, Sefton, St Helens and Wirral, including all electoral wards in those districts)
- Cheshire (Districts of Chester, Congleton, Crewe and Nantwich, Ellesmere Port and Neston, Macclesfield, Vale Royal, Warrington and Halton, including all electoral wards in those districts)
- North Wales (Districts of Conwy, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey and Wrexham, including all electoral wards in those districts)
- Rest of England and Wales.

Staff membership is open to anyone who is employed by the Trust under a contract of employment which has no fixed term, or who has been continuously employed by the Trust under a contract of employment for at least 12 months. The Trust operates an 'opt out' basis. The staff constituency is divided into four classes to reflect the workforce:

- Registered and Non-Registered Nurses (being health care assistants or their equivalent and student nurses)
- Non Clinical Staff
- Allied Healthcare Professionals, Technical and Scientific Staff
- Registered Medical Practitioners.

To date no members of staff have opted out of membership.

Membership Strategy

The Trust believes that its membership makes a real contribution to improving the health of the local communities and our emphasis is on encouraging an active and engaged membership, as well as continuing to engage with members of the public.

The Council of Governors is responsible for reviewing, contributing to and supporting the Membership Strategy and making recommendations to the Board of Directors, for approval of revisions to the strategy. The implementation of the Membership Strategy is monitored by the Membership and Communications Sub Committee of the Council of Governors, which is chaired by an elected public governor.

During the year, the Membership Strategy was reviewed and updated to reflect changes to the Health and Social Care Act, which outlines the importance of Governors engaging the public as well as membership in their relevant constituency.

The membership plans are to:

- support greater engagement with the general public as well as membership
- continue growing a membership that is representative of the demographics of its patient population, whilst also being mindful of the public population, rather than increasing membership size
- continually increase the quality of engagement and participation through the involvement of members and members of the public in all sectors of the communities served - specifically seeking feedback from recent patients and families in order to ensure a balanced perspective in delivering our goals
- communicate with members in accordance with their personal involvement preferences. This will ensure that the Trust achieves effective membership communications whilst achieving value for money.

The target for public membership was to maintain an optimum number of 10,100 members by 31st March 2015, which was achieved successfully. Governors are encouraged to engage within their own constituencies, including any community groups with whom they are personally involved. This engagement is supported by the Trust's Membership Office which helps to facilitate opportunities for such activities. For example, the Trust has continued to organise a series of highly successful and popular 'Medicine for Members' events at which clinical specialists have hosted talks and discussion in local community settings. These events have also been advertised to members of the community in order to encourage engagement between Governors and members of the public.

In addition to this, Governors attend regular patient and family listening events which provide further opportunity for effective engagement.

Following on the success and popularity of previous year's events, a third annual Members' Health Day was held to provide members and the public with an opportunity to tour the hospital facilities, receive health checks and lifestyle advice. The event provides Governors with an opportunity to meet and engage with both members and members of the community, whilst also raising the profile of membership and the Council of Governors.

In order to manage its turnover and to improve representation, Governors attended a number of recruitment events throughout the year, including a Disability Awareness Day held in Cheshire, Halton Open Forum and an event at Liverpool John Moores University.

This is in addition to recruitment mailshots carried out by the Trust's Membership Office to recently discharged patients and on-going recruitment of members as part of our hospital volunteer scheme. These aim to target those areas illustrated in the Membership Strategy as being under represented, being mindful of both the Trust's patient population and the general population of areas served. For public members, these include geographical areas of Merseyside and Cheshire along with an age range of 50-74 years old.

Membership Profile

Constituency			
Public Constituency	As at 1 st April 2014	As at 31 st March 2015	Increase/ Decrease (%)
Cheshire	2,376	2,425	+2.1%
Merseyside	5,010	5,020	+0.2%
North Wales	2,081	2,026	-2.7%
Rest of England and Wales	791	817	+3.3%
Total - Public Constituency	10,258	10,288	+0.3%
Staff Constituency	1,359	1,337	-1.6%

Members who wish to contact their elected Governor to raise an issue with the Board of Directors, or members of the public who wish to become members, should contact:

Membership Office
 Liverpool Heart and Chest Hospital NHS Foundation Trust
 Thomas Drive
 Liverpool
 L14 3PE
 Tel: 0151 600 1410
 Email: membership.office@lhch.nhs.uk

6. Council of Governors

Role and Composition:

The Council of Governors has responsibility for representing the interests of the members, partner organisations and members of the public in discharging its statutory duties which are:

- to appoint and, if appropriate, remove the Chairman
- to appoint and, if appropriate, remove the other non-executive directors
- to decide the remuneration and allowances, and other terms and conditions of office, of the Chairman and other non-executive directors
- to approve the appointment of the Chief Executive
- to appoint and, if appropriate, remove the auditor
- to receive the annual report and accounts and any report on these provided by the auditor
- to hold the non-executive directors, individually and collectively, to account for the performance of the Board of Directors
- to feedback information about the Trust, its vision and its performance to the constituencies and partner organisations that elected or nominated them, along with members of the public
- to approve 'significant transactions'
- approve an application by the Trust to enter into a merger, acquisition, separation or dissolution
- decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions
- approve amendments to the Trust's constitution.

The Council of Governors comprises 25 Governors of whom:

- **14 are elected by the public from 4 defined classes** – Merseyside (6 seats), Cheshire (4 seats), North Wales (3 seats) and the Rest of England and Wales (1 seat)
- **6 are elected by staff from 4 defined classes** – Registered and Non-Registered Nurses (2 seats), Non Clinical (2 seats), Allied Healthcare Professionals, Technical and Scientific (1 seat) and Registered Medical Practitioners (1 seat)
- **5 have been nominated from partner organisations** (1 seat each from the following):
 - Liverpool John Moores University (LJMU)
 - Association of Voluntary Organisations in Wrexham (AVOW)
 - Friends of Robert Owen House (FRoH), Isle of Man
 - Cystic Fibrosis Trust (CFT) – position vacant
 - Liverpool City Council (LCC)

At the Council of Governors and Board of Directors joint development day, held on 19th November 2014, Governors evaluated the performance of the Council of Governors and identified actions and objectives for the next 12 months. This was

also an opportunity for the Council of Governors to engage with the Board of Directors and contribute to the setting of the Trust's strategic objectives and planning.

The names of those who have served as Governor in 2014/15 are listed in the attendance report at the end of this section.

The initial Governors served a first term of office of either two or three years and then three year terms thereafter, should they offer themselves and are successful for re-election or re-nomination. However, Governors will cease to hold office if they no longer reside within the area of their constituency (public Governors), are no longer employed by the Trust (staff Governors) or are no longer supported in office by the organisation that they represent (nominated Governors).

Governor Development:

The Trust provides many opportunities for Governors to be actively involved and this work makes a real difference to our patients and the wider community.

- Governors are involved in reviewing, updating and delivering the membership strategy, recruiting new members and ensuring that member communications are effective.
- The Chair hosts an informal lunch meeting with Governors every 3 months, providing an opportunity for open discussion and meeting the development needs of the Council of Governors.
- Governor interest groups are held, where Governors meet informally before the formal Council of Governors meeting. This provides a further way for Governors to interact and discuss items on the agenda, as well as networking with Board members.
- One-to-one meetings between the Chair and individual Governors, as well as an annual induction event, allow personal development needs to be addressed.
- Governors have organised and supported community events including 'Medicine for Members' meetings and the Annual Members' Health Day. These events provide an opportunity for Governors to engage with members and the public.
- Governors have contributed to the production of new promotional material clearly summarising the role of membership and the Council of Governors, which was identified as an action following their annual development day in November 2014. This tool will help Governors in their role to promote membership and increase visibility of the Council of Governors whilst also better explaining this role to potential Governors interested in standing for election.
- Governors are closely involved in helping to determine the priority areas for improving quality, safety and patient experience.
- Governors are involved in work relating to key Trust initiatives such as the Trust's Vision for Patient and Family Centred Care. In particular, Governors are invited and attend organised patient and family listening events which provides the opportunity for them to interact with members and member of the public, whilst also promoting membership and increasing the visibility of the

Council of Governors. Governors have also supported the review and development of Trust values and behaviours and have supported judging panels for schemes such as the photography competition and staff awards.

- Governors have participated in joint work with the Board to develop strategic plans and review and improve ways of working.
- Governors have worked with Board members to develop the format and content of performance dashboard monitoring reports for the Council of Governors.
- Governors have continued work with a governance group under the leadership of the Chair to review the Trust's governance arrangements.
- A time limited group for Governors was established to consider and define the Council of Governors objectives for 2015
- Staff Governors attend a quarterly meeting with the Chairman and Associate Director of Corporate Affairs to assist development in their role of Staff Governor and an opportunity to discuss any key Trust issues.
- Governors have supported the Trust's commitment to be Dementia Friendly and attended Dementia Friends sessions facilitated by the Trust's Dementia Friend Champions.
- There has been Governor representation and involvement on the Trust's Patient Safety Group.
- Governors have been given the opportunity to observe one of the Trust's daily safety huddles open to anyone in the organisation to identify any safety issues or concerns.
- Governors attend project meetings and have involvement in the design of key capital schemes e.g. new main entrance which has been designed specifically to enhance our inpatient journey.

In addition to the above, the Trust has encouraged development through the provision of training and support, including attendance at external Governor development events, working groups/seminar such as work supporting research projects, individual discussions with the Chair and Company Secretary and regular walkabouts to meet with staff and view facilities.

Elections

The Board of Directors can confirm that elections for Public and Staff Governors held in 2014/15 were conducted in accordance with the election rules as stated in the Trust's constitution.

Constituency/Class	No. of seats	Governors elected
Public		
Merseyside (Election Uncontested)	3	Paula Pattullo Roy Stott Trevor Wooding
Cheshire (Election Uncontested)	2	Mike Brereton Judy Wright
North Wales	1	Denis Bennett

(Election Uncontested)		
(By-election uncontested)	1	Carys Beth Standing
Staff		
Non Clinical (Election Uncontested)	1	Sharon Hindley
Registered and Non Registered Nurses (Election Uncontested)	1	Neville Rumsby

The Governors named above were elected/re-elected for 3 years and their tenures will complete at the end of the 2017 Annual Members Meeting.

Governor Attendance at Council of Governor Meetings 2014/15

Between 1st April 2014 and 31st March 2015 the Council of Governors' met formally on four occasions. The following tables provide the attendance at each Council of Governors meeting held in public by Governor. The meetings were also attended by Executive and Non-Executive Directors.

Governor Name	Council of Governor Meeting Dates 2014/15			
	2nd June 2014	29th September 2014	1 st December 2014	2nd March 2015
Public Constituency				
Merseyside				
Vera Hornby	✓	x	✓	✓
Debbie Mawson	x	x		
Paula Pattullo	✓	✓	✓	✓
Roy Stott	✓	✓	✓	✓
Brian Roberts	✓	✓	x	✓
Neil Marks	✓	✓	✓	✓
Trevor Wooding (<i>elected - term commenced following AMM 29th September 2014</i>)			✓	✓
Cheshire				
Kenneth Blasbery (<i>Senior Governor</i>)	✓	✓	✓	✓
Michael Brereton	✓	x	✓	✓
David Hicks	✓	✓	✓	✓
Judith Wright	✓	x	x	✓
North Wales				
Roy Griffiths	✓	x	✓	✓
Denis Bennett	✓	✓	✓	✓
Mike Bowyer (<i>resigned 16th September 2014</i>)	✓			

Governor Name	Council of Governor Meeting Dates 2014/15			
	2nd June 2014	29th September 2014	1 st December 2014	2nd March 2015
Carys Beth Standing (<i>elected 19th February 2015</i>)				✓
Rest of England and Wales				
John (Tony) Roberts	✓	x	✓	✓
Staff Constituency				
Registered Nurses and Non-Registered Nurses				
Peter Hannaford	✓	✓	✓	✓
Neville Rumsby	✓	✓	✓	✓
Non Clinical				
Christine Bell	✓			
Anthony Grimes	✓	✓	x	✓
Sharon Hindley (<i>elected - term commenced following AMM 29th September 2014</i>)			✓	✓
Allied Health Professionals, Technical and Scientific				
Doreen Russell	✓	✓	✓	✓
Michael Desmond	✓	x	✓	✓
Nominated Governors:				
Michelle Laing (<i>Liverpool John Moores University</i>)	✓	x	✓	✓
Glenda Corkish (<i>Friends of Robert Owen House</i>)	✓	✓	✓	✓
Ruth Hirschfield (<i>Liverpool City Council</i>) (<i>appointed 13th November 2014</i>)				✓
Janet Radford (AVOW)	✓	x	✓	X
Board Members in attendance:				
Jane Tomkinson	✓	✓	✓	✓
Debbie Herring	✓	✓	✓	✓
David Jago	✓	✓	✓	✓
Sue Pemberton	✓	✓	x	✓

Governor Name	Council of Governor Meeting Dates 2014/15			
	2nd June 2014	29th September 2014	1 st December 2014	2nd March 2015
Glenn Russell	x	✓	x	✓
Marion Savill	✓	✓	✓	✓
Lawrence Cotter	✓	✓	✓	✓
David Bricknell	✓	✓	✓	✓
Geoffrey Appleton	✓	✓		
Mark Fuller	✓	✓	x	
Mark Jones				✓
Ken Morris				✓

7. Quality Report

Introduction to Liverpool Heart and Chest Hospital

Liverpool Heart and Chest Hospital is a single site specialist hospital serving the population of 2.8 million people resident in Cheshire, Merseyside, North Wales & the Isle of Man. It provides the full range of heart and chest services with the exception of organ transplantation. Throughout 2014/15, these services included:

1. Procedures used to visualise the coronary arteries and treat narrowings using balloons and stents (coronary angiography and intervention)
2. The implantation of pacemakers and other devices & treatments used to control and restore the normal rhythm of the heart (arrhythmia management)
3. Surgical procedures used to bypass coronary arteries, replace the valves of the heart, and complex surgical correction of the major vessels in the chest (cardiac surgery)
4. Surgical procedures used to treat many major diseases affecting the lungs, these can include partial or complete lung removal. Surgical procedures used to treat many diseases affecting the gullet and stomach (thoracic surgery)
5. Drug management of asthma, chronic obstructive pulmonary disease and cystic fibrosis (respiratory medicine)
6. Community cardiovascular and chronic obstructive pulmonary care for the residents of Knowsley

This year has seen the Trust successful in its bid for funding from the Nurse OTechnology Fund project. This means we can make the necessary progress with the current electronic patient record system, to directly place observations of care into the patient's record.

LHCH was recognised at the Chief Nursing Officer Summit 2014 for embedding Compassion in Practice into our ways of working. We also have a developing reputation in the delivery of high quality community cardiovascular and chronic obstructive pulmonary services confirmed by the renewal of our contract by Knowsley CCG in August 2014, and extension of our CVD contract for a further 5 years.

Holly Suite

Liverpool heart and chest hospital has officially opened its innovative new ward for patients undergoing a day case procedure. It comes as part of a £3m development, which confirms the Trust at the forefront of delivering day case cardiovascular care. Councillor Gary Millar, the Lord Mayor of Liverpool, was delighted to formally open the new facility at the event on Monday 12th May 2014. The new ward, Holly Suite, has been built based upon the success of the 'lounge area' concept as opposed to a clinical. The Trust is now able to offer these facilities and an enhanced experience to all cardiac and thoracic patients who come to the hospital for a day case procedure.

This innovative new facility represents a genuine revolution in a patient and family centred approach to cardiothoracic care.

The design of Holly Suite reflects the ideas of consultants, nurses, infection control staff, architects, as well as patients and families who were heavily involved throughout the project. Our new 'lounge approach' means that patients can relax in a calm, quiet and comfortable environment, wearing their own clothes and with no restriction to their mobility. They also have access to the internet, television and kitchen facilities, as well as massage chairs, recliners and a new relaxation zone.

The Trust has an international reputation as a leader in interventional research, and is renowned across the UK for leading the way in the introduction of pioneering new theatre facilities, technological advances and procedures in medicine and surgery. We have one of the largest critical care units in Europe, alongside state of the art laboratories and operating theatres, in which to treat our patients.

Quality Account Summary

This quality account takes a look at the year past and reflects upon the promises we made to improve quality. We also review what our priorities are for the coming year.

We have fully met **two** of the four priorities we set ourselves last year. These were:

1. Improve on Dementia screening within 24 hrs of admission
2. Decrease the numbers of grade 2 and grade 3 avoidable pressure ulcers

We have not met two of priorities we set ourselves last year. These were:

3. Improve timeliness of electronic communications to GPs for inpatients following discharge within 24hrs.
4. Reduce the number of patient falls by 50%

It has been another good year for improving the quality of care at our hospital.

This Quality Account also contains information regarding work that is a key enabler of quality, including clinical audit, research, data quality, workforce management and leadership. It draws upon the results from our survey work with patients and other quality improvement work supporting the different services and functions of the Trust. The Quality Account has also been the subject of discussion with our Clinical Commissioning Groups, Healthwatch, relevant Local Authority Overview & Scrutiny Committees and other interested parties such as the staff working in the Hospitals with whom we work.

Part 1: Statement on quality from the Chief Executive of Liverpool Heart and Chest NHS Foundation trust

It is my pleasure to introduce the fifth Quality Account to be published by Liverpool Heart and Chest Hospital.

The Trust Board has a very strong commitment to quality which is reflected in our mission:

“Excellent, compassionate and safe care for every patient every day”

And our vision:

“To be the premier integrated cardiothoracic healthcare organisation in the country”

This vision encapsulates our commitment to cardiothoracic (heart and chest) care as our core business but advances our ambition to develop services which bridge the divide between general practitioners, local district hospitals and ourselves. Integration with our healthcare partners will allow us to reach further into the community and develop the high quality care, enjoyed by our patients, to more of the population.

This year has been positive for the quality of care provided to our patients:

- Patients have voted us to be the best provider in the country for overall patient care for the 7th time in 8 years.
- We continue our registration with the independent health regulator, the Care Quality Commission (CQC) without any conditions. The CQC performed an unannounced inspection on 18th September 2014. The staff in critical care spoke very positively about the changes that had taken place within the critical care unit since the last inspection. Their comments included:

“It is a different place to work now”, “I was looking for another job, now I can see myself working here forever”.

Staffing levels had improved and the mix of skills within teams was appropriate for the dependency levels of the patients being cared for. Staff at all levels were better supported to undertake their roles through training, appraisal and clinical supervision.

There were systems in place to assess risk and quality within the trust. The CQC also found that communication was good and there was a significant improvement in staff morale.

Outcomes 13, 14 and 16 were all re-inspected and it was identified that the standard was achieved and LHCH was compliant.

- All minimum standards of care met or exceeded as defined by the Department of Health.

- Achievement of all cancer waiting time targets
- Electronic Patient Record (EPR) Team was shortlisted finalist at the HSJ Awards 2014
- LHCH was a shortlisted finalist in 4 categories at the Nursing Times Awards 2014
- EPR Team won an award for Best Virtualisation for Disaster Recovery at the VM World Europe Awards 2014
- LHCH named best performing trust for coronary artery bypass graft (CABG) at the Advancing Quality Awards 2014
- LHCH was recognised at the Chief Nursing Officer Summit 2014 for embedding Compassion In Practice into our ways of working
- Dr Adeel Shahzad was named Junior Investigator of the Year at this year's annual meeting of the British Cardiac Interventional Society
- LHCH was successful awarded £208,900 by the Nursing Technology Fund for a project entitled, Digitally Enabling Observation Management System

Despite this excellent performance, we remain committed to improvement, and this Quality Account is the public statement to this. We have led an extensive consultation exercise with our staff together with our Foundation Trust membership and the hospitals' commissioning bodies, patients, carers and other services we work with to ensure we focus on those aspects of quality improvement which will bring the biggest benefit to the people we serve.

This Quality Account provides details of those aspects of clinical care we have selected over the coming twelve months, together with a review of our performance over the year.

I confirm that the information in this document is an accurate reflection of the quality of our services.



Jane Tomkinson
Chief Executive Officer

Part 2: Priorities for Improvement and Statements of Assurance from the Board

2.1 Priorities for improvement

Priority One: Timeliness of inpatient discharge

Category: Patient Experience

What:

Improve the Timeliness of inpatient discharge from hospital

Why:

Timely discharge for our in-patients to ensure they have everything in place for a safe and timely return to their place of discharge by 12midday. This gives the patients and their families a focus and something to look forward to when leaving the safety of a hospital setting. Patient experience is vital to us delivering a safe and quality service to meet our patient and their families' needs. Feedback from our patients suggest discharge delays have occurred due to not having their medications ready to enable them to leave the hospital early in the day.

Chosen via the Stakeholder Group

How Much:

Our aim is to have 10% of our patients discharged before 12mid day.

By When:

March 2016

Who Collects the Data:

The Electronic Patient Record and our patient administration service will be used to collect the data.

Monitoring of Data:

The Quality and Patient Family Experience Committee will monitor the progress made.

Current Position:

Less than 5% of our inpatient discharges are currently taking place before 12mid day.

Priority Two: Family and Carers to be Offered the Opportunity to be a Care Partner

Category: Effectiveness

What:

Promotion and involvement of our patient families and carers in the care delivered to our patients during their in-patient stay.

Why:

This aspect of care is pivotal to ensuring engagement with our patients' carers and families through sometimes the most difficult of times. Our vision is to enhance our relationships with our patients' carers and their families by providing them with the right level of support and to provide aspects of care to their loved ones whilst in hospital.

Chosen via the Stakeholder Group

How Much:

Our aim is to evidence through the EPR record that an increasing percentage of carers are actively involved in the care given.

By When:

March 2016.

Who Collects the Data:

The electronic patient record needs to be developed so we can collect this data.

Monitoring of Data:

The Quality and Patient Family Experience Committee will monitor the progress made.

Current Position:

Base line data needs to be established to inform the improvements needed.

Priority Three: Patients, families and carers to be able to speak out safely

Category: Safety

What:

We want to encourage all our patients, their families and carers to speak out in a safe and comfortable environment when they feel there is a need to do so.

Why:

It is important to us to recognise that our patients, their families and carers may on occasions want to speak out safely regarding aspects of care, or certain situations they are not happy with. We want to ensure our patients, families and carers are supported and encouraged to do this. As a learning and patient family centred hospital we want to know when we do not get things right, so we can change, and adapt to make the experience for our patients families and carers a positive and good experience when in the hospital.

Chosen via the Stakeholder Group

How Much:

We want to display on all our in-patient areas the process for speaking out safely this will be **Report, Escalate, Talk (RET)**. This process will inform all our patients, families and carers how to openly discuss their concerns. We want to collect all concerns raised through the implementation of a telephone SOS phone line, and a dedicated e-mail address.

By When:

March 2016.

Who Collects the Data:

The administrator for the phone line and email communication.

Monitoring of Data:

The Quality and Patient Family Experience Committee will monitor the progress made.

Current Position:

Base line data needs to be established to inform the improvements needed.

Priority Four: Safe Quality Care for our vulnerable groups of patients

Category: Clinical Effectiveness

What:

Identifying and ensuring our vulnerable inpatients receive the best in quality safe care in accordance with their needs.

Why:

It is important to us to recognise that some of our patients have specific care needs due to their vulnerable clinical conditions. We would like to ensure that all specific care needs have been identified and acted upon, and that the identified specific care is always delivered.

How much:

We want to add into our EPR system a flow chart that captures the specific vulnerable clinical condition and identifies the care required proportionate to the specific need of the patient.

Chosen via the Stakeholder Group

By When:

March 2016.

Who Collects the Data:

The Electronic Patient Record.

Monitoring of Data:

The Quality and Patient Family Experience Committee will monitor the progress made.

Current Position:

Base line data needs to be established to inform the improvements needed.

How our Priorities were Selected

In the pursuit of our goal to deliver the best outcomes and be the safest integrated healthcare organisation in the country, throughout 2014/15 we led a continuous and comprehensive consultation exercise focussed on the identification of those priorities for improvement which would bring the biggest benefits to the people we serve.

By people, this naturally includes our patients, but importantly also the carers, our Foundation Trust members and other health and social care professionals with whom we interact daily.

We have held a number of internal and external consultation events which have successively refined our decision making over which priorities to select. Our final selection has emerged from a synthesis of priorities contributed from:

1. Staff delivering front line services who know where improvements need to be made.
2. The Executive team who have considered the wider agenda in terms of national targets, new policy directives and quality incentive schemes (eg. Commissioning for Quality & Innovation (CQUIN) and Advancing Quality).
3. Our quality, safety and patient experience Council of Governors sub-group, who are continuously identifying priorities from the Trust's 10,200 members.
4. Our patient and family listening events.
5. Our members and the general public, who have provided suggestions for improvement throughout the year via focus groups and a structured questionnaire, which is handed out at every 'Medicine for Members' engagement event we have ran in the local communities we serve.
6. Healthwatch, who were invited to attend our stakeholders' event for Quality Accounts prioritisation.
7. Issues raised by our patients arising from both national and local surveys.
8. Our key stakeholders (the doctors, nurses and managers from referring hospitals, our commissioners, patient self-help groups, and higher education institutions) who from a dedicated workshop identified a range of improvements they would like to see implemented which they felt would improve relationships with the Trust.

Priorities were shortlisted by the Council of Governors and the Executive Team based upon the gap in performance between Liverpool Heart and Chest Hospital and the best performance, together with number of people likely to benefit. We call this the scope for improvement. The shortlist was presented to the Trust Governors who approved the final shortlisted priorities on behalf of the Board of Directors.

Unlike previous years, this process has resulted in all four of the suggestions from stakeholders external to the Trust being accepted as a priority. This year, all of the suggested priorities have been influenced by our stakeholders, and our Council of Governors, with engagement from staff.

Review of Priorities from 2014/2015

Priority One: To ensure that patients with Dementia are identified and assessed whilst under our care and are referred to their GP for investigation at discharge.

Category: Patient Experience

What:

Ensure that in-patients (excluding Day Case patients) over the age of 75 are appropriately assessed for the potential of having dementia within 72 hours of admission. The GP of those assessed as potentially having Dementia will be informed to ensure that, when appropriate, specialist care can be accessed

Why:

There are an estimated 163,000 new cases of dementia identified each year in England and Wales. Dementia also increases with age:

- 6.7 per 1,000 person years at age 65-69.
- 68.5 per 1,000 person years at age 85 and above

Early diagnosis and care planning is essential to ensure the best treatments can be delivered. The key to diagnosis is a good history of progressive impairment of memory and other cognitive functioning (usually requiring the help of a spouse, relative or friend).

During this assessment we focused on the following:

- Attention and concentration ability.
- Orientation - time, place, person.
- Memory - both short and long-term.
- Praxis - whether they can get dressed, lay a table, etc.
- Language function (usually evident during questioning).
- Executive function - problem-solving, etc.

Conduct a formal screen for cognitive impairment – The results if positive will be shared with the Patients GP and a memory screening clinic if appropriate.

How Much:

Our aim is to ensure that 95% of patients are appropriately assessed and that 90% of those requiring an onward referral receive it.

By When:

March 2015.

Who Collects the Data and How:

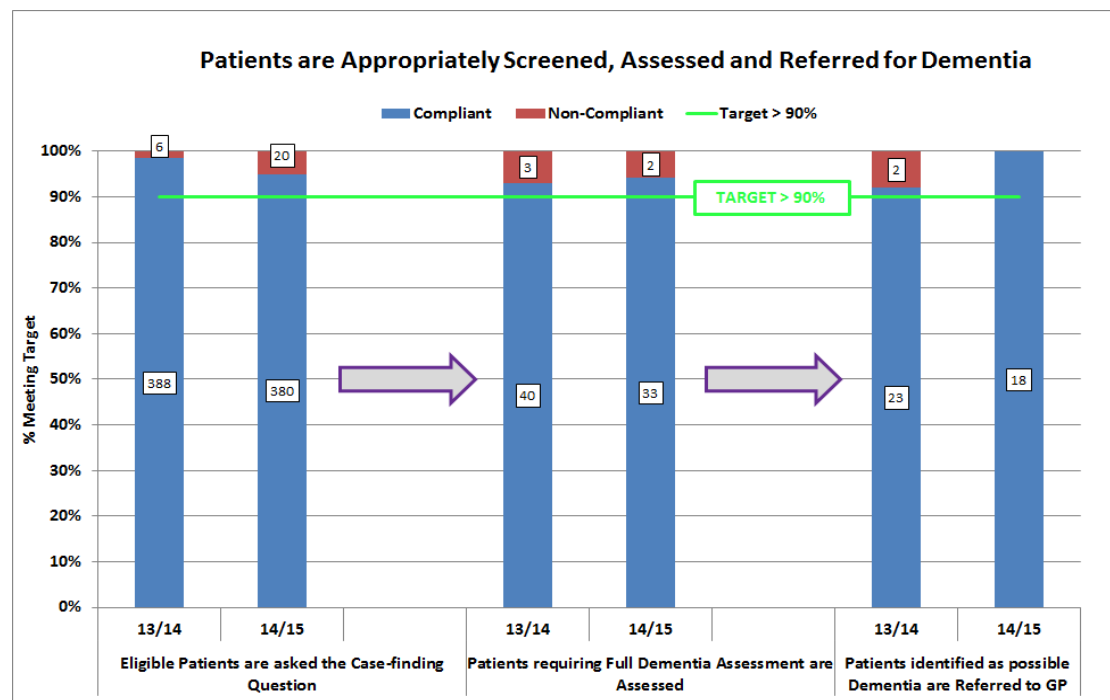
Ward Staff complete the initial assessment on admission and document the outcome in the Electronic Patient Record. If a positive result is found, a report is generated from the assessment and faxed direct to the GP. .

Current Status:

During 2014/15 The electronic data demonstrates the continuous improvements made to the assessment process and referral to the patients GP.

Training for staff and members of our community has continued throughout 2014/2015 with over 1300 people over the last 12 months being trained, and have sessions have also been run for our local community, schools, supermarkets, Department of Work and Pensions local office, youth clubs, other NHS colleagues, such as the Northwest Ambulance Service, and even the Lord Mayor of Liverpool. Our electronic systems have been further improved to remind staff to make the assessment within the timeframe if one has not been completed.

We want other hospitals to see the difference that the dementia friend's initiative can make to any organisation in a very short space of time, and more importantly to the patients and the families who are using their services. Increased awareness will not only improve care within the NHS but outside in our local community and at the same time we are contributing towards making Liverpool a more dementia friendly community.



Priority Two: Reduce Pressure Ulcer Development

Category: Safety

What:

It is our desire that patients in our care will receive Harm Free Care. To ensure that this happens we will work with clinical teams to ensure that they have access to the best support, training and resources to facilitate a 50% reduction in the development of Hospital acquired Pressure Ulcers of Grade 2 and above.

Why:

Pressure ulcers are painful, provide a site for infection, can prolong hospital stay and increase healthcare costs. With appropriate care pressure ulcer development is largely preventable. Our Trust has done great work over the past few years in reducing the number of pressure ulcers in our patients by 75%. The Trust has a 5 year improvement target to reduce the development of avoidable Pressure Ulcers to 0%.

How Much:

We want to reduce the number of patients who have had a hospital acquired pressure ulcer, as a consequence of the care we provide, by 50%.

By When:

March 2015.

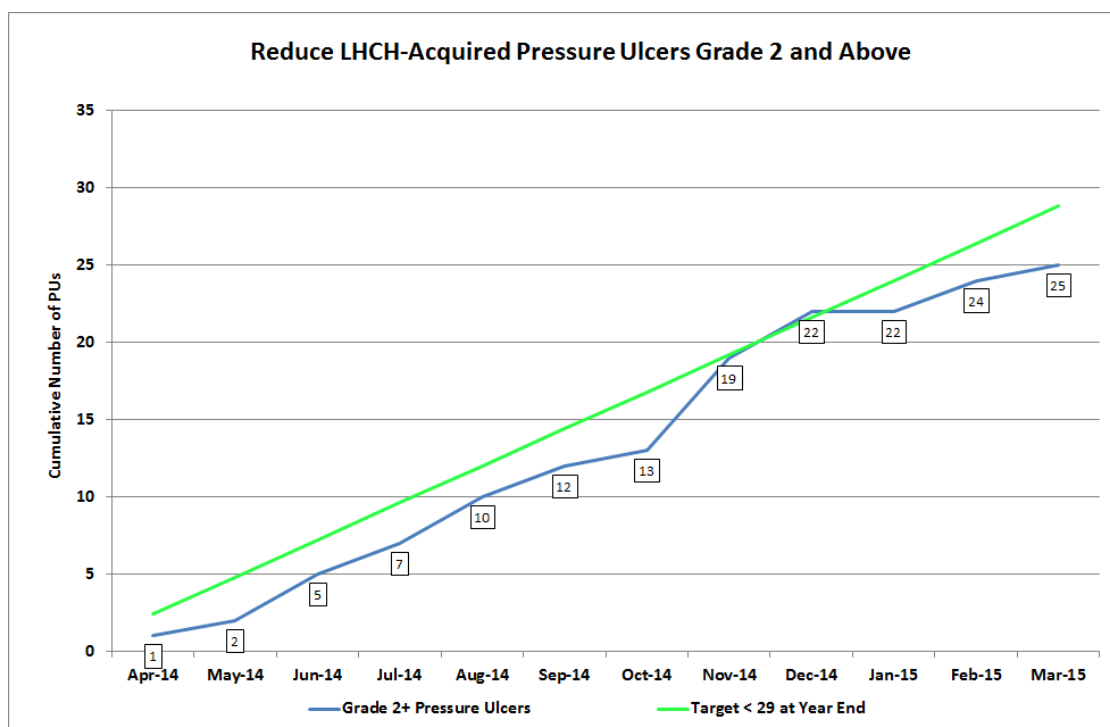
Who Collects the Data and How:

Each month the Trust publishes data related to the number of pressure ulcers of Grade 2 and above that have developed in our care. The information is reported to NHS England as part of the Transparency Project and allows us to share best practice with other regional organisations.

Current status:

The improvements achieved throughout 2014/2015 have been instrumental in providing safe and quality driven care for patients risk assessed as potential for development of pressure ulcers. All wards have achieved longer pressure ulcer free days over this period. The Tissue Viability Team have worked closely with all ward teams with the development of scoping meetings, changes to mechanical devices that previously had identified to be the causation of grade 2 pressure ulcers. We have categorised our prevalence of pressure ulcers as avoidable and unavoidable. Unavoidable development of pressure ulcers are situations when patients are extremely ill and all measures to prevent pressure ulcer development do not work. The pressure ulcer will be categorised as unavoidable. This figure has decreased as per the table below. The Trust had no grade 4 pressure ulcers within the year.

Pressure Ulcer Data	2013/14	2014/15	% Change
Number of hospital acquired pressure ulcers	58	25	57% Reduction
Surgical Directorate	51	24	53% Reduction
Cardiology Directorate	7	1	86% Reduction
Medical Device Related pressure ulcers	33	2	94% Reduction
Grade 2 pressure ulcers	50	21	58% Reduction
Grade 3 pressure ulcers	8	4	50% Reduction
Grade 4 pressure ulcers	0	0	No Change
Assessed as unavoidable	10	6	40% Reduction



Priority Three: Reduce the number of patient falls

Category: Safety

What:

It is our desire that patients in our care will receive Harm Free Care. To ensure that this happens we will work with clinical teams to ensure that they have access to the best support, training and resources to facilitate a sustained reduction in the number of falls.

Why:

Falls and fall-related injuries are a common and serious problem for older people. People aged 65 and older have the highest risk of falling, with 30% of people older than 65 and 50% of people older than 80 falling at least once a year. The likeliness of falling is increased in patients who are often medicated, weakened due to their medical condition, have reduced mobility post-surgery and are in unfamiliar surroundings.

The human cost of falling includes distress, pain, injury, loss of confidence, loss of independence and mortality. Falling also affects the family members and carers of people who fall.

Last year patients in our care fell 92 times.

How Much:

We want to reduce the number of patients who fall whilst in our care by 50%.

By When:

March 2015

Who Collects the Data and How:

All falls are reported via Clinical Incident reports using the Prism System.

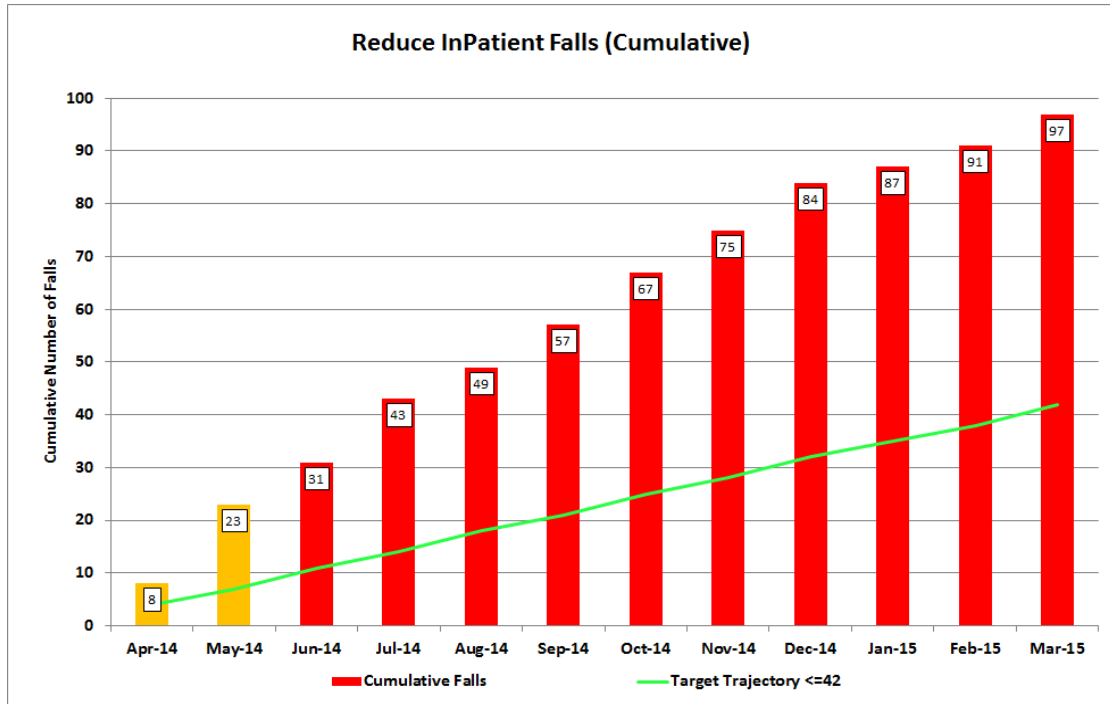
Improvements Identified:

- Improve consistency of recording falls assessment, care planning and evaluation of care within the Electronic Patient Record.
- In April 2014 the Trust will deliver a project to display information on falls in an open and transparent way at the entrance to wards. This initiative will enable patients and their families to see how each area is delivering on the Trusts ambition to drive down the frequency of falls.

Current Status:

The year has been challenging for ward teams in reducing the number of patient falls. Falls continue to be recorded as no to low harm with assessment detailing patients wanting to mobilise independently, in the absence of nursing assistance, and outside of nursing advice not to mobilise without help. We will continually strive to reduce our patient falls by promoting and engaging our staff in new initiatives, such as 'Call Don't Fall', and ensuring the best in preventative aids are explored and adapted.

	2013/14	2014/15	% Change
Number of Falls	83	97	17% Increase
Falls with No Harm	55	68	24% Increase
Falls with Minor Harm	24	29	21% Increase
Falls with Moderate Harm	4	0	400% Reduction
Falls with Severe Harm	0	0	No Change



Priority Four: Improve the Timeliness of our Communications to General Practitioners at the Point of Discharge

Category: Effectiveness

What:

Improve the timeliness of communications to General Practitioners at the point of discharge.

Why:

This was a Quality Account Target for us in 2013/14 also. Significant progress was made in developing the systems required but we believe that this is still a priority area where we can make more progress. General Practitioners perform a really important role in continuing the care of patients following an in-patient episode. It is important for them to receive information about a patient's treatment as soon after discharge as possible. This ensures that all management and preventative measures associated with the patient's care are implemented in a timely way, minimising the patient's chances of becoming unwell and even perhaps needing to be readmitted to hospital. A discharge summary which should be issued following an inpatient stay on the day of discharge.

How Much:

Our aim is to ensure 95% of in-patients have a discharge summary that meets the minimum data set electronically transmitted to GP within 24 hours of discharge.

By When:

March 2015

Who Collects the Data and How:

The Trust implemented an electronic patient record in June 2013 which provides the functionality to both electronically transmit and then track the timeliness of all patient correspondence. The success of this target will rely on utilising this function fully. Staff in the information department will have the responsibility of compiling performance reports to share with management and clinical staff, which will demonstrate performance against these two targets.

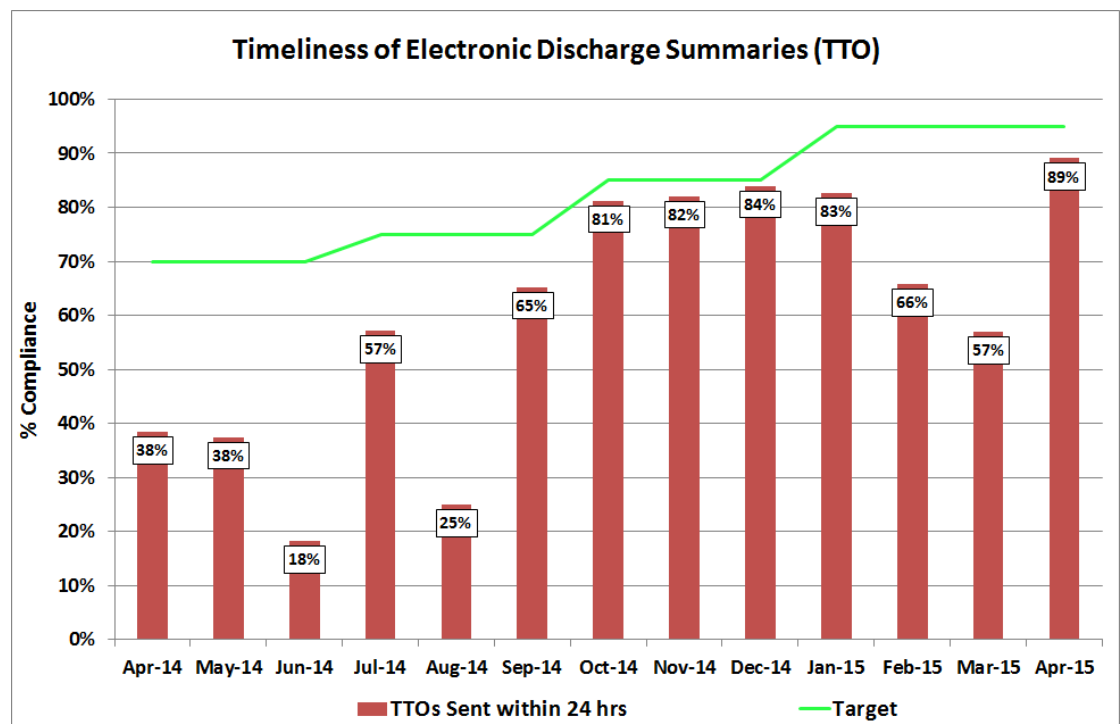
Improvements Identified:

The e-discharge pilot has commenced on all wards at LHCH and we are able to transmit a TTO electronically within 24 hours of discharge for those who live in Liverpool/Sefton and their GPs are set up and ready to receive them.

Current status:

At present over 140 general practitioners are successfully receiving electronic discharge summaries. However, prior to September 2014, only 9 general practices were capable of receiving these transmissions and all other practices required us to manually fax their patients' discharge summaries.

Therefore, the below chart only includes discharged patients belonging to those participating practices until the end of August 2014. However, from September onwards, by which time the majority of general practices were switched on, all discharged patients were included in the measure and are therefore represented in the chart. It is clear that performance improved dramatically when a standardised process was adopted for the majority of discharged patients. It should also be noted that, despite being out of the scope of this report, April 2015 data have been included in the chart. This is to provide assurance that the cause of the dip in performance during late February and early March was identified and rectified as soon as it became apparent. The cause was due to an unintentional change in the system's inclusion and exclusion criteria when a required update was being made.



2.2 Statements of Assurance from the Board

During 2014/15, Liverpool Heart and Chest Hospital provided and/or sub-contracted 12 relevant health services.

Liverpool Heart and Chest Hospital has reviewed all the data available to them on the quality of care in all 12 of these NHS services.

The income generated by the relevant health services reviewed in 2014/15 represents 100% of the total income generated from the provision of relevant health services by the Liverpool Heart and Chest Hospital for 2014/15.

Participation in Clinical Audits

During 2014/15, 14 national clinical audits and 2 national confidential enquiries covered relevant health services that Liverpool Heart and Chest Hospital provides.

During that period, Liverpool Heart and Chest Hospital participated in 100% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Liverpool Heart and Chest Hospital were eligible to participate in during 2014/15 are as follows in table 1.

The national clinical audits and national confidential enquiries that Liverpool Heart and Chest Hospital participated in during 2014/15 are as follows in table 1.

The national clinical audits and national confidential enquiries that Liverpool Heart and Chest Hospital participated in, and for which data collection was completed during 2014/15, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Table 1:

A list of national clinical audits and national confidential enquiries			
	Eligible to participate in	Participated in Yes / No	% cases submitted
	Acute		
1	Adult critical care (ICNARC CMP)	Yes	We are part of the ICNARC CMP, and part of the new Cardio-Thoracic sub-group, and the data is submitted on a quarterly basis: For 2014/15 submitted data on 2273 / 2273 (100%) of patients admitted to Critical Care
2	National Confidential Enquiry into Patient Outcome and	Yes	Submitted 4/4 (100%) 1 patient was excluded from study and NCEPOD informed.

	Death (NCEPOD) - Sepsis		Organisational Questionnaire 1/1 (100%) completed and returned.
3	National Confidential Enquiry into Patient Outcome and Death (NCEPOD) - Gastro-intestinal haemorrhage	Yes	Submitted 2/2 (100%) cases 3 patients were excluded from the study and NCEPOD informed. Organisational Questionnaire 1/1 (100%) completed and returned.
4	National emergency laparotomy audit (NELA)	Yes	Organisational Questionnaire and the Organisational Audit Quality Improvement Follow Up form was completed and submitted (100%) NELA - year 1: 5/5 (100%) submitted cases NELA - year 2: 3/3 (100%) cases submitted
5	Pleural procedure	Yes	Part 1: Organisational Questionnaire submitted 1/1 (100%) Part 2 - 1/1 (100%) eligible case submitted
Blood and transplant			
6a	National Comparative Audit of Blood Transfusion programme - 2013 Audit of patient information and consent	Yes	5/5 (100%) cases submitted Organisational Questionnaire 1/1 (100%) submitted
6b	National Comparative Audit of Blood Transfusion programme - 2014 survey of red cell use	Yes	Cycle 1: 101/101 (100%) cases submitted Cycle 2: 0 cases (0%) submitted. This was an oversight. Lack of cycle 2 data had no impact on over all report findings for LHCH. This was confirmed by the NCA report.
6c	National Comparative Audit of Blood Transfusion programme - 2015 Audit of Patient Blood Management in Scheduled Surgery	Yes	Trust has registered to participate. Data submission commences 01/04/2015 for cases identified 01/02/2015-30/04/2015
Cancer			
7	Lung cancer (NLCA)	Yes	Calendar year 01/01/2014 to 31/12/2014 387/ 387 (100%) submitted for patients first seen at LLCU and 416/ 416 (100%) submitted for tertiary care patients. Deadline date for submission is 31st May 2015. Data submission for patients diagnosed in 2015 is now via the trust's monthly Cancer Outcomes and Services Dataset submissions to the National Cancer Registration System. Data submitted relates to patients diagnosed 2 months before submission. Currently 269/269 (100%) records for lung cancer have been submitted for patients diagnosed from January to March 2015

8	Oesophago-gastric cancer (NOGCA)	Yes	Data submission for cases seen between April 2013 and March 2014 was 27/03/2015. 232/232 (100%) cases submitted.
Heart			
9	Acute coronary syndrome or Acute myocardial infarction (MINAP) (subscription funded from April 2012)	Yes	935/ 995 (94%) STEMI cases submitted to NICOR 7/ 18(39%) Takotsubo cases submitted 608/694 (88%) NSTEMI / ACS (Time period April 14 – March 15). Deadline for submission 31/05/2015
10	Cardiac Rhythm Management (CRM)	Yes	A total of 1422/1422 (100 %) pacing and implantable cardiac defibrillators cases and 331 (27%) EPS cases have been submitted for the reporting period April 14 – Mar 15. The remaining EPS cases will be submitted via an electronic upload using an EPR report. Deadline for submission 30/06/2015
11	Congenital Heart Disease (Paediatric cardiac surgery) (CHD)	Yes	90/ 90 (100%) submitted Congenital. 5/5 (100%) submitted Infective Endocarditis 20 /20 (100%) submitted ICD & Pacing. (Time period April 14 – March 15). Deadline for submission 02/05/2015
12	Coronary angioplasty	Yes	A total of 2687 /2687 (100%) including coronary pressure studies and IVUS (2547 PCI's) submitted for 2014/15
13	National Adult cardiac surgery audit	Yes	Adult cardiac surgery data submissions are undertaken every 12 weeks as required by CCAD. FY 14/15 Q1 x 466 Cases Submitted (100%) Q2 x 501 Cases Submitted (100%) Q3 x 486 cases Submitted (100%) Q4 x 498 cases are to be submitted by 30/06/2015
14	National Cardiac Arrest Audit (NCAA)	Yes	April 2014 – March 2015. 137/137 (100 %) cases submitted.
15	National Heart failure Audit	Yes	59/ 59 (100%) cases submitted to NICOR (Time period April 14 – March 15) Deadline for submission 0131/0605/2015
Long term conditions			
16	National Chronic Obstructive Pulmonary Disease (COPD)	Yes	The Trust registered 2 sites: Liverpool and Knowsley.

	Audit Programme: pulmonary rehabilitation work stream		Liverpool volunteered and participated as a pilot site June 2014 Data collection commenced 12 th Jan 2015 for both sites
	Total:	Yes =16	

The reports of 14 national clinical audits were reviewed by the provider in 2014/15, and Liverpool Heart and Chest NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

Note: NCEPOD Sepsis, NCEPOD GIH, pleural procedures and Heart Failure have not yet published reports at the time of completing the quality account. Both COPD Pulmonary rehabilitation workstream and 2015 Audit of Patient Blood Management in Scheduled Surgery are commencing data collection in 2015. These will be reported in next year's quality account.

Intended actions to improve the quality of healthcare.

Adult Critical Care (Case Mix Programme – ICNARC CMP)

We have received the latest report from the 5 member ICNARC Cardio-Thoracic sub-group. The data provided by the sub-group enables ICNARC to continually develop its risk prediction models and the coming year will also see the release of a new coding method to reflect the specialist work that we and the rest of the sub-group provide. The reports we receive are discussed as part of the Critical Care Delivery Group.

The latest report showed that the trust continues to show a significantly higher incidence of out-of-hours discharges than the rest of the sub-group. This is not an unexpected result, as previous reports and internal audits had demonstrated a similar result. Our own internal infection rates show lower results than the report received and we are now examining why the last ICNARC report showed a higher result. We are now re-validating our data. The hospital mortality results are in line with the other trusts and our out-of-hours discharges continues to out-perform other trusts.

Cancer

Lung Cancer (National Lung Cancer Audit) Published December 2014

This year's national audit has seen significant improvements in data quality with a greater level of coordination of data between the trusts involved in the Liverpool Lung Cancer Unit. It is important that this is maintained and improved upon where opportunities arise. In the single area where we had not met the recommendation, a prospective audit of the data is planned to identify issues which could improve our compliance

Mesothelioma (National Lung Cancer Audit) Published September 2014

Data for this audit is collected as part of the LUCADA dataset, but previously not as closely scrutinised, as it was not part of main dataset and therefore not part of a national report. Going forward, the cancer team will:

- Ensure Mesothelioma patients are included as part of the monthly data checks to make sure information is actively submitted and all Mesotheliomas are discussed.
- Ensure staging is discussed and collected at the MDT meeting or at a set point on the patient pathway.
- Provide support to research projects to increase clinical trial availability.

Oesophago-Gastric Cancer (NAOGC) Published December 2014

It is believed that the recommendations are being met within the current service; however there is a need to improve our data quality to accurately reflect this. The trust hopes to adopt a variation of the model used within the Lung team to ensure sign off of the data at all levels and to provide regular feedback of the data quality. This is to ensure an accurate representation of the data as a base for actioning future recommendations.

Heart

Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)

Published December 2014

On benchmarking LHCH data against national data we only identified one area for improvement and this relates to inter-hospital transfers, the “Call (calling for professional help) to Balloon (receiving Primary PCI intervention) time.

Nationally, the move is to report risk adjusted hospital-specific mortality rates following STEMI with a new risk model. Data quality is being addressed through implementation of new minimum data standards.

To support the developments going forward LHCH will:

- Continue to improve data quality for all mandatory minimum data standards using our electronic systems available.
- Continue to improve our inter-hospital transfer data by continuing close relations with the A&E departments and District General Hospitals within our PPCI catchment area.

NICE quality standard suggests that an angiography should be performed within 72 hours of admission for nSTEMI patients.

LHCH are currently achieving this in 95% of cases (for patients transferred to LHCH and then receiving an angiogram at LHCH), nationally 67%, (MINAP analysis excludes those transferred between hospitals)

Cardiac Arrhythmia (HRM) Published January 2014

The report was reviewed by our clinical Lead. There are no actions to be taken forward, as the report provides activity information only.

Congenital Heart Disease (Paediatric cardiac surgery) (CHD)

The National Congenital Heart Disease Audit Report describes the following findings applicable to adults:

Specific procedure data 2010-13: Survival at 30-days for each of the 57 surgical and transcatheter cardiovascular interventions both in children and adults.

- LHCH continues to be above the pre-specified limit for all 57 interventions.

Going forwards we are continuing to ensure data quality for submission to this National audit.

Coronary Angioplasty Published December 2014

On benchmarking LHCH data against national data we only identified one area for improvement and this relates to STEMI Onset location.

Nationally the aim is:

- To improve analysis by implementing a new risk adjustment model to reduce the potential for misleading conclusions on mortality and MACCE (Major adverse cerebrovascular or cardiovascular events). This will also require accurate and complete risk factor data.
- Promote transparency by continuing to publish process and outcome data for all PCI Consultant Operators in the UK on the BCIS website. In 2013, all PCI consultant risk adjusted MACCE rates were within the expected.

Going forwards we will:

- Continue to improve data quality to achieve accurate and complete risk factor data using our electronic systems available.
- Continue to improve our STEMI Onset location with 100% cross validation being implemented.

National Adult Cardiac Surgery Audit

Consultant Outcomes publication shows the number and type of heart operations each consultant and hospital is carrying out, as well as the associated mortality rate. Results are searchable by an interactive map, name or, for consultant, GMC code and is available on the Society of Cardiothoracic Surgery (SCTS) website. A link is also available through My NHS - NHS choices website.

There are no outliers reported for LHCH.

National Cardiac Arrest Audit (NCAA)

The NCAA Report covering April 2013 to March 2014 for the first time specifically by risk adjusted comparative analyses compared the LHCH with three other Cardiothoracic Hospitals. The whole report in its entirety was presented to the Resuscitation and Quality Patient / Family Experience Committees for its findings to be reviewed. In nearly all categories compared with all other hospitals the LHCH is

performing better than the national average and also on a par when compared directly with the three other Cardiothoracic Hospitals. The Cardiopulmonary Resuscitation Officer did a further presentation to the Quality Patient / Family Experience Committee, which focused on the major salient findings of the report, analysing every cardiac arrest where the report had predicted a probability of survival to discharge greater than 50%. Analysis of the majority of these cases showed the present limitations predicting the probable survival to discharge ratio, since it is unable to factor in extremely high-risk co-morbidities into their risk adjusted comparative analysis. Going forwards the next NCAA annual report will:

- Specifically by risk adjusted comparative analyses compare the LHCH with five other Cardiothoracic Hospitals.
- Each NCAA quarterly report will be closely analysed by the Resuscitation Committee and the annual NCAA report will be presented to the Resuscitation and Quality Patient / Family Experience Committees with an accompanying presentation of the salient points. This will include a detailed investigation of all suggested unexpected non-survivors, so that any areas of concern can be highlighted and measures for improvement initiated.

National Comparative Audit of Blood Transfusion Programme

Audit of Patient Information and Consent Published November 2014

Overall, the audit highlights the need for a more standardised and structured approach to the process of providing information and obtaining patient consent with emphasis on appropriate documentation.

A gap analysis was completed in light of the report; this highlighted the areas the Trust has achieved well and areas for further improvement.

Going forwards we will:

- Utilise the Electronic Patient Record system and the distribution of patient information leaflets to improve the consent in transfusion within the trust.

National Comparative Audit of Blood Transfusion Programme

Red Cell Survey Trace Published December 2014

Overall key LHCH findings:

- The main use at LHCH was in cardiothoracic surgery.
- LHCH had older age groups being transfused when compared nationally LHCH patients had an average transfusion age of 77 whereas nationally it was 69.
- Highest usage at LHCH was in the sub category Valve replacement +/- CABG.

The report indicated that the red cell transfusion rate per head of population has fallen in LHCH. There were no further actions required.

National Emergency Laparotomy audit (NELA)

Organisational Report published May 2014

There were two recommendations from the organisational report applicable to specialist trust sites.

Facilities, staff and processes for emergency laparotomy are subject to continuous review via morbidity and mortality reviews at audit day.

LHCH continue to participate fully in the on-going patient data collection.

The NELA Patient Audit report should be more informative; however in the meantime we plan to review submitted data for local assurance.

National Confidential Enquiry into Patient Outcome and Death (NCEPOD)

Tracheostomy Care Report Published June 2014

The Critical Care team and the Trust Cohort Ward (Elm) were participants in the NCEPOD study. The Trust position in relation to its management of tracheostomy care was measured using the self-assessment checklist and the 25 recommendations from this report to complete a gap analysis. 20/25 (80%) of the recommendations were already being met with good practices in place. 5/25 (20%) of the recommendations were being partly met and some deficiencies were identified.

The following actions took place:

- The Tracheostomy Policy which had already been written received formal approval through the Governance structures.
- A WHO safety checklist is now performed in Critical Care prior to tracheostomy insertion.
- Additional airway equipment needed for Elm and Critical Care has now been purchased.

Further actions:

- The WHO safety checklist currently on paper being utilised in Critical Care needs to be built into the Electronic Patient Record.
- Trust wide tracheostomy training needs to be incorporated in yearly mandatory training.

The reports of 15 local clinical audits were reviewed by the provider in 2014/15 and Liverpool Heart and Chest NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

Below are some examples of improvement work being undertaken as a result of auditing practice.

Medicines Storage Audit

The pharmacy team have provided recommendations to individual ward/departmental managers to help improve security of medicines at LHCH.

Unannounced spot-checks to all ward and departments have been incorporated into the pharmacy annual audit programme. This audit is completed every six month (so each ward receives feedback) and the ADNS's have been asked to take the reports for their areas forward to implement the changes necessary to improve security.

Similarly the pharmacy department audits the monitoring arrangements for the storage of medicines which require refrigeration in order for them to maintain their efficacy. The results of this audit are submitted to the ward managers and relevant ADNs for action. Wards need to monitor their fridges on a daily basis and report or take action when a deviation is found to ensure that medicines are stored at their optimum temperature.

Five Steps to Safer Surgery Audits

The goal is to strengthen the commitment of all clinical staff to address safety issues in the perioperative setting.

The 5 steps to safer surgery (NPSA, 2010) are:

- Step 1: Briefing
- Step 2: Sign In
- Step 3: Time Out
- Step 4: Sign Out
- Step 5: Debriefing

The above process is intended to incorporate the following intentions:

- Improving communication within teams
- Improving anaesthetic safety practices
- Ensuring correct site surgery
- Reducing surgical site infections

We intend to build on existing protocols in place for the 'Five Step Process' in order to apply a more consistent approach and engagement from all of the multidisciplinary team. We will continue regular audit of process and challenge inappropriate behaviours. Continue to escalate any non-compliance of medical staff to clinical leads.

Sepsis Audit

Developing an updated training package which will be in the form of:

- a. Power point presentation: To include Diagnostic Criteria and severity of sepsis
- b. Training video: To highlight importance of early diagnosis and treatment; and to include practical tips on management of sepsis and accurate documentation.

Distribution of posters and aid memoire cards summarising main items of the sepsis bundle

Amend the current sepsis bundle order set on Electronic Patient Record. This is essential due to the recent change of antimicrobial agents on LHCH sepsis bundle, which was made in response to the higher prevalence of Carbapenemase Resistant Enterobacter.

Empower non-physicians prescribers to administer first dose of antibiotics. This is expected to enhance compliance by maintaining consistency through delivery of training to permanent rather than rotational members of staff.

- Outreach nurses
- Advanced Nurse Practitioners

Key Performance Measures will be audited and reported to the Infection Prevention Committee.

Fasting Audit

Focussing on personalisation of care to ensure all patients have an individual plan. Developing individualised letters which are to be sent out to patients before admission for their procedure regarding instructions about when to stop food and fluids.

Use theatre team brief as the forum for deciding on individual patient plans and communicating with the relevant named nurse on the wards regarding fasting and place on the surgical theatre list.

Teaching pack to be developed and included in HCA pathway/ Preceptorship.

Participation in Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by Liverpool Heart and Chest Hospital in 2014/15 that were recruited during that period to participate in research approved by a research ethics committee was 821.

Liverpool Heart and Chest Hospital was involved in conducting 27 clinical research studies in the cardiovascular specialty, 8 clinical research studies in the cancer specialty, 7 clinical research studies in the surgery / critical care specialty, 4 clinical research studies in the respiratory specialty and 2 clinical research studies in quality of life / outcomes during 2014/15.

The improvement in patient health outcomes in Liverpool Heart and Chest Hospital demonstrates that a commitment to clinical research leads to better treatments for patients.

In the last three years, a total of 159 peer-reviewed publications have resulted from general research activity. Our engagement with clinical research also demonstrates Liverpool Heart and Chest Hospital's commitment to testing and offering the latest medical treatments and techniques.

Research is an essential component of the Trust's activities. It provides the opportunity to generate new knowledge about new treatments or models of care, which truly deliver the quality improvements anticipated. The following are examples of the high quality research taking place at the Trust:

- **New Sequencing Technologies for the Investigation of Mendelian Disease**

This study sponsored by Imperial College London and run at the Trust under the auspices of the Institute of Cardiovascular Medicine and Science, is collecting samples from patients affected with aortic disease. Identification of specific genetic mutations will have a direct clinical benefit for the patients recruited, by informing their clinical management. This systematic approach also allows a better informed scientific insight into disease, allowing improvements in the accuracy of clinical diagnosis and treatment and directly informing rational genetic screening on a population level. It may also reveal novel pathways for therapeutic intervention. The Trust has contributed a total of 65 patients.

- **Pulmonary vein Reconnection and clinical Success rates with ablation using the SmartTouch catheter: a Repeat Evaluation and ablation study (PRESSURE)**

Atrial fibrillation (AF) is the commonest condition affecting the rhythm of the heart, and causes an irregular and often rapid heartbeat. Developing this condition may cause significant health problems, such as symptoms that affect normal day-to-day activities. Patients with AF also have a shorter life expectancy on average. Tablets to try to normalise the heart rhythm rarely work well. As a result, doctors have devised a treatment to try to cure this

condition. Special wires (called catheters) are used to deliver heat energy (called ablation) on the inside surface of the heart. This technique has been used more and more in recent years for patients with troublesome symptoms due to AF. The aim of the treatment is to draw lines of ablation in specific places in the heart. Unfortunately, a lot of patients (almost 1 in 2) get AF again after this treatment and most of these patients have a second treatment performed. It is usual to find at this second treatment that gaps have developed in the lines of ablation from the first treatment. Automatically doing a second treatment to close these gaps a couple of months after the first treatment may mean that fewer of these patients will get AF again in the future. The study is also looking at what factors make a line of ablation less likely to develop gaps. A total of 83 patients have been recruited to this study.

- **GLOBAL LEADERS** (*Comparative Effectiveness Of 1 Month Of Ticagrelor Plus Aspirin Followed By Ticagrelor Monotherapy Versus A Current-Day Intensive Dual Antiplatelet Therapy In All-Comers Patients Undergoing Percutaneous Coronary Intervention With Bivalirudin And Biomatrix Family Drug-Eluting Stent Use*)

This study is looking at patients with a narrowing of their coronary artery (coronary artery stenosis), resulting in a poor blood flow to the heart (Stenosis is a narrowing or blockage of a blood vessel). The study aims to determine whether treatment with 1 month of ticagrelor and aspirin followed by 23 months of a drug called ticagrelor on its own is superior to treatment with 12 months of standard dual anti platelet therapy (DAPT) followed by aspirin in reducing patient death and patients having heart attacks. The Trust is actively recruiting patients to this international trial, and to date 156 participants have agreed to take part in the study.

The Trust has this year received national recognition for the excellent work carried out by our team of research nurses. The Trust was a finalist for the Nursing Times Awards in October 2014. This was based on the work carried out to embed the research culture among all clinical and ward areas and to promote further education in our research workforce.

Those research projects that do offer benefit can be implemented quickly for future patients, subject to the service being evaluated and funded as part of routine NHS care.

Goals Agreed with Commissioners

A proportion of Liverpool Heart and Chest Hospital income in 2014/15 was conditional on achieving quality improvement and innovation goals agreed between Liverpool Heart and Chest Hospital and the relevant Clinical Commissioning Groups for the provision of NHS services through the Commissioning for Quality and Innovation (CQUIN) payment framework.

The CQUIN indicators for Liverpool Heart and Chest Hospital in 2014/15 were to:

1. Improve the experience of patients and measure success through the Friends and Family test.
2. NHS Safety Thermometer.
3. Dementia assessment, referral and carer support.
4. Improve the outcomes and experience of care in heart attack, heart failure and bypass grafting patients (Advancing Quality).
5. Electronic communication: timely discharge summaries and letters.
6. Effective discharge planning: Use of estimated dates of discharge, progress to seven day working, estimation of readmission risk, use of a clinical management plan, involvement of patients & carers and improvement of the discharge experience.
7. Clinical quality dashboards: submission of data to NHS England.
8. Delivery of cardiac surgery in patients urgently referred within seven days.
9. Delivery of cardiac interventions in patients urgently referred within 96 hours.
10. Patients with Cystic Fibrosis attending as outpatients would be offered an appointment and see the dietician.

£1,617,490 was conditional upon achieving the above quality improvement and innovation goals; Liverpool Heart and Chest Hospital achieved £1,603,000.

In 2015/16, the Trust has chosen a contract option which does not mandate participation in any local, regional or national CQUINS schemes. However, the Trust recognises the need to maintain momentum on key initiatives for the good of our patients and also to be well placed when CQUINS is picked up again in 2016/17. As such, improvement work in the spirit of CQUINS will take place in the following areas:

1. Acute Kidney Injury
2. Sepsis
3. Dementia assessment, referral and carer support
4. Improve the outcomes and experience of care in heart attack and bypass grafting patients (Advancing Quality – “Lite” option)
5. Digital Maturity

The Trust will not however be responsible to Clinical Commissioning Groups for performance management of published schemes.

Further details of the agreed goals for 2014/15 and for the following 12 month period are available upon request from Dr Mark Jackson, Director of Research & Informatics (e-mail mark.jackson@lhch.nhs.uk or telephone 0151 600 1332).

What others say about the Provider

Liverpool Heart and Chest Hospital is required to register with the Care Quality Commission and its current registration status is registered without condition. The CQC has not taken any enforcement.

The Care Quality Commission has not taken enforcement action against Liverpool Heart and Chest Hospital during 2014/15.

Liverpool Heart and Chest Hospital has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period 2014/15.

Data Quality

NHS Number and General Medical Practice Code Validity

Liverpool Heart and Chest Hospital submitted records during 2014/2015 to the Secondary Uses service for inclusion in the Hospital Episode Statistics, which are included in the latest published data. The percentage of records in the published data which included the patients can be seen in the table below:

	For admitted patient care	For outpatient care
Valid NHS number was:	99.8%	99.7%
Valid General Medical Practice Code was:	100%	100%

Note: Liverpool Heart and Chest Hospital does not have an accident and emergency department, so A&E indicators do not apply.

Information Governance Assessment Report Attainment Levels

Liverpool Heart and Chest Hospital's Information Governance Toolkit assessment for 2014/15 was submitted with an overall score of 74% 'green-satisfactory' achieving level 2 or above for all requirements. The Trust also received independent assurance from the Mersey Internal Audit Agency in February 2015 obtaining a 'significant' assurance opinion.

Clinical Coding Error Rate

Liverpool Heart and Chest Hospital was subject to a Payment by Results clinical coding audit during 2014/15 by Monitor.

The last Payment by Results clinical coding audit undertaken for the Trust in 2014/15 noted that the Trust continues to maintain its high level of coding accuracy with the following error rates identified:

The error rates reported in the latest published audit for diagnoses and treatment coding (clinical coding) were:

Primary diagnoses incorrect – 2.0%
Secondary diagnoses incorrect – 0.5%
Primary procedures incorrect – 0.5%
Secondary procedures incorrect – 0.9%

As part of Information Governance requirements, the Trust has also undertaken a further clinical coding audit in 2014/15, which was carried out by external auditors that found the following error rates:

Primary diagnoses incorrect – 3.5%
Secondary diagnoses incorrect – 2.3%
Primary procedures incorrect – 1.7%
Secondary procedures incorrect – 3.6%

Data Quality

Liverpool Heart and Chest Hospital will be taking the following actions to improve data quality:

- Continuation of embedding the Trusts data quality strategy that is aimed at improving the collection, storage, analysis, reporting and validation of information.
- Pivotal to this strategy is the adoption of the six dimensions of data quality as recommended by the Audit Commission.

Producing data that is fit for purpose should be an integral part of an organisation's operational performance management and governance arrangements. As such, this new process seeks to provide more rigor to deriving the assurances on data quality the Trust requires, focused on non-financial data.

Figures You Can Trust; A Briefing on Data Quality in the NHS (Audit Commission, 2009) presents the six dimensions of data quality.

Dimension	Description
Accuracy	Data should be sufficiently accurate for its intended purposes, representing clearly and in sufficient detail the interaction provided at the point of activity. Data should be captured only once, although it may have multiple uses. Accuracy is most likely to be secured if data is captured as close to the point of activity as possible. Reported information that is based on accurate data provides a fair picture of performance and should enable decision making at all levels. The need for accuracy must be balanced with the importance of the uses of the data, and the costs and efforts of collection. For example, it may be appropriate to accept some degree of inaccuracy where timeliness is important. Where compromises have to be made on accuracy, the resulting limitations of the data should be clear to its users.
Validity	Data should be recorded and used in compliance with relevant requirements, including correct application of any rules or definitions. This will ensure consistency between periods and with similar organisations. Where proxy data is used for an absence of actual data, organisations must consider how well this data is able to satisfy the intended purpose.
Reliability	Data should reflect stable and consistent data collection processes across collection points and over time, whether using manual or computer based systems or a combination. Managers and stakeholders should be confident that progress toward performance targets reflects real changes rather than variations in data collection approaches or methods.
Timeliness	Data should be captured as quickly as possible after the event or activity and must be available for the intended use within a reasonable time period. Data must be available quickly and frequently enough to support information needs and to influence the appropriate level of service or management decisions.
Relevance	Data captured should be relevant to the purposes for which it is used. This entails periodic review of requirements to reflect changing needs. It may be necessary to capture data at the point of activity which is relevant only for other purposes, rather than current intervention. Quality assurance and feedback processes are intended to ensure the quality of such data.
Completeness	Data requirements should be clearly specified based on the information needs of the organisation and data collection processes matched to those requirements. Monitoring missing, incomplete, or invalid records can provide an indication of data quality and can also point to problems in the recording of certain data items.

The Trust's Business Intelligence Committee will oversee the adoption of the six dimensions of data quality, and ensure it is applied to the Trusts Strategic Objectives and underlying Dashboards comprising of Clinical Quality, Performance and Workforce indicators.

- Continuation of the Trusts Business Intelligence Committee which meets on a monthly basis to identify and discuss potential data quality issues which need to be addressed and actioned accordingly. The Committee tackles issues identified through external (e.g. SUS Data Quality Dashboard and the Care Quality Commissions Intelligent Monitoring Report) and internal sources (e.g. Indicator reviews using the six dimensions of data quality approach). The Committee is to be supported by a System User/Data Quality Group which oversees key working groups designed to tackle key data quality issues.
- Adoption of a Trust Data Quality Tool available to key staff across the organisation which identifies errors recorded on Trust systems and assigns principal owners. This ensures clarity over which staff groups are responsible

for tackling data quality issues. Data quality errors identified within the tool will be monitored by the Business Intelligence Committee in the form of a Data Quality Dashboard.

- Further development of a programme of education and awareness raising in data quality which comprises:
 - Data quality working groups in key administrative functions.
 - A data quality telephone support line, manned in office hours to support staff in all data input queries.
 - Programmes of data quality awareness sessions in wards and clinical areas.

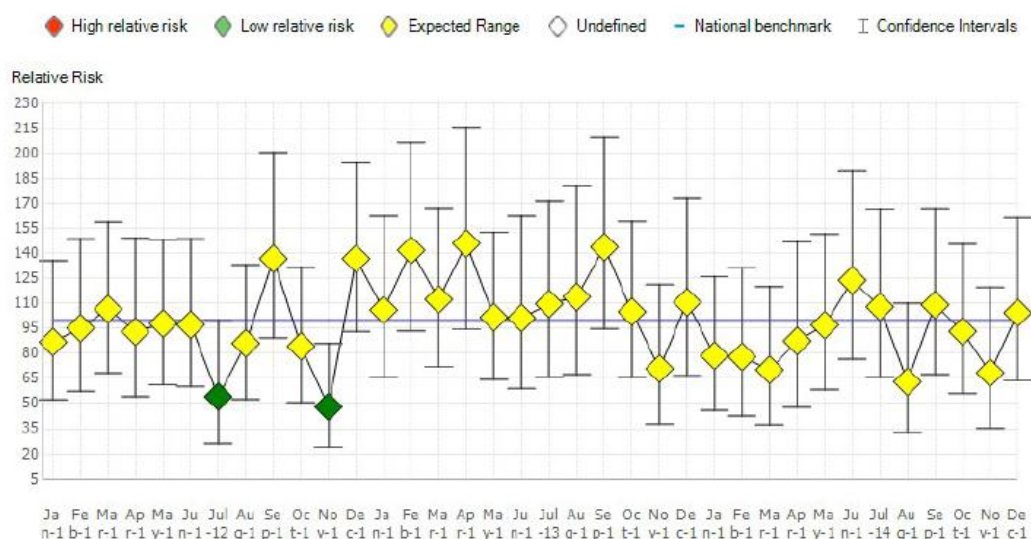
Taken together, this work will ensure all we report is built upon a firm foundation of data quality which will allow us to be ever more confident in our statements regarding the quality of our services and the outcomes it generates.

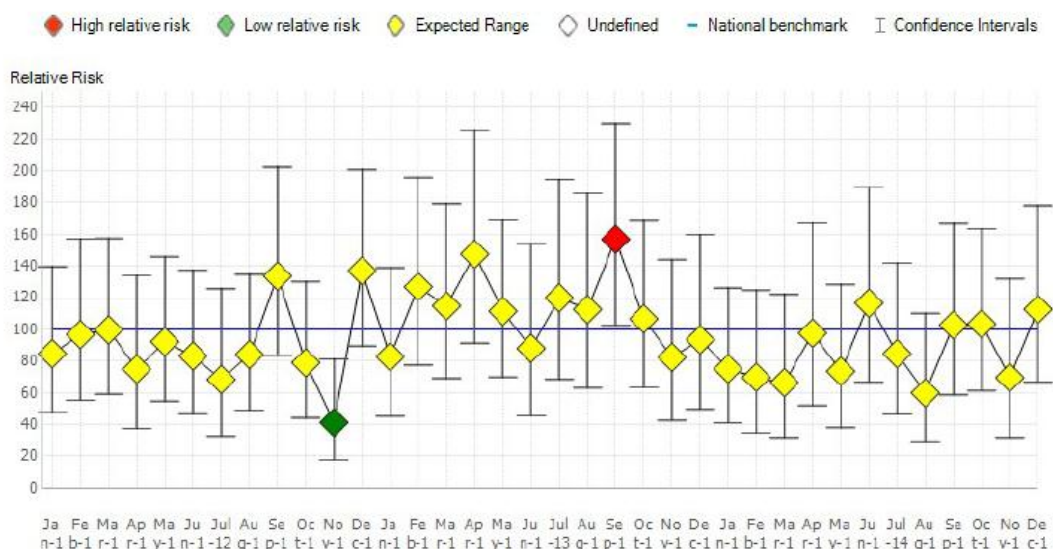
2.3 Reporting against Core Indicators

Hospital-Level Mortality

Liverpool Heart and Chest Hospital considers that this data is as described for the following reasons:

Specialist acute Trusts do not calculate their mortality rates using the summary hospital-level mortality indicator (SHMI); instead because of the specialist nature of its services, Liverpool Heart and Chest Hospital has devised its own Hospital Standardised Mortality ratio that is updated each month as part of its performance management arrangements and reported to the Trusts Clinical Patient Family Experience Committee.





To achieve statistical significance using confidence intervals:

To be high, a hospital must have HSMR and the lower confidence interval above 100. A hospital above 100 but with lower confidence interval below 100 is classed as 'within the expected range'.

Liverpool Heart and Chest Hospital intends to take the following actions to continue to improve this rate and so the quality of its services by:

- Continue supporting the Patient Safety Group in reducing patient harm.
- Continue supporting the broadened remit of the mortality review group.

Readmission within 28 days of Discharge

Liverpool Heart and Chest Hospital considers that this data is as described for the following reasons:

The percentage of readmissions refers to those coming back to our Trust. We have seen a slight reduction from last year, although our rates are overall very low.

	Target 13/14	Performance 13/14	Target 14/15	Performance 14/15 YTD
Percentage of patients aged 15 or over, readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust	0.97%	0.67%	0.97%	0.63%

NB. We monitor readmission rates up to 30 days post-discharge, not 28.

Liverpool Heart and Chest Hospital has taken the following actions to improve this rate, and so the quality of its services by:

- Introduction of a direct line for patients following discharge.

Responsiveness to Personal Needs

Liverpool Heart and Chest Hospital considers that this data is as described for the following reasons:

Personal needs are a composite of a number of aspects of care, including the provision of advice on medication following discharge. This year, we have improved our performance markedly on this part of the indicator from last year through the embedding of teach back – asking the patients to repeat back what they had been told about taking their medications.

	Target 13/14	Performance 13/14	Target 14/15	Performance 14/15
Trust's responsiveness to the personal needs of its patients	none*	82.3%	none*	81.8%

Liverpool Heart and Chest Hospital has taken the following actions to improve this percentage, and so the quality of its services by:

- Ensuring the systematic training of teach back to all new personnel appointed to a role that involves discharging patients.
- Making the 6C's culture business as usual.

Staff Recommending the Trust to Family and Friends

The Liverpool Heart and Chest Hospital consider that this data is as described for the following reasons:

The percentage of staff either extremely likely or likely happy to recommend the Trust has remained at the same level over the last two years, and high at 92%.

	Target 13/14	Performance 13/14	Target 14/15	Performance 14/15
Percentage of staff employed by, or under contract to, the trust during the reporting period who would recommend the trust as a provider of care to their family or friends.	*90%	92%	*90%	92%

*the Trust had set up its own target of 90%, albeit there was no national target set for this.

Taken from the 2014 National Staff Survey, the score of 92% of LHCH staff recommending the Trust as a provider of care to their family or friends places the Trust 4th overall within the country.

The continued high levels of advocacy from staff highlight the on-going commitment to delivering safe, compassionate care to patients and their families.

Liverpool Heart and Chest Hospital has taken the following actions to improve this percentage, and so the quality of its services by:

- Increased communication of results through internal systems, such as directorate meetings, team briefs, listening events, Executive walkabouts.

Venous Thromboembolism (VTE) Assessment

Liverpool Heart and Chest Hospital considers that this data is as described for the following reasons:

Our rate of assessment of patients at admission is consistently high, we have a well-established monitoring system in place. Additionally, VTE risk assessment is one of our CQUIN priorities. However, due to the introduction of our Electronic Patient Record system through the year, we had some irregularities on the recording of VTE assessment through the implementation period of the electronic system. This at no time has impacted the quality of the care provided.

	Target 13/14	Performance 13/14	Target 14/15	Performance 14/15 YTD
Percentage of patients who were admitted to hospital and who were risk assessed for venous thromboembolism	95%	95.4%	95%	94.3%

Liverpool Heart and Chest Hospital has taken the following actions to improve this percentage, and so the quality of its services by:

- Establishment of a VTE steering group, which ensures compliance with the CQUIN requirement and the high quality care of our admitted patients
- Learning from each and every VTE through root cause analysis and feedback of lessons learned.

C.Difficile Infection

Liverpool Heart and Chest Hospital considers that this data is as described for the following reasons:

Our infection rates are consistently low; the number of C.difficile cases due to lapses in care for 2014/15 was 1. This is the lowest level recorded since a robust data collection system has been in place.

	Target 13/14	Performance 13/14	Target 14/15	Performance 14/15
Rate per 100,000 bed days of cases of C.difficile infection reported within the trust amongst patients aged 2 or over	<=7.5	5.5	<=7.5	1.9

NB. Data includes daycase activity, as at end of February 2015.

SHA targets show Monitor target has been 12 for the last three years.

Liverpool Heart and Chest Hospital has taken the following actions to improve this number, and so the quality of its services by:

- Ensuring samples are sent appropriately when an infection is suspected
- Ensuring appropriate precautions are taken when an infection is suspected or confirmed
- Ensuring a robust surveillance system is in place

Patient Safety Incidents

Liverpool Heart and Chest Hospital considers that this data is as described for the following reasons:

	Target 13/14	Performance 13/14	Target 14/15	Performance 14/15
Number and, where available, rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.	None	1316 incidents 9.9 per 100 admissions (13260 admissions) 1 (0.06%) resulted in severe harm or death	None	Data up to March15: 1076 clinical incidents 8.1 per 100 admissions (13335admissions) 1 (0.10%) resulted in severe harm or death

Liverpool Heart and Chest Hospital intends to take the following actions to improve this number and so the quality of its services by:

- Implementation of the Trust's vision for safety – Safe from Harm
- Implementation of the Speaking up Safely campaign
- Development of the new Quality Strategy which is patient focused.

Part 3: Other information

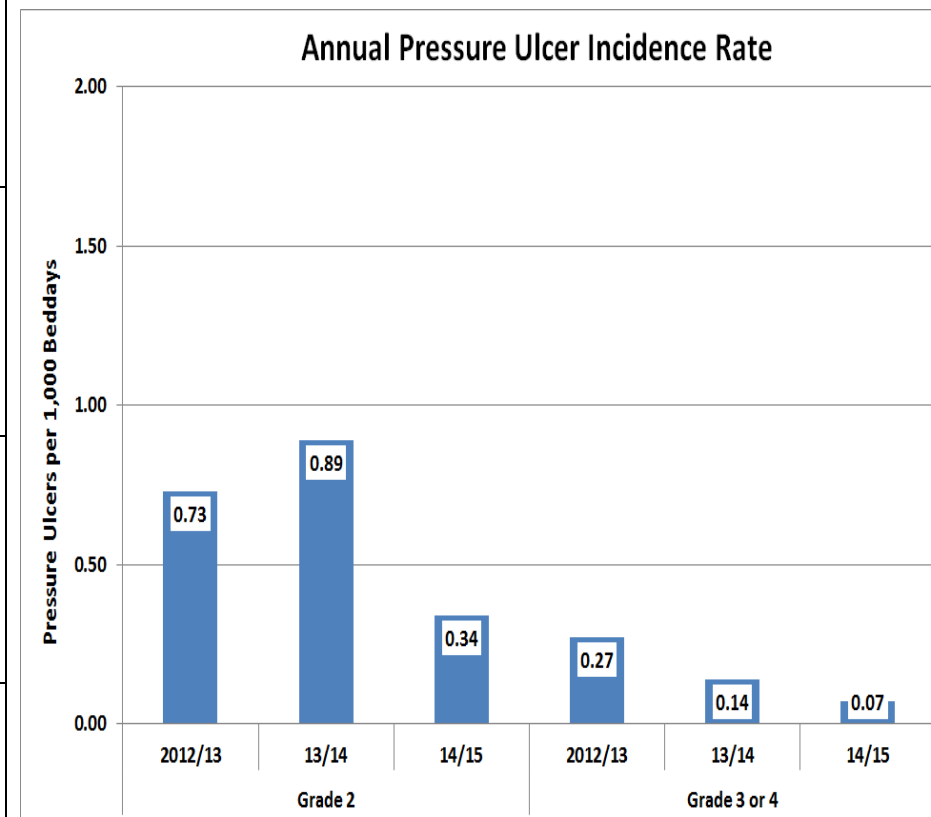
Performance Review

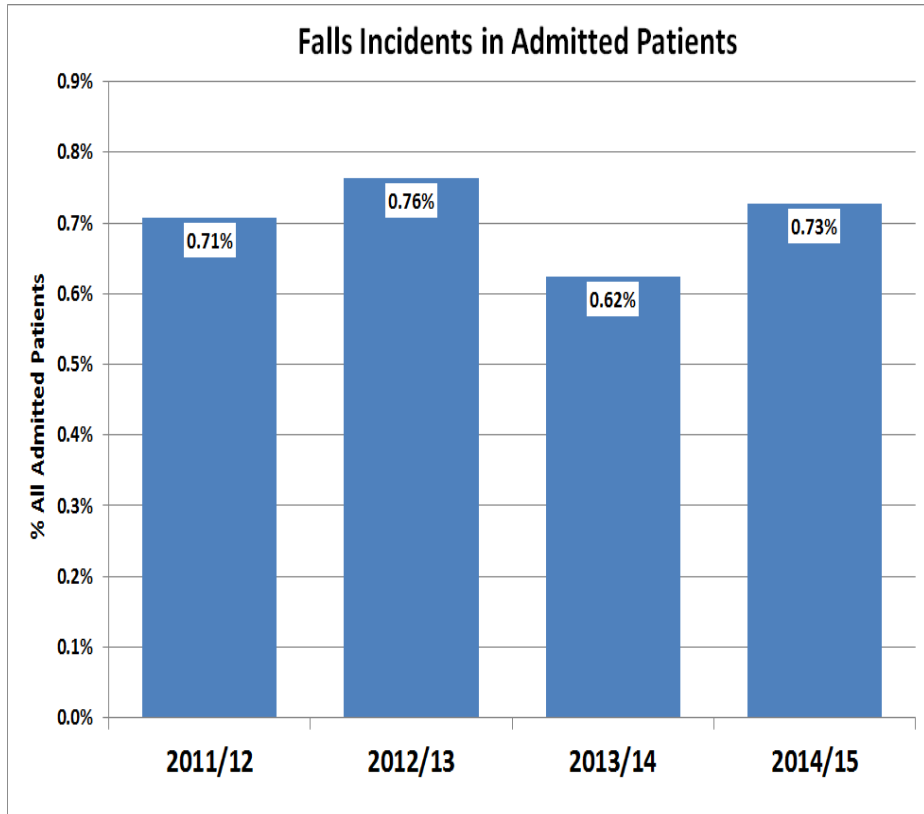
This section of the Quality Account presents an overview of performance in areas not selected as priorities for 2014/15. Presented are:

- Quantitative metrics, that is, aspects of safety, effectiveness and patient experience which we measure routinely to prove to ourselves the quality of care we provide. Some of these metrics are Commissioning for Quality & Innovation (CQUIN) indicators which are included in our contract with our Clinical Commissioning Group.
- Performance against relevant indicators from the Risk Assessment Framework.

Quantitative Metrics

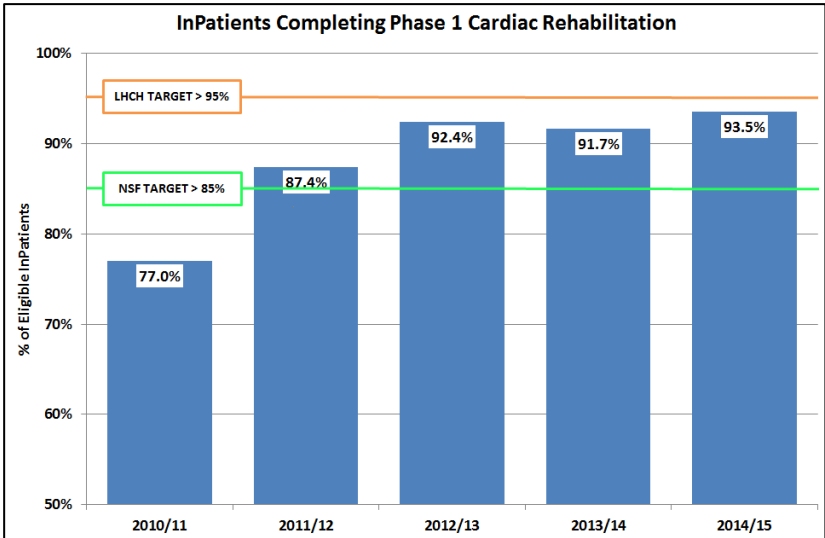
Safety			
Metric	Pressure ulcer incidence	Organisation Wide or Service Specific	Organisation Wide
Derived From	Referrals to the Tissue Viability Specialist Nurse	Why metric chosen	Pressure ulcers are painful for patients and contribute to a negative patient experience. Nursing high impact action; local CQUIN indicator
How is data collected	Staff who observe a pressure ulcer report this to the Trust's Tissue Viability Service for treatment	Improvements planned	1.Continued staff education 2.Establishment of the Pressure Ulcer Bundle with a focus on pressure ulcer prevention
LHCH Performance 2014/15	Grade 2 = 0.34 (~1.5 ulcers per month) Grade 3+ = 0.07 (=1 ulcer per quarter)	LHCH Performance 2013/14	Grade 2 = 0.89 (~4 ulcers per month) Grade 3+ = 0.14 (< 1 ulcer per month)
Interpretation of Results	The numbers of pressure ulcers experienced by our patients is at an all time low. This year we've seen an overall reduction of around 60% on the 2013/14 rate. None of our patients have had a Grade 4 pressure ulcer since December 2011. The Tissue Viability Team have worked closely with all ward teams with the development of scoping meetings, changes to mechanical devices that previously had identified to be the causation of grade 2 pressure ulcers.		



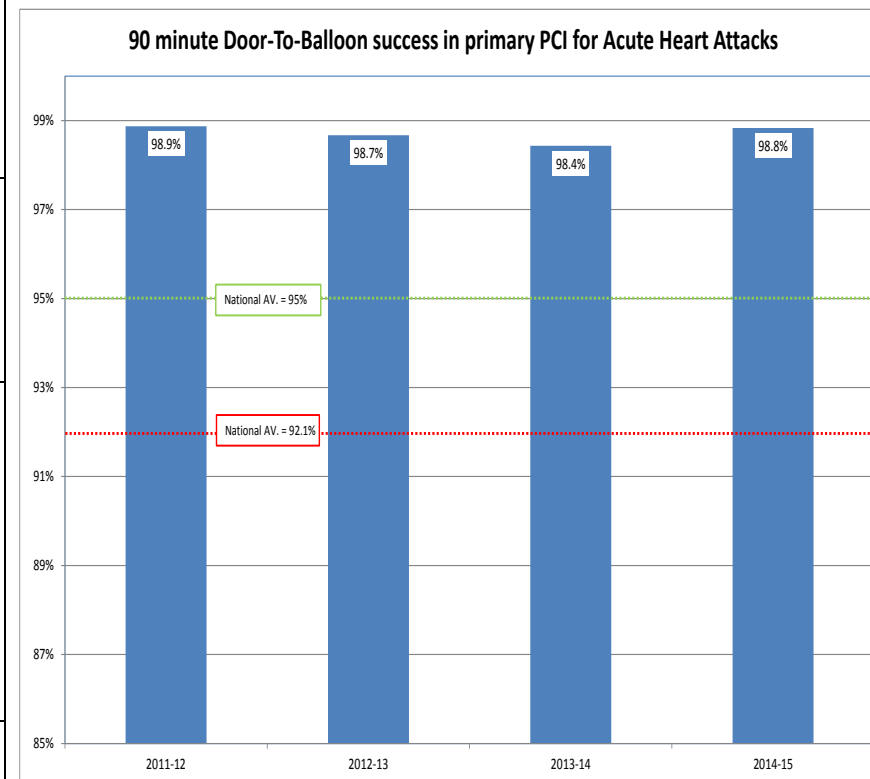
Safety														
Metric	No. patient falls	Organisation Wide or Service Specific	Organisation wide	<div>Falls Incidents in Admitted Patients</div>  <table><caption>Falls Incidents in Admitted Patients</caption><thead><tr><th>Year</th><th>% All Admitted Patients</th></tr></thead><tbody><tr><td>2011/12</td><td>0.71%</td></tr><tr><td>2012/13</td><td>0.76%</td></tr><tr><td>2013/14</td><td>0.62%</td></tr><tr><td>2014/15</td><td>0.73%</td></tr></tbody></table>	Year	% All Admitted Patients	2011/12	0.71%	2012/13	0.76%	2013/14	0.62%	2014/15	0.73%
Year	% All Admitted Patients													
2011/12	0.71%													
2012/13	0.76%													
2013/14	0.62%													
2014/15	0.73%													
Derived From	Incident reporting	Why metric chosen	Falls have the potential to cause significant harm. Nursing high impact action; local CQUIN indicator											
How is data collected	Staff who witness or become aware of a fall report this via the Trust's risk management processes	Improvements planned	Embedding of Comfort Checks in wards- Call don't fall initiative, scoping meetings to prevent falls RCA for all sever harm falls- Safety Huddle											
LHCH Performance 2014/15	0.73% (97 falls in 13,335 admissions)	LHCH Performance 2013/14	0.62% (83 falls in 13,313 admissions)											
Interpretation of Results	The number of falls in 2014/15 has increased since the previous year. The risk profile of our inpatients has become more challenging. We will continue to strive to reduce the number of falls.													

Safety																												
Metric	Number of patients acquiring MRSA bacteraemia whilst in hospital	Organisation Wide or Service Specific	Organisation wide	<div><h3>InPatients with LHCH-Acquired MRSA Bacteraemia</h3><table><thead><tr><th>Year</th><th>Number of Patients</th></tr></thead><tbody><tr><td>2004/05</td><td>9</td></tr><tr><td>2005/06</td><td>5</td></tr><tr><td>2006/07</td><td>8</td></tr><tr><td>2007/08</td><td>7</td></tr><tr><td>2008/09</td><td>0</td></tr><tr><td>2009/10</td><td>1</td></tr><tr><td>2010/11</td><td>2</td></tr><tr><td>2011/12</td><td>4</td></tr><tr><td>2012/13</td><td>0</td></tr><tr><td>2013/14</td><td>1</td></tr><tr><td>2014/15</td><td>0</td></tr></tbody></table></div>	Year	Number of Patients	2004/05	9	2005/06	5	2006/07	8	2007/08	7	2008/09	0	2009/10	1	2010/11	2	2011/12	4	2012/13	0	2013/14	1	2014/15	0
Year	Number of Patients																											
2004/05	9																											
2005/06	5																											
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2009/10	1																											
2010/11	2																											
2011/12	4																											
2012/13	0																											
2013/14	1																											
2014/15	0																											
Derived From	Infection prevention team	Why metric chosen	Major concern of patients; Department of Health priority																									
How is data collected	Monthly surveillance reported to health protection agency. National definitions of bacteraemia applied.	Improvements planned	We'll continue with the processes out in place last year: 1. Surgical site infection check 2. MRSA screening audits 3. Central lines bundle																									
LHCH Performance 2014/15	0 patients	LHCH Performance 2013/14	1 patients																									
Interpretation of Results	The Trust has achieved an excellent result with no cases of MRSA in 2014/15																											

Effectiveness										
Metric	Cardiac Surgery – inpatient waits within 7 days.	Organisation Wide or Service Specific	Surgical directorate	<div><p>Urgent Cardiac Surgical Patients treated within 7 days</p><table border="1"><thead><tr><th>Year</th><th>% of Admitted Patients</th></tr></thead><tbody><tr><td>2012/13</td><td>30%</td></tr><tr><td>2013/14</td><td>49%</td></tr></tbody></table></div> <p>CQUIN Indicator definition has changed in 2014/15 therefore no comparable data available as “start date” changed from referral date to angiography date and we’ve never collected both.</p>	Year	% of Admitted Patients	2012/13	30%	2013/14	49%
Year	% of Admitted Patients									
2012/13	30%									
2013/14	49%									
Derived From	Surgical Directorate Urgent Referral Database	Why metric chosen	Reducing the time patients wait for their surgery will demonstrate systems and processes are in place between Trusts and patients access treatment in a timely manner, decreasing the number of patients who acquire hospital infections, pressure ulcers, chest infections, DVT etc.							
How is data collected	Data are collected routinely on referral	Improvements planned	Improve referral information provided to reduce delays at referring hospitals (education to referrers)							
LHCH Performance 2013/14	178 of 365 patients (49%)	LHCH Performance 2012/13	117 of 393 patients (30%)							
Interpretation of Results	The Trust managed to improve on the previous year in 2013/14. However, this standard remains challenging as both elective and non-elective patients must be treated in a timely manner. Improvements in waiting times will again be a priority for 2014/15.									

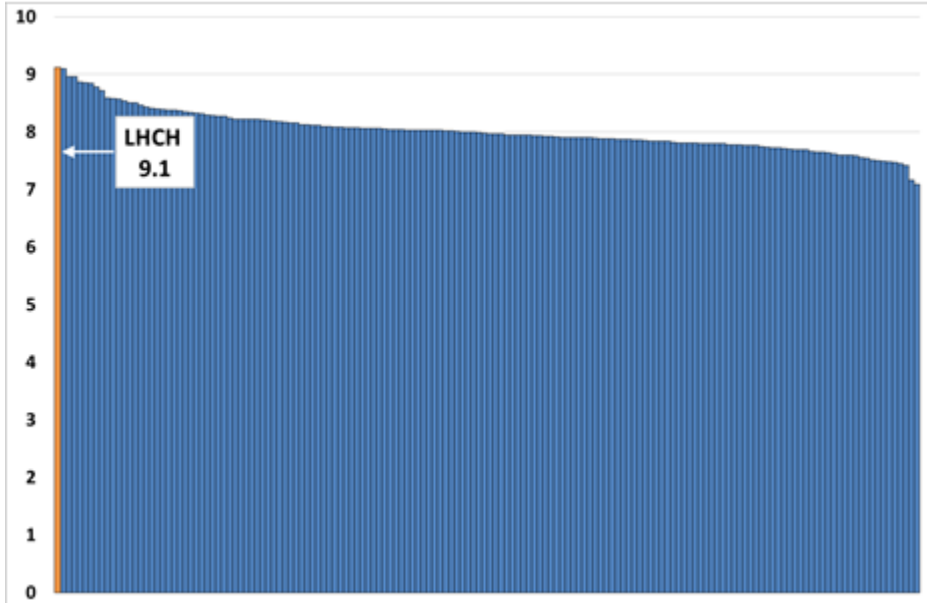
Effectiveness																
Metric	% patients completing phase one Cardiac rehabilitation	Organisation Wide or Service Specific	Organisation wide – phase 1;	<div><p>InPatients Completing Phase 1 Cardiac Rehabilitation</p><table><thead><tr><th>Year</th><th>% of Eligible InPatients</th></tr></thead><tbody><tr><td>2010/11</td><td>77.0%</td></tr><tr><td>2011/12</td><td>87.4%</td></tr><tr><td>2012/13</td><td>92.4%</td></tr><tr><td>2013/14</td><td>91.7%</td></tr><tr><td>2014/15</td><td>93.5%</td></tr></tbody></table></div>	Year	% of Eligible InPatients	2010/11	77.0%	2011/12	87.4%	2012/13	92.4%	2013/14	91.7%	2014/15	93.5%
Year	% of Eligible InPatients															
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2012/13	92.4%															
2013/14	91.7%															
2014/15	93.5%															
Derived From	Local audit figures	Why metric chosen	Promotes lifestyle change and reduces future risk of cardiac events such as heart attacks													
How is data collected	When in hospital, patients receiving heart treatments receive a comprehensive educational session about lifestyle and its importance in promoting future wellness. This data is sent to the Clinical Quality Department for analysis.	Improvements planned	Plans to partially integrate the service within Knowsley community CVD suggested plan for their staff to assist the Hospital CR nurse to deliver training for CR trainers and staff to increase the number of staff trained which have decreased due to increased staff turnover and competing initiatives for CR trainers. Increase the number of staff with relevant competencies. Review and modify the competency tool to reflect Trusts Values and behaviours and they will be benchmarked against other Trust competencies using the same format thus increasing ease of use and compliance. This is hoped to improve quality also.													
LHCH Performance 2014/15	93.51%	LHCH Performance 2013/14	91.65%													
Interpretation of Results	We have exceeded the 2014/15 NSF target of 85%, set for this indicator, with a small increase from last year's percentage. We will continue the excellent service provided by having ward specific Cardiac Rehabilitation trainers with relevant competencies.															

Effectiveness														
Metric	% patients with heart attack receiving treatment within 90 minutes of arrival (door to balloon time)	Organisation Wide or Service Specific	Service specific - Cardiology	<table border="1"><caption>90 minute Door-To-Balloon success in primary PCI for Acute Heart Attacks</caption><thead><tr><th>Year</th><th>Success Rate (%)</th></tr></thead><tbody><tr><td>2011-12</td><td>98.9%</td></tr><tr><td>2012-13</td><td>98.7%</td></tr><tr><td>2013-14</td><td>98.4%</td></tr><tr><td>2014-15</td><td>98.8%</td></tr></tbody></table>	Year	Success Rate (%)	2011-12	98.9%	2012-13	98.7%	2013-14	98.4%	2014-15	98.8%
Year	Success Rate (%)													
2011-12	98.9%													
2012-13	98.7%													
2013-14	98.4%													
2014-15	98.8%													
Derived From	Local audit figures	Why metric chosen	Service has expanded this year, so need to ensure good quality care has been maintained											
How is data collected	LHCH contribution to myocardial infarct national audit project (MINAP) collected into in house electronic database. National definition of performance measures used from MINAP.	Improvements planned	Performance is excellent so we aim to learn from each of the times performance is not perfect.											
LHCH Performance 2014/15	98.9%	LHCH Performance 2013/14	98.4%											
Interpretation of Results	The high standard set in previous years has been maintained this year. Our patients continue to benefit from this extremely efficient, gold-standard service.													



Effectiveness																
Metric	% of patients who received a copy of their discharge summary to the GP	Organisation Wide or Service Specific	Service specific – Support Services	<div>Patients Given a Copy of the Discharge Summary</div> <table><thead><tr><th>Quarter</th><th>% All Admitted Patients</th></tr></thead><tbody><tr><td>Q4 13/14</td><td>78%</td></tr><tr><td>Q1 14/15</td><td>82%</td></tr><tr><td>Q2 14/15</td><td>83%</td></tr><tr><td>Q3 14/15</td><td>89%</td></tr><tr><td>Q4 14/15</td><td>92%</td></tr></tbody></table>	Quarter	% All Admitted Patients	Q4 13/14	78%	Q1 14/15	82%	Q2 14/15	83%	Q3 14/15	89%	Q4 14/15	92%
Quarter	% All Admitted Patients															
Q4 13/14	78%															
Q1 14/15	82%															
Q2 14/15	83%															
Q3 14/15	89%															
Q4 14/15	92%															
Derived From	Nursing Discharge Checklist in the Electronic Patient Record	Why metric chosen	Patients should receive a copy of their discharge summary, so they are aware of and can convey to community services details pertinent to their stay at LHCH and ongoing care.													
How is data collected	Nursing staff confirm whether or not the patient has received a copy of their discharge summary at the point of discharge.	Improvements planned	Our Electronic Patient Record (EPR) system includes a module for generating patient correspondence. Development of standard documentation across the health economy as part of our CQUIN.													
LHCH Performance 2014/15 (Q4)	92%	LHCH Performance 2013/14 (Q4)	78%													
Interpretation of Results	The new EPR Discharge Checklist was introduced in December 2013. A steady improvement in the number of patients taking a copy of their summary has continued. We had hoped to see this rate increase to 95% over the course of this year, but we did fall slightly short of this. We will continue to monitor this in 2015/16 and hopefully make further improvement.															

Patient Experience																																				
Metric	Dementia screening, assessment and referral	Organisation Wide or Service Specific	Organisation wide	<div><p>Patients are Appropriately Screened, Assessed and Referred for Dementia</p><table><caption>Chart Data: Patients are Appropriately Screened, Assessed and Referred for Dementia</caption><thead><tr><th>Category</th><th>Year</th><th>Compliant (%)</th><th>Non-Compliant (%)</th><th>Count</th></tr></thead><tbody><tr><td rowspan="2">Eligible Patients asked the Case-finding Question</td><td>13/14</td><td>94%</td><td>6%</td><td>388</td></tr><tr><td>14/15</td><td>95%</td><td>5%</td><td>380</td></tr><tr><td rowspan="2">Patients requiring Full Dementia Assessment are Assessed</td><td>13/14</td><td>87%</td><td>13%</td><td>40</td></tr><tr><td>14/15</td><td>93%</td><td>7%</td><td>33</td></tr><tr><td rowspan="2">Patients identified as possible Dementia are Referred to GP</td><td>13/14</td><td>90%</td><td>10%</td><td>23</td></tr><tr><td>14/15</td><td>95%</td><td>5%</td><td>18</td></tr></tbody></table></div>	Category	Year	Compliant (%)	Non-Compliant (%)	Count	Eligible Patients asked the Case-finding Question	13/14	94%	6%	388	14/15	95%	5%	380	Patients requiring Full Dementia Assessment are Assessed	13/14	87%	13%	40	14/15	93%	7%	33	Patients identified as possible Dementia are Referred to GP	13/14	90%	10%	23	14/15	95%	5%	18
Category	Year	Compliant (%)	Non-Compliant (%)		Count																															
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	14/15	95%	5%	18																																
Derived From	Data submitted to NHS England as part of national programme	Why metric chosen	Patients assessed and identified with dementia need to be referred for specialist care																																	
How is data collected	By nursing staff in ward at assessment and entered into Electronic Patient Record	Improvements planned	Dementia awareness training																																	
LHCH 2014/15	378 of 400 Patients Treated Appropriately (95%)	LHCH 2013/14	383 of 394 patients treated appropriately (97%)																																	
Interpretation of Results	This process is now well embedded in the Trust. Patients with dementia and their carers can be assured that LHCH will help to ensure appropriate care is provided for this condition.																																			

Patient Experience				
Metric	Mean of 'Overall patient experience' question. Inpatient care rated 0-10	Organisation Wide or Service Specific	Organisation wide	<p>National data not available until April 2015 2013/14 graph below:</p> 
Derived From	National patient survey results	Why metric chosen	This question is an overall measure of the patients experience	
How is data collected	850 LHCH patients are invited to complete a questionnaire about their in-patient stay. Results are benchmarked with other Trusts in England.	Improvements planned	Continuing the Implementation of the Patient and Family centred care plan	
LHCH Performance 2014/15	9.1 (91%) Interim figure based on unadjusted data	LHCH Performance 2013/14	9.1 (91%)	
Interpretation of Results				

Patient Experience				
Metric	Responsiveness to patients needs	Organisation Wide or Service Specific	Organisation wide	National data not available until April 2015 2013/14 graph below:
Derived From	Average of 5 key questions drawn from the national patient survey results	Why metric chosen	Summary of overall experience of care. National CQUIN indicator	
How is data collected	850 LHCH patients are invited to complete a questionnaire about their in-patient stay. Results are benchmarked with other Trusts in England.	Improvements planned	Embedding Teach back, to make sure patients know exactly what their discharge summary means, and what to expect from their medication Embed a generic discharge summary with clear instructions and information	
LHCH Performance 2014/15	Performance available in April 2015	LHCH Performance 2013/14	82.3%	
Interpretation of Results				

Metric	2005	2006	2007	2008	2009	2010	2011	2012	2013
Were you involved as much as you wanted to be in decisions about your care and treatment?	82	81	83	79	76	80	78	81	85
Did you find someone on the hospital staff to talk to about your worries and fears?	75	74	76	73	71	74	75	76	77
Were you given enough privacy when discussing your condition or treatment?	89	90	89	90	91	90	89	90	91
Did a member of staff tell you about medication side effects to watch for when you went home?	48	47	53	52	46	54	64	56	64
Did hospital staff tell you who to contact if you were worried about your condition or treatment after you left hospital?	85	80	84	88	86	88	91	90	95
Overall Average	76	75	77	76	74	77	80	79	82

Mandatory indicators from Risk Assessment Framework

Indicator	Target 2014/15	Performance 2013/14	Performance 2014/15
Maximum time of 18 weeks from point of referral to treatment in aggregate-admitted	90%	90.37%	87.29%*
Maximum time of 18 weeks from point of referral to treatment in aggregate- non admitted	95%	96.50%	96.80%
Maximum time of 18 weeks from point of referral to treatment in aggregate- patients on an incomplete pathway	92%	95.98%	89.95%*
All cancers: 62 day wait for first treatment from: <ul style="list-style-type: none"> Urgent GP referral for suspected cancer NHS cancer screening service referral 	85% 90%	88.93% (88.1%) N/A	89.68%** (86.9%) N/A
All cancers: 31 day wait for second or subsequent treatment comprising: <ul style="list-style-type: none"> Surgery Anti-cancer drug treatments Radiotherapy 	94% 98% 94%	100% N/A N/A	100% N/A N/A
All cancers: 31 day wait from diagnosis to first treatment	96%	98.81%	99.33%
Cancer: two week wait from referral to date first seen, comprising: <ul style="list-style-type: none"> All urgent referrals (cancer suspected) 	93%	97.92%	99.63%
Data completeness: community services comprising: <ul style="list-style-type: none"> Referral to treatment information Referral information Treatment activity information 	50% 50% 50%	N/A 99.75% 100%	N/A 100% 100%

* Agreed failure with Monitor

** The Rapid access cancer pathway was altered in January 2014 to require a GP referring to the service to request a CT scan prior to entering the consultant led two week wait pathway, as a way to enhance the patient pathway and ensure that access to cancer services were better utilised and inappropriate referrals could be redirected more quickly to the appropriate service. This did mean that a first diagnostic test would occur prior to day 0 on the cancer pathway; the percentages in parenthesis represent what the figure would have appeared if day 0 occurred at the point of the CT scan.

Annex 1: Statements of Commissioners, local Healthwatch, and Overview & Scrutiny Committees

Statement for the Liverpool Clinical Commissioning Group

“Liverpool CCG welcomes the opportunity to comment on Liverpool Heart and Chest NHS Foundation Trust Draft Quality Account for 2014/15. We have worked closely with Liverpool Heart and Chest throughout 2014/15 to gain assurances that the services they delivered were safe, effective and personalised to service users. The CCG shares the fundamental aims of the Trust and supports their strategy to deliver high quality, harm free care.

“Liverpool CCG is pleased to note the extensive consultation exercise with staff, Foundation Trust members, commissioning bodies, patients, carers in ensuring that the focus is on those aspects of quality improvement which will bring the biggest benefit to the people the Trust serves.

“We have reviewed the information provided within the Quality Account and checked the accuracy of data within the account which was submitted as part of the trusts contractual obligation. All data provided corresponds with data used as part of the on-going contract monitoring process.

“This Account indicates the Trusts commitment to improving the quality of the services it provides and Liverpool CCG supports the key priorities for improvement during 2014/15.

- *Priority 1 - To ensure that patients with Dementia are identified and assessed whilst under our care and are referred to their GP for investigation at discharge.*
- *Priority 2 - Reduce pressure ulcer development*
- *Priority 3 - Reduce the number of patient falls*
- *Priority 4 - Improve the Timeliness of our Communications to General Practitioners at the Point of Discharge*

“This is a comprehensive report that clearly demonstrates progress within the Trust. It identifies where the organisation has done well, where further improvement is required and what actions are needed to achieve these goals. The Quality Account sets out the priorities for improving patient safety, patient experience and clinical effectiveness across all services provided by Liverpool Heart and Chest NHS Foundation Trust.

“It is felt that the priorities for improvement identified for the coming year are both challenging and reflective of the current issues across the health economy. We therefore commend the Trust in taking account of new opportunities to further improve the delivery of excellent, compassionate and safe care for every patient, every time. As coordinating commissioner, we look forward to continuing to work in partnership with the Trust and supporting them to deliver these quality priorities.”

Katherine Sheerin

Chief Officer

26th May 2015

Statement from Liverpool City Council

“On behalf of the Liverpool City Council Adult Social Care and Health Select Committee, I have reviewed the Liverpool Heart and Chest Hospital and note the information in the report without the need to raise any specific issues and look forward to seeing the progress outlined in the report being achieved”

Statements from Healthwatch

No statements received

Statement from the Host Overview & Scrutiny Committee

Not statement received

Statement from the Trusts Council of Governors Quality Account Task and Finish Group

“This Committee has met twice throughout the year.

We have reviewed the Quality Accounts for 2015/16 for the Trust and are confident they represent a true account of the performance of the Trust based on the audited figures presented.

The Annual Public Meeting was well attended to discuss the work of the Hospital. Clinicians, stakeholders, Staff, Patients and Family members, as well as members of the Public attended from Merseyside, Cheshire, North Wales and the Isle of Man.

At this meeting a selection of work was selected to be considered by the Clinical Directorate for the coming year.

Concerns were again raised regarding financial constraints to Finance, and other practices.

We, as a group, are confident that this Hospital will respond, as it always has, in a very positive way, to the problems of the year ahead, and we are assured that at present, there is no impact to the quality of care to the patients”.

Ken Blasbery,

Chairman of the Quality Account Task and Finish Group

Annex 2 Statement of Directors Responsibilities for the Quality Report

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

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

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

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2014/15 and supporting guidance.
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
 - board minutes and papers for the period April 2014 to [the date of this statement]
 - papers relating to Quality reported to the board over the period April 2014 to [the date of this statement]
- feedback from commissioners dated 26/05/2015
- feedback from governors dated 16/04/2015
- feedback from local Healthwatch organisations dated – non received
- feedback from Overview and Scrutiny Committee dated – non received
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 28/04/15
- the national patient survey 14/04/2015
- the national staff survey 12/12/2014
- the Head of Internal Audit's annual opinion over the trust's control environment dated 28/05/2015
- CQC Intelligent Monitoring Report dated 03/12/2015
- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered
- the performance information reported in the Quality Report is reliable and accurate

- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and
- the Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at www.monitor.gov.uk/annualreportingmanual) as well as the standards to support data quality for the preparation of the Quality Report (available at www.monitor.gov.uk/annualreportingmanual).

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

By order of the board.

27th May 2015  Neil Large, Chairman

27th May 2015  Jane Tomkinson, Chief Executive

How to Provide Feedback on the Quality Account

Liverpool Heart and Chest Hospital would be pleased to either answer questions or receive feedback on how the content and layout of this quality account can be improved.

Additionally, should you wish to make any suggestions on the content of future reports or priorities for improvement we may wish to consider, or should any reader require the Quality Account in any additional more accessible format then please contact:

Mrs Sue Pemberton, Director of Nursing and Quality

(E-mail sue.pemberton@lhch.nhs.uk or telephone 0151 600 1249).

8. Our Staff

As of 31st March 2015, the Trust employed 1,421 staff totalling 1,302 whole time equivalents.

In working towards its vision 'to be the best cardiothoracic integrated healthcare organisation' the Trust's strategic goal with regard to its workforce is to be the best NHS Employer by 2019 by attracting and retaining the best staff to deliver excellent patient care.

8.1 Our Vision and Values for Staff

The Trust has refreshed its Values and Behaviours to ensure they are more aligned to its vision to **'be the best'** and to the core values of the NHS Constitution.

More than 200 Trust staff were consulted on the new values, as well as Governors and Patient Representatives, and helped shape what key themes should be evident. There was strong support to retain the core value of Patient and Family Centredness, but staff felt there should be a strong emphasis on staff working in partnership to drive the overall success of the Trust.

The plan for 2015 is to clearly articulate the behaviours that underpin these values and in turn ensure they underpin our appraisal, talent management and recruitment processes.



The Staff Experience Vision sets out the Trust's commitment to staff to support them in their working lives. This vision is based on the following five pillars:

- **Reputation & Pride** - I am proud to work for LHCH
- **Commitment & Attitude** - I know what is expected of me and what I can expect in return
- **Support and Wellbeing** - I am supported in my working life
- **Training & Learning** - I am equipped with the skills to do a great job
- **Achievement & Recognition** - I have a rewarding and fulfilling role

8.2 Health and Wellbeing

Staff Wellbeing Awareness

Over the last 12 months the Staff Wellbeing Group has co-ordinated a number of health and wellbeing events including:

- Drop a Drink Size (alcohol awareness)
- Walk to Work Week
- Sun Awareness/Get ready for summer/ Skin Cancer Awareness campaigns
- Work Out at Work Day
- Cycle to Work Week
- World Heart Day
- Stoptober (smoking awareness)

The Group organised a New Year New You event in January with a variety of stalls offering advice on alcohol, maintaining a healthy weight, healthy eating, back awareness and sources of help and support for employees.

Physical Activity

The Trust has a number of physical activity initiatives in place, in particular:

- **Cycling:** The Trust supports national cycle week and encourages employers to cycle for physical activity and health and also mode of commute to the workplace. In addition there are a number of 'Cycle Doctor' sessions throughout the year where staff can have their bikes checked and maintained to support and encourage long term cycling. A cycle first aid kit is held onsite and is available to staff to carry out emergency repairs to their cycles with a comprehensive tool/repair kit and items available also include emergency back-up batteries for bike lights.

A 'get home guarantee' operates where employees who cycle to the workplace that may require a taxi home for urgent/emergency situations have the reassurance that taxi fare is available. There are cycle shower facilities with lockers and two cycle storage areas that are available to employees.

- **Walking/running:** Walk to work week is supported by the Trust and includes challenges and signposting to community based walking groups. There is an onsite signposted walking route of various distances that is accessible to all staff and is promoted to encourage walking and physical activity within the workplace. Further, local walking groups and walk for health schemes within the local community are promoted to staff and their families. For employees wanting a further challenge, a running club is available once a week to support beginners.
- **Onsite staff gym:** Staff have access to an onsite gym facility that is accessible 24 hours a day. In addition, employees can access health/fitness advice, monitoring and assessment including body composition, BMI, body weight, hydration levels, strength, fitness and flexibility.

Occupational Health Service

The Trust contracts with Aintree University Hospital NHS Foundation Trust for the provision of its Occupational Health Service. Whilst the service is delivered centrally from the Health Work and Well-being Centre on the Aintree site there are satellite clinics provided at LHCH. In exceptional circumstances, domiciliary visits are made to staff unable to attend either of the locations. The service is available 8.30 to 4.30 Monday to Friday excluding bank holidays via appointment. The service is SEQOHS (Safe, Effective, Quality Occupational Health Service) accredited.

The service includes:

- New Employee Health Assessment
- Immunisation and recall
- Inoculation Injury Management
- Advice on attendance management and rehabilitation to work programmes (Referral and Case Management Meetings)
- Service and Policy Development and Relevant Meetings – where Occupational Health input is applicable.
- Improving Staff Health & Well-being Including Lifestyle Health Assessments
- Specific Health Surveillance
- Physiotherapy (administration of appointments only)
- Duty Nurse Telephone advice and support
- Support for Health Promotion
- Support for Risk Management - where Occupational Health input is applicable.
- Statutory and Mandatory Training

Staff Physiotherapy Service

This is a free service to help those staff with musculo-skeletal health problems access physiotherapy rapidly to help them maintain their attendance at work and improve their general well-being.

Flu Campaign

For this year's Flu campaign the Trust used the services of 'Flu Fighters' to carry out the vaccination programme and over 75% of staff were vaccinated, which is significantly higher than 2013 (69%). Vaccinations were offered at varying times throughout the day, evening and weekends to ensure that as many staff as possible had the opportunity to get their vaccination, and the flu nurses visited wards and departments rather than individuals having to attend set areas.

Overall this was considered to be a very successful campaign and the Trust was congratulated by NHS Employers on our achievement. All staff were given a free coffee/tea and muffin voucher when they received their vaccination and a prize draw was undertaken when the Trust reached various percentage rates.

Salary Sacrifice Schemes

The Trust runs a number of salary sacrifice schemes to help staff save money on the following:

- Nursery fees for the on-site nursery
- Childcare vouchers
- Car lease scheme
- Cycle to work scheme
- Computers

All of these schemes continue to be well received by staff.

Employee Assistant Programme

As part of our on-going commitment to the health and wellbeing of staff, LHCH provides an Employee Assistance Programme through a contract with Optum (formerly PPC Worldwide). This programme offers a free, confidential service with expert advice, specialist counselling and support 24 hours every day, online or on the telephone. Support is provided on issues ranging from family/personal crises or illness through to legal issues, stress, debt, relationship breakdowns or work related issues.

8.3 Recognising Talented Staff

The Trust has begun trialling a new talent management process which maps staff potential based on their performance and attitude and behaviour. The new approach, which is aligned to the appraisal system, will support employees and managers in harnessing potential and will drive the continuous development and succession planning of our staff.

The Trust's Nursing Teams will be the first to trial this new process focussing on experienced senior staff nurses or junior sisters/ charge nurses following the key steps below.

- The Manager will use the LHCH talent management grid to map out the employees level of performance and attitude
- Levels of motivation and potential will be explored following a coaching style conversation. The employee will then decide on whether they wish to be nominated to undertake the talent management programme
- All referrals will be objectively assessed by the Talent Management Review panel where evidence is sought on the achievements of the nominated employee
- All successful employees will be enrolled onto the management Development programme as part of the Talent Management Pathway

The Trust's annual staff awards evening was held on Friday 11th July at the Crowne Plaza in Liverpool City Centre. The event was a great success and a perfect opportunity for staff to celebrate team successes together.

Winners for the awards were as follows:

- **Team of the Year** – HEAT PPCI Team
- **Leader of the Year** – Sharon Hindley, Support Services Manager
- **Employee of the Year** – Mark Hignett, Healthcare Assistant

- **Innovation of the Year** – Cystic Fibrosis Diabetes Service Team
- **Lifetime Achievement** – Joan Walsh, Support Services
- **Volunteer of the Year** – Arthur Newby

8.4 Learning and Development

Mandatory Training

As part of the Education Strategy launched in 2013, the Trust has launched a new approach to managing compliance of our staff with mandatory training requirements. Two Corporate Learning Partners were appointed and now work directly with Department Managers to help analyse compliance reports and agree flexible ways of how training can be completed. The new approach has ensured mandatory training compliance has been maintained above 90% since July 2014 with managers reporting much higher levels of support than we had previously.

Clinical Education – first provider in the North of England to have commissioned its own specialist degree pathway

In 2014/15 LHCH became the first hospital to have developed its own degree pathway. The programme, run by specialists at LHCH and in partnership with Edge Hill University, is open to all clinically registered staff from the Multidisciplinary Team.

It provides in depth knowledge of cardiothoracic treatments and conditions and also incorporates core modules including Patient and Family Centred Care, Patient Safety and Developing Innovations in Practice. To date, 37 staff have successfully completed their first modules on the pathway with a further 24 staff being enrolled in March 2015.

In the next year, the pathway will be accessible to all external staff working within cardiology and respiratory care. This will support LHCH in being recognised as a national provider of cardiothoracic education in line with its Education Strategy

Continued Recognition for Commitment to Vocational Learning

For the fifth year running, LHCH has continued to commit to support its entire workforce to gain a minimum level 2 qualification, usually in the form of a full apprenticeship.

The Trust has received continued national and regional recognition for how we have developed our healthcare support workers following the main steps below.

- Completion of the in house HCA Development pathway.
- Consolidation of skills and competences.
- Enrolment onto an Apprenticeship pathway.
- Option to be seconded to complete a pre-registration nursing degree or other profession following a Talent Management approach.

This successful programme will continue into 2015 and has significantly prepared us for the Dept of Health launch of the national fundamental care certificate due later this year.

Medical Education

The Trust has experienced significant challenges with medical education and junior doctor staffing in the past year. In part, this has been due to national changes in the training of junior doctors as part of the “Broadening Horizons” review which aims to extend practice placements in both community and mental health settings.

The Trust has worked closely with Junior Doctors to improve training opportunities available at the Trust and have transformed the way medical cover is provided in the Out of Hours Period.

The new integrated junior doctor rotas will include protected development time to allow junior doctor access to Theatres, Catheter Labs and Outpatients Department. Learning Contracts are also being trialled to confirm commitment to learning from both the learner and the Education Supervisor.

The Trust will be sharing its progress with the North West Deanery in May 2015 when they are due to revisit.

Improved Education Governance

2014/15 has seen the launch of Divisional Education Groups within LHCH. The groups are made up of multi-professional education leads, managers and subject matter experts whose role is to analyse changes in care delivery, review learning from incidents and complaints received and in response develop and deliver education programmes to ensure the Trust continually improves staff knowledge and in return makes patient care safe and effective.

Leadership Development

The Trust has taken a fresh look at its leadership development opportunities and is developing its leadership strategy in line with latest evidence collected from the Kings Fund focusing on Collective Leadership. This approach will support the development of the Trust’s Divisional Leadership Structure helping LHCH on its journey to become a more clinically led organisation.

A Management Development Programme will be launched in Spring 2015, which is directly linked to the Trust’s Talent Management Strategy.

In addition, we have been working closely with other key partners to support our Leadership Development including the NHS Leadership Academy and the Advancing Quality Alliance (AQuA). Key stakeholders at a range of levels have accessed Quality Improvement Training which will support the Trust being a well led organisation and its vision to be “The Best”

Staff Engagement

The Trust participates in the annual NHS Staff Survey and the Staff Friends and Family Test. In addition a Culture Survey was undertaken in the summer of 2014.











Actions following on from the Staff Survey

Following the results of the 2013 Staff Survey reports were produced examining the outcomes from Trust, Directorate and Departmental level. These were shared with the relevant committees and areas and action plans were completed highlighting areas to be improved upon in the coming year.

Action plans were created within departments to ensure teams took ownership of their own development and progress against the plans was monitored through directorate governance meetings. Following on from the action plans individual departments created a “You Said, We Did” poster to show where improvements were identified and what actions have been taken.

At Trust level the top 5 strengths and weaknesses were identified (shown below) and the results from actions undertaken were shared on the Trust ‘You Said, We Did’ poster.

Top Five Trust Strengths and Weaknesses

 Staff experiencing harassment, bullying or abuse from staff	 Staff reporting errors, near misses or incidents
 Support from immediate managers	 Staff having equality and diversity training
 Staff reporting good communication between senior management and staff	 Staff experiencing physical violence from patients, relatives or the public
 Staff experiencing harassment, bullying or abuse from patients, relatives or the public	 Staff feeling pressure to attend work when feeling unwell
 Staff experiencing discrimination at work in the last 12 months	 Staff appraised in the last 12 months

LHCH signed up to the Speak Out Safely Campaign so that staff have a recognised procedure in which they can feel safe to raise concerns around patient care and safety. Evidence supports that a number of staff, particularly professionals, have followed this process to improve patient safety. The Trust also participated in the Francis Review and a number of Critical Care staff attended meetings to discuss their experiences to influence the review.

The Executive Team used this information to conduct a number of “Big Conversations” in areas where potential improvements were identified. The purpose of these sessions was to talk to staff, remove barriers and achieve greater staff involvement, improving working environments. Employees were encouraged to talk openly about their working environment, discuss areas which prevent them from feeling they are doing the best they can do and make suggestions for improvement. Following on from these meetings the Executive Team, Line Managers and the employees have been working together to develop improvement plans and meetings scheduled to give feedback.

Equality and Diversity (E&D) has been incorporated into the Corporate Induction marketplace to ensure all new staff working in the trust are trained and assessed. Existing staff are given the opportunity to complete through the mandatory workbook/eLearning. E&D has been included in the overall Trust Mandatory Compliance Figures from February 2015.

A new appraisal process been designed to ensure all staff have the opportunity to receive a meaningful appraisal with objectives that are in line with team, divisional and Trust strategic objectives. To support this, a new policy and set of paperwork was introduced which is more user friendly, clear and easy to understand. Future developments will include an online appraisal system to further support these changes and improve the process even further.

A further area of improvement which was identified involved our contract with a third party for payroll and recruitment services. After listening to staff concerns the Trust made the decision to withdraw from this and have since been in a transition period to bring recruitment back in house and change to a new payroll provider. This change took place in October 2014 and now recruitment is fully integrated back into the Trust and a new payroll provider has been appointed. Feedback from staff has been positive and the change has been widely welcomed.

Staff Survey Results 2014

Nationally responses from 255,000 NHS staff were received, a response rate of 42% (49% in 2013). LHCH surpassed the national average with a response rate of 63% (58% in 2013).

64% (65% in 2013) of NHS staff said that if a friend or relative needed treatment they would be happy with the standard of care provided by their organisation. In comparison LHCH has maintained the excellent result of 92% of staff who said that if a friend or relative needed treatment they would be happy with the standard of care provided, placing LHCH 4th nationally. In addition, 86% of LHCH employees said that care of patients and service users is their organisation's top priority compared to the national average of 67%.

Nationally the number of staff receiving appraisals has remained stable at 83%, however only 38% of staff said these appraisals were well structured (same as in 2013). Again LHCH perform favourably against the national average with 87% of staff receiving appraisals and 46% agreeing that these were well structured.

Nationally only 41% of all staff felt that their trust values their work, within LHCH this rises to 51%. The proportion of LHCH staff who indicated that they would recommend their organisation as a place to work has decreased from 74% in 2013 to 69% in 2014. This trend is mirrored across the NHS with the national picture decreasing from 58% in 2013 to 56% in 2014. However in the latest round of the Staff Friends and Family Test which we ran in LHCH February this year the response to this question was 75%.

Only 45% of LHCH employees said that communication between senior managers and staff is effective, however this is higher than the national average of 37%. Less than a third of all NHS staff (29%) reported that senior managers act on feedback from staff, LHCH performed considerably better with a score of 39%. Despite this, 74% of LHCH staff said that they are able to make suggestions on how they could improve the work of their team or department.

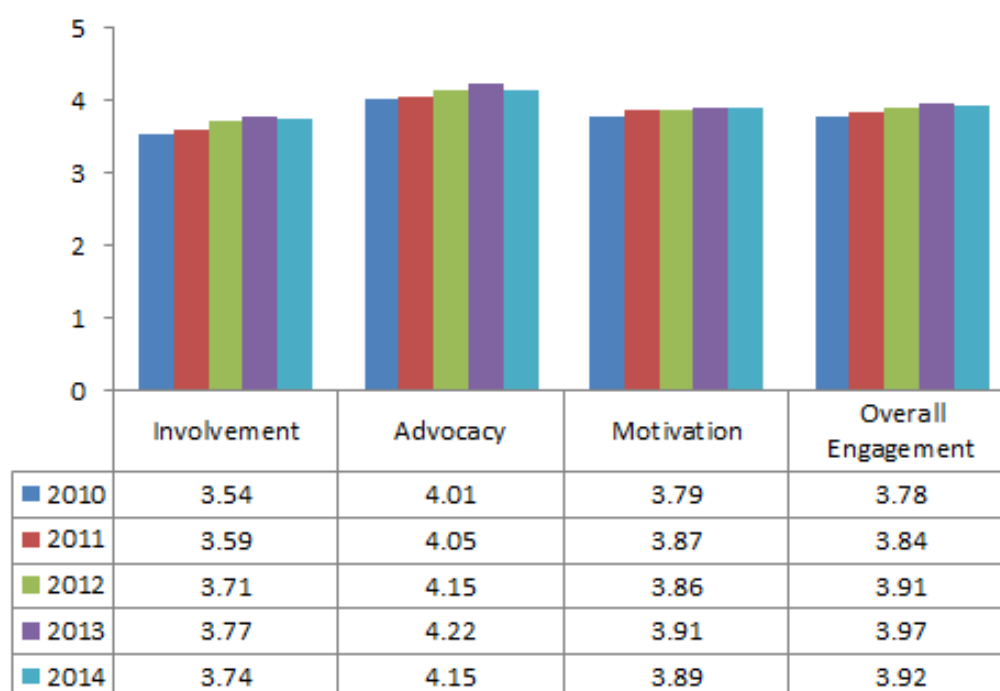
14% of NHS staff reported experiencing physical violence from patients, their relatives or other members of the public in the previous 12 months. LHCH scores much lower with 9% of staff report experiencing physical violence from patients, their relatives or other members of the public in the previous 12 months.

15% of LHCH staff report that they experienced bullying, harassment and abuse from patients, their relatives or other members of the public in the previous 12 months compared with 28% of all staff nationally.

Two-thirds (66%) of incidents of physical violence were reported compared to 64% in 2013, LHCH under performs in this area with only 46% of employees reporting the incident. However 57% of staff reported bullying, harassment and abuse cases compared to 44% nationally.

Staff engagement has dropped to 3.92 from 3.97 in 2013, with the three areas of engagement showing a dip from the previous year's survey. A breakdown of the engagement score is shown in the chart below.

Staff Engagement 2010-2014



The top 5 areas of improvement highlighted in the survey were; the number of staff receiving Equality and Diversity training (10% improvement), % staff that are able to meet all the conflicting demands on their time at work (4% improvement), % of staff that agree that their immediate manager is supportive in a personal crisis (4% improvement), % staff satisfied with the quality of care they give (4% improvement) and % staff who agreed that they are able to deliver the patient care they aspire to (4% improvement).

Top 5 Scores									
Improved		2013	2014	+ ↑	Declined		2013	2014	- ↓
1	Received equality and diversity training in the last 12 months	61%	71%	10%	1	Agreed training helped to deliver a better patient / service user experience	70%	65%	-5%
2	Disagreed that staff are unable to meet all the conflicting demands on their time at work	29%	34%	4%	2	Agreed that they would recommend their organisation as a place to work	74%	69%	-5%
3	Agreed that their immediate manager is supportive in a personal crisis	74%	78%	4%	3	Agreed that training helped to do job more effectively	70%	66%	-4%
4	Agreed that they are satisfied with the quality of care they give	89%	93%	4%	4	Staff often / always look forward to going to work	55%	51%	-4%
5	Agreed they are able to deliver the patient care they aspire to	80%	84%	4%	5	Agreed that senior managers try to involve staff in important decisions	41%	38%	-4%

As in previous years, the results of the 2014 staff survey will be analysed as far as possible to Directorate and Department levels and disseminated and communicated through the organisation to all staff. Following on from this all departments will develop action plans that identify key actions for improvement. We will continue to monitor staff engagement throughout the Staff FFT.

Staff Friends & Family Test

The Friends and Family Test (FFT) for Staff is a national feedback tool which allows staff to give feedback on NHS Services based on recent experience. Staff FFT is conducted on a quarterly basis (except for the quarter when the Staff Survey is running). There is no set criterion for how many staff should be asked in each quarter, simply a requirement that all staff should be asked at least once over the year. The Trust opens the survey for all staff to complete for each of the 3 quarters.

For national feedback Staff are asked to respond to two questions. The 'Care' question asks how likely staff are to recommend the NHS services they work in to friends and family who need treatment or care. The 'Work' question asks how likely staff would be to recommend the NHS service they work in to friends and family as a place to work. Staff are given a 6-point scale from which they can respond to each question. The scale includes the options; 'Extremely Likely', 'Likely', 'Neither Likely nor Unlikely', 'Unlikely', 'Extremely Unlikely' and 'Don't Know'.

The quarter 2 Staff FFT results were published nationally on 27th November 2014 allowing LHCH to benchmark organisational results against other Trusts within the country. The results of the quarter 2 Staff FFT survey are summarised in the table below alongside the national, regional and Specialist Acute averages for comparison. LHCH performs favourably in all benchmarked areas with the exception of recommendation as a place to work when compared against other Specialist Acute Trusts.

	Recommend Work	Recommend Care
Liverpool Heart and Chest Hospital	69%	97%
National Average	↑ 61%	↑ 77%
Merseyside Region Average	↑ 64%	↑ 83%
Specialist Acute Trust Average	↓ 74%	↑ 94%

In addition to the 2 national questions, the Trust is able to include additional questions which provide a temperature check of staff satisfaction across key areas. The additional questions included are those proposed by NHS Employers in relation to the Francis report recommendations, which focus on Culture, Leadership and Staffing Levels. The results for 2014/15 are shown below:

When compared to previous national NHS Staff Surveys and the Q1 Staff FFT the results for the Staff FFT questions are as follows:

purple - Staff FFT orange - national staff survey	2010	2011	2012	2013	2014 Q1	2014 Q2	2014	2014 Q4
Recommendation for Treatment	92%	92%	92%	92%	97%	97%	92%	98%
Recommendation for Work	61%	62%	72%	74%	73%	68%	69%	75%

The Q4 results show an increase in the number of staff that would recommend LHCH as a place to work to family and friends, producing the highest positive score recorded since 2010. Recommendation for Treatment continues to remain stable in the nation survey and as with recommendation for work; recommendation for treatment scores the highest result since 2010.

Leadership

Staff agreeing that senior managers are committed to patient care has increased, outperforming all previous results.

purple - Staff FFT orange - national staff survey	2011	2012	2013	2014 Q1	2014 Q2	2014	2014 Q4
Senior managers are committed to patient care	70%	71%	69%	73%	73%	70%	77%

The scores relating to immediate managers have all improved in comparison to the quarter 2 survey.

purple - Staff FFT	2011	2012	2013	2014 Q1	2014 Q2	2014	2014 Q4
orange - national staff survey							
My immediate manager encourages those who work for her/him to work as a team	73%	79%	77%	83%	80%	80%	84%
My immediate manager can be counted on to help me with a difficult task at work	70%	75%	75%	80%	82%	75%	85%
My immediate manager gives me clear feedback on my work	60%	66%	65%	71%	69%	64%	72%
My immediate manager asks for my opinion before making decisions that affect my work	54%	58%	57%	61%	62%	58%	63%
My immediate manager supportive in a personal crisis	68%	72%	74%	78%	81%	78%	82%

Culture

Both questions in this section have seen an increase in score; staff saying their team members have a set of shared objectives has improved 7% from quarter 2 and remained stable compared to the 2014 National Staff Survey. Staff agreeing that team members often meet to discuss team effectiveness has improved 9% since quarter 2 and 5% since the 2014 National Staff Survey.

purple - Staff FFT	2011	2012	2013	2014 Q1	2014 Q2	2014	2014 Q4
orange - national staff survey							
Team members have a set of shared objectives	77%	82%	81%	76%	75%	82%	82%
Team members often meet to discuss the teams effectiveness	62%	64%	63%	64%	58%	63%	67%

Staffing Levels

Staff agreeing that there is enough staff to enable them to do their job properly improved and is the highest score recorded at 43%.

purple - Staff FFT	2011	2012	2013	2014 Q1	2014 Q2	2014	2014 Q4
orange - national staff survey							
There area enough staff for me to do my job properly	33%	35%	41%	40%	41%	40%	43%

Culture Survey

Complementing the feedback gathered from staff as part of the NHS Staff Survey and Staff Friends and Family Test, a Safety Culture Survey was launched across the trust in August 2014. Targeting 29 clinical and non-clinical areas, neutral facilitators internal to the organisation were involved in engaging with staff from each area in face to face discussion. Focusing discussion on area specific quantitative information generated from staff

completion of an electronic questionnaire, staff were encouraged to explore their results and involved in identifying actions for improvement to be taken forward in their areas. Action Plans were implemented locally and updates on completed actions are continuing to be reported through the Risk, Safety and Emergency Planning Lead to the Director of Nursing and Quality. The listening work undertaken with staff as part of the Culture Survey will be further enhanced and embedded in 2015/16 via a Listening into Action approach within the organisation.

Your Chance to Shine

A 'Your Chance to Shine' campaign was launched in January 2015 designed to engage staff in all areas in identifying and showcasing their own achievements, whilst also celebrating the innovation and service improvement implemented in their areas. January to March 2015 saw Team Brief presentations from the Patient and Family Support Team, Theatres and Therapies, showcasing their achievements. Opportunities for teams from both clinical and non-clinical areas to showcase their achievements will continue to be provided in 2015/16

Team Brief Approach

The team brief approach to encourage staff involvement was further embedded in 2014/15, with parts of team brief being delivered by staff from across the organisation. 'Majoring on the Minor, gives individual teams the opportunity to showcase quality and service improvements in their area and share best practice.

'Ask the Executive'

The 'Ask the Executive' campaign has also continued in 2014/15, along with the Staff Suggestion Scheme. Whilst both opportunities are still available to staff, they have not been actively advertised as their continued value will be assessed in 2015/16 as part of the Trust's Engagement strategic review.

LHCH Charity

Staff involvement in generating funds for the LHCH Charity has continued in 2014/15 via events such as the Hope Mountain Hike, Festive Friday, and Wear Red Day.

LHCH Photography Competition

The trust held a LHCH photography competition in September 2014. Nearly 300 entries were received of a very high standard and the winning pictures are now being displayed on the hospital corridors contributing to improving the hospital environment.

Engagement with Trade Unions

The Trust has an established Staff Partnership Forum which meets quarterly. Due to low numbers of Trust Staff Side representatives there is regular attendance at these meetings by Regional Trade Union Officers.

The primary objective of the forum is to provide a structure for engagement, consultation and negotiation between management and trade unions/professional bodies, related to the management of staff in the provision of services with the objective of delivering the Staff Experience Vision and Patient Experience Vision.

The key activities of the Forum are as follows:

- Ratification of new and revised workforce policies negotiated at HR Policy Group prior to submission to Workforce Committee for information.
- Supporting the delivery of workforce related initiatives.
- Consulting on significant workforce change initiatives including the impact of cost improvement programmes.

The Forum meets on a quarterly basis. In addition there are monthly informal partnership meetings between HR Business Partners and Trade Union Representatives. For certain key issues, ad hoc staff side consultation meetings are also convened.

Workforce Key Performance Indicators

Sickness absence performance has declined in 2014/15 and is above the target of 3.6%. The Trust will continue to work with staff to develop health and wellbeing initiatives and support managers to engage more effectively with their staff as teams and individuals.

Appraisal and mandatory training performance is slightly below target at the end of the year, but this is an improvement from the previous financial year.

Turnover is above target.

No of Staff	Sickness Absence 2014/15	Turnover	Mandatory Training	Appraisal
1421	4.14%	9.9%	91%	83%
Target	3.6%	9%	95%	85%

Corporate Social Responsibility

Once again, LHCH has seen growth in its Corporate Social Responsibility commitment. The Trust's highly successful Access to Medicine programme was recognised in Health Education England's (HEE) '*Widening Participation: It Matters*' strategy as an excellent approach in supporting local students obtain the work experience required to gain successful entry into Medical School.

The 2014/15 cohort grew significantly and saw more than 100 students being offered a place on a Foundation Programme.

In addition, we continue to work with local Liverpool schools via Compass to provide work experience in a wide range of clinical and non-clinical areas. This helps students identify what it is like to work in healthcare with the added potential of attracting our future workforce and younger people to come and work in the NHS.

The Trust is also offering dementia friends training to its local community, working alongside Dementia Action Alliance Liverpool to support their work in making Liverpool a Dementia Friendly Community.

Equality, Diversity and Human rights – Employee Related Data

The Trust can evidence compliance with the Equality Act 2010 and Public Sector Equality Duties through:

- The provision of human resource and operational policies and procedures.
- The mandatory use of equality impact assessments on policy development.
- The collection of diversity monitoring and its use to produce workforce and service user profiles.
- The decision making and accountability structure.
- The published Quality Accounts which highlight performance, progress and achievements and LHCH priorities and plans.

All policies/procedures are consulted on prior to being ratified. An equality impact assessment must also be carried out for each policy. These enable us to determine whether the policy/procedure is likely to have an adverse impact on any particular group of staff. If this is found we can then put steps in place to counteract this.

The Trust has embedded its agreed values and behaviours into its Recruitment & Selection Policy. All job descriptions are required to include certain standard text which includes reference to our continued commitment to equal opportunities.

Liverpool Heart and Chest Hospital NHS Foundation Trust is committed to achieving equal opportunities. All employees are expected to observe this policy in relation to the public and fellow employees.

All staff are expected to adhere to, and act in accordance with, the values and behaviours of the Trust.

All our vacancies are advertised through NHS jobs from where Job Centre Plus can assess our vacancies and all Trust adverts contain links to information on the Trust values and behaviours. The Trust holds two tick disability symbol and upon request, appropriate adjustments can be put in place for disabled applicants.

The Trust has a number of responsibilities under the Equality Act 2010. In line with those responsibilities, the Trust will seek where possible to make reasonable adjustments or find an alternative post to enable employees to remain in employment.

Workforce Profile

The workforce profile broadly reflects that of the local population demographics, which is categorised by low levels of racial and ethnic diversity. These populations contain a predominately white, British population, with a small percentage of Asian, black and mixed ethnic minority populations living in catchment areas for Liverpool Heart and Chest Hospital services and employment opportunities.

	2013/14	%	2014/15	%
Age Band				
<20	1	0.07%	2	0.14%
20-25	93	6.50%	123	8.66%
26-30	154	10.77%	157	11.05%
31-35	151	10.56%	157	11.05%
36-40	209	14.62%	195	13.72%
41-45	191	13.36%	186	13.09%
46-50	216	15.10%	214	15.06%
51-55	222	15.52%	211	14.85%
56-60	110	7.69%	108	7.60%
61-65	54	3.78%	45	3.17%
66-70	25	1.75%	20	1.41%
71+	4	0.28%	3	0.21%
Gender				
Male	369	25.80%	365	25.69%
Female	1,061	74.20%	1,056	74.31%
Transgender	Not Recorded	Not Recorded	Not Recorded	Not Recorded
Recorded Disability				
	42	2.94%	42	2.90%
Sexual Orientation				
Bisexual	6	0.42%	6	0.42%
Gay	8	0.56%	7	0.49%
Heterosexual	939	65.66%	928	65.31%
Lesbian	5	0.35%	5	0.35%
I do not wish to disclose	158	11.05%	177	12.46%
Undefined	314	21.96%	298	20.97%

	2013/14	%	2014/15	%
Religion or Belief				
Athiesm	94	6.57%	108	7.60%
Buddhism	9	0.63%	9	0.63%
Christianity	759	53.08%	723	50.88%
Hinduism	16	1.12%	15	1.06%
I do not wish to disclose	156	10.91%	184	12.95%
Islam	18	1.26%	16	1.13%
Jainism		0.00%		0.00%
Judaism	2	0.14%	1	0.07%
Other	59	4.13%	63	4.43%
Sikhism	3	0.21%	3	0.21%
Unspecified	314	21.96%	299	21.04%
Ethnic Origin				
White - British	1,213	84.83%	1,201	84.52%
White - Irish	22	1.54%	22	1.55%
White - Any other White background	34	2.38%	31	2.18%
Mixed - White & Black Caribbean	2	0.14%	1	0.07%
Mixed - White & Black African	5	0.35%	4	0.28%
Mixed - White & Asian	4	0.28%	2	0.14%
Mixed - Any other mixed background	3	0.21%	2	0.14%
Asian or Asian British - Indian	97	6.78%	88	6.19%
Asian or Asian British - Pakistani	8	0.56%	7	0.49%
Asian or Asian British - Any other Asian background	7	0.49%	6	0.42%
Black or Black British - Caribbean	2	0.14%	2	0.14%
Black or Black British - African	9	0.63%	6	0.42%
Black or Black British - Any other Black background	1	0.07%	1	0.07%
Chinese	6	0.42%	9	0.63%
Any Other Ethnic Group	8	0.56%	7	0.49%
Undefined			13	0.91%
Not Stated	9	0.63%	19	1.34%
Total	1,430		1,421	

Recent Developments

The Trust is in the process of revising and updating its strategic operational approaches to advancing equality, diversity and human rights across the organisation. This work is being undertaken to ensure that LHCH is doing all it can to demonstrate effective and efficient practice, beyond compliance with the Equality Act 2010, the Public Sector Equality Duty and Human Rights Act 1998.

The overarching scope for this review is located around four goals and a number of aligned outcomes. These are currently outlined as performance indicators with the ED2 framework and are defined as:

- better health outcomes
- improved patient experience
- a representative workforce
- inclusive leadership.

Health and Safety

The Health and Safety Committee is an established committee within the Trust.

The Committee reviewed its terms of reference in January 2015 and achievements made against the terms of reference show positive results and that the Committee is compliant with its terms of reference.

Awareness-raising about health and safety has continued with an on-going inspection regime being conducted annually to highlight any areas of weakness in clinical and non-clinical areas.

9. Other disclosures in the public interest

Consultations

There have been no public consultations during 2013/14 and none are planned for the forthcoming year.

10. Statement of Accounting Officer's Responsibilities

Statement of the chief executive's responsibilities as the accounting officer of Liverpool Heart and Chest Hospital NHS Foundation Trust

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

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

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

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

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

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

Signed 

Chief Executive Date: 27th May 2015

11. Annual Governance Statement

Scope of Responsibility

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Liverpool Heart and Chest Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Liverpool Heart and Chest Hospital NHS Foundation Trust for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

I am responsible for risk management across all organisational, financial and clinical activities. I delegated responsibility for the co-ordination of operational risk management to the Director of Research and Informatics with effect from 1st December 2014. For the period 1st April 2014 to 30th November 2014, this responsibility was delegated to the Director of Nursing and Quality.

The Risk Management Strategy and Policy provides a framework for managing risks across the organisation. Its aim is to enhance and reinforce a culture of candour, openness and safety whilst encouraging creativity and innovation in which risks are proactively identified and managed.

The Strategy sets out the specific roles of the Board and Standing Committees together with the individual responsibilities of the Chief Executive, Executive Directors, managers and all staff in managing risk.

The Risk Management and Corporate Governance Committee, oversees the mechanism for the management and monitoring of the risk management process across the Trust. This Committee reviews the Corporate Risk Register at each meeting, ensuring all major risks have been identified with risk mitigation in place. This register is regularly reported to the Operational Board. There are clear processes for the reporting of major risks through to the relevant Assurance Committee (Quality Committee and Integrated Performance Committee) and to the Board of Directors.

The Audit Committee oversees the systems of internal control and overall assurance process associated with managing risk.

During 2014/15 the Trust commissioned an external review of its risk management arrangements and has an action plan in place that includes a refresh of the Risk Management Strategy and Policy, new scoring methodology and procurement of an electronic risk management system. These changes will be implemented and embedded in 2015/16, along with a training programme that will be cascaded throughout the organisation. The Audit Committee will oversee the transition and embedding of new risk management arrangements. The Board has recently reviewed and articulated its appetite for risk and this will inform the way in which risks are reviewed and managed throughout the organisation, going forward.

Training

Risk management training is provided through the corporate and local induction programmes for new staff and thereafter by participation in mandatory training.

Risk management awareness and briefing sessions are provided to the Board of Directors, Operational Board and to senior managers. The Trust's line management arrangements are designed to support staff and managers in dealing with risk issues and there is advice and guidance available to staff from the Trust risk management team and specific specialist advice from the appropriate staff.

Risk is routinely monitored from Ward to Board through the surveillance of risk registers at the appropriate divisional governance meetings.

The divisional governance structures facilitate organisational learning and enable the sharing of good practice. The divisional structure has been reviewed and changes will further strengthen the accountability of the divisions for all areas of operational delivery, including risk management in 2015/16.

The Trust has mechanisms to act upon alerts and recommendations made by all relevant central bodies such as the National Patient Safety Agency (NPSA), the Central Alerting System (CAS) and the Health and Safety Executive (HSE).

The Risk and Control Framework

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. This includes the risks arising from the assessment of Essential Standards of Quality and Safety which are performed at least annually in each ward and department to test continued compliance with the outcomes set by the Care Quality Commission (CQC). From April 2015, these processes will be adapted to reflect the requirements of the new CQC regulations.

The risks are then analysed in order to determine their relative importance using a level of concern matrix. Minor concern risks are managed locally by the area in which they are found while moderate / major concern risks are escalated to the appropriate manager and included

in the corporate risk register, for review at Operational Board. The top risks are routinely reported to the Board of Directors. The Trust is in the process of transitioning to a 5x5 scoring matrix which will be fully embedded during 2015/16.

The Quality Committee and Integrated Performance Committee consider those risks that are relevant to their respective terms of reference and report to the Board of Directors following each Committee meeting. This process provides the Board of Directors with assurances on the operation of controls for all major risks and provides a mechanism for the Board to routinely update the Board Assurance Framework.

The purpose of the Trust's risk review process is to track how the risk profile is changing over time, evaluate the progress of actions to treat key risks, ensure controls are aligned to the risk, risk is managed in accordance with the Board's appetite, resources are reprioritised where necessary and risk is escalated appropriately. The Trust is evaluating electronic systems that will support and improve the efficiency and effectiveness of these processes in 2015/16.

Risk control measures are identified and implemented to reduce the risk potential for harm. Some control measures do not require extra funding and these are implemented as soon as practicably possible. The Trust maintains a risk contingency reserve that is prioritised through the executive team to ensure best use of the organisation's financial resources in controlling risk.

Data quality and data security risks are managed and controlled via the risk management system with assurances provided to the Information Management and Technology Programme Board which in turn reports to Risk Management and Corporate Governance Committee. Independent assurance is provided by the Payment by Results Data Assurance Framework Review by external audit and the information governance self-assessment review by internal audit; both are received by the Audit Committee.

Information governance is managed through the board assurance framework process which includes Executive accountability and a performance monitoring process via the Information Management and Technology Programme Board. The Trust's Information Governance Toolkit submission is reviewed by independent auditors and has received a significant assurance opinion for the v12 submission with the Trust declaring an overall satisfactory submission obtaining 74%.

The Trust has in place a rigorous process for assessing compliance with the CQC standards across all services and assurance is enhanced through regular walkarounds conducted by members of the Board and Governors.

In 2013/14 the Care Quality Commission (CQC) reported two minor concerns and a moderate concern following their responsive inspection of the critical care unit. An action plan was immediately put into place and the CQC made an unannounced follow up visit in September 2014, after which the Trust was found to be compliant with all standards.

Actions during 2014/15, included the launch of a Speak Out Safely campaign and a daily safety huddle that is led by the Chief Executive and open to any member of staff to attend.

The Trust also conducted a Trust-wide culture survey which has led to a series of listening events with a number of teams of staff and action planning to further improve staff experience. During 2014/15 the Trust has taken forward a focused programme of work to further improve the safety culture, including processes to encourage patients as well as staff to report any safety concerns. A more structured process for executive team walkabouts has also been introduced.

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission.

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.

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

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

In relation to compliance with the NHS foundation trust condition 4 (FT governance), the Trust has implemented new governance arrangements in 2014/15 which were developed with support from internal audit and external due diligence secured by KPMG as external advisors. The Board Committee structure has been refreshed in 2014/15 to ensure alignment with best practice and ensure the Trust's processes are future-proof. A new Assurance Committee structure, chaired by non-executive directors has provided a stronger focus on assurance and data integrity in respect of quality and integrated performance and is aligned to the challenge that Monitor, the independent regulator, posed to the FT sector in respect of the quality of strategic planning. The Board set aside designated strategic planning days within its annual business cycle in 2014/15 and will continue with this approach going forward. There is now a clearer distinction between assurance and operational management, which will be strengthened further in 2015/16 following a review of the divisional management structures.

The Board Assurance Framework has been refreshed in 2014/15 to add greater value to the work of the Board as a tool for monitoring regulatory and legal compliance and risks to delivery of strategic plans. The Board Assurance Framework will clearly identify the evidence required by the Board to validate its Corporate Governance Statement and the work of the Committees will ensure the integrity of this evidence. KPMG undertook a review of the evidence provided by the Trust to support the 2014 Corporate Governance Statement and provided a positive opinion on this to the Board of Directors. A similar exercise will be

conducted by the Trust's internal auditors in support of the 2015 Corporate Governance statement.

The Board undertook a detailed review of compliance with the provider licence in 2013/14 and this has been refreshed in 2014/15. A monitoring process for on-going review by the Audit Committee has been in place throughout the year.

Key In-Year Risks:

- i) There has been a shortfall in the number of junior doctors in post from February 2015 and mitigation plans including additional nursing and pharmacy staff and an extension of roles across a multi-disciplinary team have been put in place to ensure patient safety.
- ii) The Trust was advised of two anonymous concerns made to the Care Quality Commission during 2014/15 relating to junior medical staff cover. The Trust was aware of and planned for reduced numbers of junior medical staff from February 2015 and put in place robust arrangements to mitigate the shortfall. The Care Quality Commission confirmed its satisfaction with assurances provided by the Trust and has closed down the concerns. These alerts will however be recorded within the CQC's next publication of the Intelligent Monitoring Report and will result in the Trust being assigned to Risk Band 4 rather than Band 6.
- iii) The Trust received limited assurance reports from internal audit in respect of agency and bank usage, consultant job planning and critical applications. The Audit Committee has received the respective management responses and action plans are in place.
- iv) The Trust has delivered a 'managed breach' of the 18 week RTT in Quarters 2, 3 and 4 of 2014/15; this has been in line with national policy to reduce the backlog of long waiters and has not to date triggered any penalty from commissioners or regulatory action by Monitor.
- v) In 2014/15, the Trust's efficiency target was set at £5.8m with a shortfall of £0.9m delivered. This risk has been mitigated both in-year and recurrently by margins delivered on activity growth.
- vi) The Trust has experienced some difficulty in recruiting and training staff. A proactive forward recruitment campaign has been established and additional support processes put in place for newly qualified nursing staff.
- vii) There have been 6 serious incidents (SIs) reported in 2014/15. Four relate to category 3 pressure ulcers (3 of which were found on investigation to have been unavoidable); there was one unexpected death; and one 'never event' (wrong surgery). The Trust has undertaken full investigations in respect of each event with key learning identified and actions implemented.
- viii) The Trust has actively screened patients for CPE where they have been admitted from high risk referring units in order to mitigate any risk of CPE outbreak in year. A longer term strategy for prevention and control of CPE is being developed (refer section below on future risks).

Future Risks:

- i) **Risk around delivery of financial plan 2015/16.**
 - Delivery of a further year's productivity and efficiency savings at 4.0% (£4.5m).
 - Possible introduction of a revised 2015/16 tariff from those providers who adopted the default tariff rollover (DTR).
- ii) **External environment**
 - The Trust continues to work collaboratively with Liverpool Clinical Commissioning Group in the Healthy Liverpool Programme, with the aim of establishing the Trust as network leader in the provision of cardiology services. The Board of Directors will continue to use its strategy development days to evaluate the impact of changes in the external environment, including the commissioning of specialised services going forward.
- iii) **RTT**
 - The Trust has an action plan to return to sustainable compliance with the 18week RTT target from 1st July 2015, but the risk of continued patient complexity and acuity, as well as increasing referrals, presents challenges to the Trust.
- iv) **Workforce, including junior doctors**
 - The Trust is developing a people strategy to ensure challenges to our future workforce are mitigated, including the planned reduction in junior doctors. Associated risks will be mitigated by planned recruitment of additional non-medical staff.
- v) **CPE – long term strategy**
 - The Trust is in the process of developing its long term strategy for managing the risk of increasing prevalence of multi-resistant bacteria.

Review of Economy, Efficiency and Effectiveness of the Use of Resources

The financial plan is approved by the Board and submitted to Monitor. The plan, including forward projections, is monitored in detail by the Integrated Performance Committee, a formal Assurance Committee of the Board. The Board itself reviews a report on financial performance provided by the Chief Finance Officer including key performance indicators and Monitor metrics at each Board meeting. The Trust's resources are managed within the framework set by the Governance Manual, which includes Standing Financial Instructions. Financial governance arrangements are supported by internal and external audit to ensure economic, efficient and effective use of resources.

The financial plan is developed through a robust process of 'confirm and challenge' meetings with divisions and departments to ensure best use of resources. All cost improvement plans are risk assessed for deliverability and potential impact on patient safety through an Executive led review process. The outcome of this assessment is reported to the integrated Performance Committee and Board of Directors as part of the sign off of annual plans.

Information Governance

The Trust has not experienced any serious or reportable information governance incidents during 2014/15.

Annual Quality Report

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

The Trust's goal is to deliver the best outcomes and be the safest integrated healthcare organisation in the country and throughout 2014/15 consultation work with patients, families, carers, Governors, Foundation Trust members and other health and social care professionals on the identification of priorities to support this goal has continued.

A number of internal and external consultation events have successively enhanced the decision making processes by which quality priorities are selected. The final selection has emerged from a synthesis of priorities contributed from:

- i) Staff delivering frontline services who know where improvements need to be made
- ii) The Executive team who have considered the wider agenda in terms of national targets, new policy directives and quality incentive schemes (e.g. the Outcomes Framework, Commissioning for Quality & Innovation (CQUIN) and Advancing Quality)
- iii) The Quality Account Task and Finish Council of Governors sub-group, who are continuously identifying priorities from the Trust's 10,200 public members
- iv) Members and the general public, who have provided suggestions for improvement throughout the year via patient and family engagement events, focus groups, feedback from the friends and family test and member engagement events
- v) Healthwatch involvement in patient engagement events and attendance at the patient and family experience committee
- vi) Issues raised by patients arising from both national and local surveys.
- vii) Key stakeholders including Governors, Healthwatch, our staff, Executive Team, and our members met in February 2014 to discuss the priorities for 2014/15. Priorities were shortlisted by the Executive Team, discussed with Governors and approved by the Board of Directors.

The Trust has an annual external audit of the Quality Account, confirming the reporting of a balanced view of the Trust's performance on quality.

Quality metrics are a regular feature of the Trust's Quality Committee agenda where a bespoke clinical quality dashboard is reviewed to ensure progress against key quality metrics is being made. This is supported by recently revised dashboards at Division and Ward level which helps staff maintain focus on the Trust's overall priorities for quality and safety. In 2014/15, the Trust introduced electronic monitors at the entrance to all wards which display quality information and staffing levels for patients and families.

The Trust has a dedicated 18-week validation team which plays a vital role working alongside Operational Managers, Waiting List teams and Consultants to routinely cleanse waiting times data. Supported by the Information Department, daily reports are provided which highlight key data quality issues for action and correction. Training on 18-weeks is provided to key operational staff who are involved in the data collection of waiting times data to ensure continuous education and staff are supported by the validation team to gain a better understanding around any errors made. This process has been reviewed and received significant assurance from Mersey Internal Audit Agency.

Review of Effectiveness

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

The Board has reviewed its assurance processes and the Board Assurance Framework provides me with an overview of the internal control environment and evidence of the effectiveness of the controls that manage the risks to the organisation achieving its principal objectives.

The Audit Committee reviews the effectiveness of internal control through delivery of the internal audit plan and by undertaking a rolling programme of reviews of the Board's Assurance Committees.

The Chair of the Audit Committee has provided me with an annual report of the work of the Audit Committee that supports my opinion that there are effective processes in place for maintaining and reviewing the effectiveness of internal control.

The Head of Internal Audit has also provided me with significant assurance on the effectiveness of the systems of internal control. The opinion is based on a review of the Board Assurance Framework, outcomes of risk based reviews and follow-up of previous recommendations.

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, and its Standing Committees. A plan to address weaknesses and ensure continuous improvement of the system is in place.

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

- Board review of Board Assurance Framework through key issues reports from Standing Committees and formal quarterly BAF review
- Audit Committee scrutiny of controls in place
- Review of serious incidents and learning by the standing committees,
- Review of clinical audit, patient survey and staff survey information
- Assurance Committee review of compliance with NHSLA standards and CQC standards
- Internal audits of effectiveness of systems of internal control.

Conclusion

There were no significant control issues identified in 2014/15, however during the year the Trust has actively addressed the actions required in critical care and worked to further improve the safety culture throughout the Trust.

Signed 
Chief Executive Date: 27 May 2015

12. Annual Accounts

Statement of the Chief Executive's responsibilities as the accounting officer of Liverpool Heart and Chest Hospital NHS Foundation Trust

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

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

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

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

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

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

Signed.....

Chief Executive



Date: 27th May 2015

FTC Summarisation Schedules for Liverpool Heart and Chest Hospital NHS Foundation Trust

Summarisation schedules numbers FTC01 to FTC41 and accompanying WGA sheets for 2014/15 are attached.

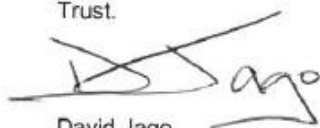
Finance Director Certificate

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

- The financial records maintained by the NHS Foundation Trust; and
- Accounting standards and policies which comply with the *NHS Foundation Trust Financial Reporting Manual 2014/15* issued by Monitor.

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

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

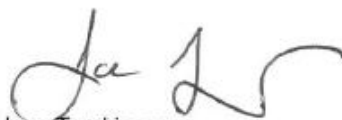


David Jago
Chief Finance Officer
27th May 2015

Chief Executive Certificate

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

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



Jane Tomkinson
Chief Executive
27th May 2015

Data entered below will be used throughout the workbook:

Trust name:	Liverpool Heart and Chest Hospital NHS Foundation Trust
This year	31st March 2015
Last year	31st March 2014
This year ended	31st March 2015
Last year ended	31st March 2014
This year commencing:	1st April 2014

Foreword

The accounts for the year ended 31st March 2015 have been prepared by Liverpool Heart and Chest Hospital NHS Foundation Trust under Schedule 7, Sections 24 and 25 of the National Health Service Act 2006 in the form which Monitor, the Independent Regulator of NHS Foundation Trusts has, with the approval of the Treasury, directed.

Signed

Chief Executive

Date: 27th May 2015

A handwritten signature in black ink, appearing to be 'J. L.', written over the 'Chief Executive' text.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED
31st March 2015**

		Group		Trust	
	NOTE	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Revenue					
Operating income	6	109,915	103,971	109,915	103,971
Other operating revenue	7	12,003	10,476	12,259	9,992
Operating expenses	11	(117,288)	(111,161)	(116,877)	(110,609)
Operating surplus (deficit)		4,630	3,286	5,297	3,354
Finance costs:					
Investment revenue	17	61	53	38	40
Finance costs	19	(40)	(47)	(40)	(47)
Share of profit/(loss) of joint ventures	24	(32)	(44)	(32)	(44)
Surplus/(Deficit) for the financial period		4,619	3,248	5,263	3,303
Public dividend capital dividends payable		(2,095)	(1,866)	(2,095)	(1,866)
Retained surplus/(deficit) for the period		2,524	1,382	3,168	1,437
Other comprehensive income					
Revaluation gains/(losses) and impairment losses on property, plant and equipment	23.1	2,100	2,492	2,100	2,492
Fair Value gains/(losses) on Available-for-sale financial investments	24.3	48	3	0	0
Total comprehensive income for the period		4,672	3,877	5,268	3,929

Income and Operating Surplus are derived from the Group's continuing operations.

The notes on pages 133 to 171 form part of these accounts.

The Trust has revalued its Estate at 31st March 2015, as a consequence:

Operating income includes a reversal of previous impairments of £3.529m.

Operating expenses includes an impairment of (£27k).

Operating expenses also include restructuring costs of (£422k).

The normalised surplus position before these movements reported to Monitor the independent regulator of NHS Foundation Trusts is £88k.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31st March 2015**

		Group		Trust	
	NOTE	31st March 2015 £000	31st March 2014 £000	31st March 2015 £000	31st March 2014 £000
Non-current assets					
Property, plant and equipment	21	75,030	69,340	75,030	69,340
Intangible assets	22	789	857	789	857
Investments	24	574	508	24	6
Total non-current assets		76,393	70,705	75,843	70,203
Current assets					
Inventories	28	2,381	2,542	2,380	2,541
Trade and other receivables	29	5,491	4,103	6,129	4,221
Cash and cash equivalents	32	13,381	12,070	12,333	10,906
		21,253	18,715	20,842	17,668
Non-current assets held for sale	33	6	6	6	6
Total current assets		21,259	18,721	20,848	17,674
Total assets		97,652	89,426	96,691	87,877
Current liabilities					
Trade and other payables	34	(16,983)	(13,889)	(16,954)	(13,868)
Borrowings	35	(135)	(195)	(135)	(195)
Provisions	41	(1,199)	(358)	(1,199)	(358)
Other liabilities	42	(1,380)	(2,082)	(1,380)	(2,082)
Net current assets/(liabilities)		1,562	2,197	1,180	1,171
Total assets less current liabilities		77,955	72,902	77,023	71,374
Non-current liabilities					
Borrowings	35	(403)	(538)	(403)	(538)
Provisions	41	(98)	(105)	(98)	(105)
Other liabilities	42	(983)	(983)	(983)	(983)
Total assets employed		76,471	71,276	75,539	69,748
Financed by taxpayers' equity:					
Public dividend capital		63,322	62,799	63,322	62,799
Retained earnings		(1,669)	(4,887)	(1,669)	(4,887)
Revaluation reserve		13,886	11,836	13,886	11,836
NHS Charitable Funds reserve	49	932	1,528	-	-
Total taxpayers' equity		76,471	71,276	75,539	69,748

The financial statements and notes on pages 142 -188 were approved by the Board on and signed on its behalf by:

Signed:  (Chief Executive)

Date: 27th May 2015

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

Group	NHS Charitable Funds reserve £000	Public dividend capital (PDC) £000	Retained earnings £000	Revaluation reserve £000	Total £000
Changes in taxpayers' equity for 2014-15					
Balance at 1st April 2014	1,528	62,799	(4,887)	11,836	71,276
Total Comprehensive Income for the period:					
Retained surplus/(deficit) for the period	322	0	2,202	0	2,524
Net gain on revaluation of property, plant and equipment	0	0	0	2,291	2,291
Net gain on revaluation of intangible assets	0	0	0	0	0
Net gain on revaluation of financial assets	0	0	0	0	0
Net gain on revaluation of Charitable Fund assets	0	0	0	0	0
Impairments and reversals	0	0	0	(191)	(191)
Fair value gains/(losses) on available for sale financial investments	48	0	0	0	48
Transfer to retained earnings on disposal of assets	0	0	17	(17)	0
PDC movements	0	523	0	0	523
Movements on other reserves	(966)	0	966	0	0
Transfer between reserves	0	0	33	(33)	0
Balance at 31st March 2015	932	63,322	(1,669)	13,886	76,471

Changes in taxpayers' equity for 2013-14

Balance at 1st April 2013	1,580	62,799	(6,379)	9,399	67,399
Total Comprehensive Income for the period:					
Retained surplus/(deficit) for the period	177	0	1,205	0	1,382
Net gain on revaluation of property, plant and equipment	0	0	0	2,492	2,492
Net gain on revaluation of intangible assets	0	0	0	0	0
Net gain on revaluation of financial assets	0	0	0	0	0
Net gain on revaluation of Charitable Fund assets	0	0	0	0	0
Impairments and reversals	0	0	0	0	0
Fair value gains/(losses) on available for sale financial investments	3	0	0	0	3
Transfer to retained earnings on disposal of assets	0	0	11	(11)	0
Movements on other reserves	(232)	0	232	0	0
Transfer between reserves	0	0	44	(44)	0
Balance at 31st March 2014	1,528	62,799	(4,887)	11,836	71,276

Trust	Public dividend capital (PDC) £000	Retained earnings £000	Revaluation reserve £000	Total £000
Changes in taxpayers' equity for 2014-15				
Balance at 1st April 2014	62,799	(4,887)	11,836	69,748
Total Comprehensive Income for the period:				
Retained surplus/(deficit) for the period	0	3,168	0	3,168
Net gain on revaluation of property, plant and equipment	0	0	2,291	2,291
Net gain on revaluation of intangible assets	0	0	0	0
Net gain on revaluation of financial assets	0	0	0	0
Impairments and reversals	0	0	(191)	(191)
Fair value gains/(losses) on available for sale financial investments	0	0	0	0
Transfer to retained earnings on disposal of assets	0	17	(17)	0
PDC movements	523	0	0	523
Movements on other reserves	0	0	0	0
Transfer between reserves	0	33	(33)	0
Balance at 31st March 2015	63,322	(1,669)	13,886	75,539

Changes in taxpayers' equity for 2013-14

Balance at 1st April 2013	62,799	(6,379)	9,399	65,819
Total Comprehensive Income for the period:				
Retained surplus/(deficit) for the period	0	1,437	0	1,437
Net gain on revaluation of property, plant and equipment	0	0	2,492	2,492
Net gain on revaluation of intangible assets	0	0	0	0
Net gain on revaluation of financial assets	0	0	0	0
Impairments and reversals	0	0	0	0
Fair value gains/(losses) on available for sale financial investments	0	0	0	0
Transfer to retained earnings on disposal of assets	0	11	(11)	0
Movements on other reserves	0	0	0	0
Transfer between reserves	0	44	(44)	0
Balance at 31st March 2014	62,799	(4,887)	11,836	69,748

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31st March 2015

		Group		Trust	
		for period ended 31st March 2015	for period ended 31st March 2014	for period ended 31st March 2015	for period ended 31st March 2014
	NOTE	£000	£000	£000	£000
Cash flows from operating activities					
Operating surplus/(deficit)		4,630	3,286	5,297	3,354
Depreciation and amortisation	11	5,039	5,052	5,039	5,052
Impairments	23	27	1,291	27	1,291
Reversal of impairments	23	(3,529)	(2,622)	(3,529)	(2,622)
(Increase)/decrease in trade and other receivables		(1,587)	(242)	(2,053)	(297)
(Increase)/decrease in other assets		0	0	0	0
(Increase)/decrease in inventories		161	16	161	16
Increase/(decrease) in trade and other payables		1,073	(397)	1,073	(397)
Increase/(decrease) in other current liabilities		(702)	1,539	(702)	1,539
Increase/(decrease) in provisions		834	(1,090)	834	(1,090)
Increase/(decrease) in Charitable Funds net working capital		62	(196)	0	0
Tax (paid)/received		0	0	0	0
Net cash inflow/(outflow) from operating activities		6,008	6,637	6,147	6,846
Cash flows from investing activities					
Interest received		38	40	38	40
Purchase of Intangible assets		(90)	(6)	(90)	(6)
(Payments) for property, plant and equipment		(3,086)	(8,625)	(3,086)	(8,625)
Inflow/(outflow) from Charitable Funds investing activities		23	13	0	0
Net cash inflow/(outflow) from investing activities		(3,115)	(8,578)	(3,138)	(8,591)
Net cash inflow/(outflow) before financing		2,893	(1,941)	3,009	(1,745)
Cash flows from financing activities					
Public dividend capital received		523	0	523	0
Capital element of finance leases		(195)	(218)	(195)	(218)
Interest paid		(3)	0	(3)	0
Interest element of finance lease		(37)	(47)	(37)	(47)
PDC dividend paid		(1,870)	(1,874)	(1,870)	(1,874)
Net cash inflow/(outflow) from financing		(1,582)	(2,139)	(1,582)	(2,139)
Net increase/(decrease) in cash and cash equivalents		1,311	(4,080)	1,427	(3,884)
Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial year		12,070	16,150	10,906	14,790
Cash (and) cash equivalents (and bank overdrafts) at the end of the financial year	32	<u>13,381</u>	<u>12,070</u>	<u>12,333</u>	<u>10,906</u>

NOTES TO THE ACCOUNTS

1. Accounting Policies

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the FT ARM which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2014/15 issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

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

1.2 Consolidation

The results of the Liverpool Heart and Chest Hospital Charity are consolidated into the results of the NHS Foundation Trust. References to 'Group' within the financial statements refer to the results and balances of the Foundation Trust and Charity, whilst references to 'Trust' refer only to those of the Foundation Trust.

NHS Charitable Fund

The NHS Foundation Trust is the corporate trustee to Liverpool Heart and Chest Hospital Charity (Charity Registration Number 1052813). The Foundation Trust has assessed its relationship to the Charity and determined it to be a subsidiary because the Foundation Trust is exposed to, or has rights to, variable returns or other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The Charity's statutory accounts are prepared to 31st March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Generally Accepted Accounting Principles (UK GAAP). Where the accounting policies of the Charity are not aligned with those of the Foundation Trust, the amounts are adjusted during consolidation where the differences are material. However, there are no such differences at the reporting date.

On consolidation, necessary adjustments are made to the Charity's assets, liabilities and transactions to eliminate intra-group transactions, balances, gains and losses.

The Charity's Reserves are Unrestricted Funds. These include those funds which the Trustee is free to use for any purpose in furtherance of the Charity's objects. Unrestricted funds include designated funds which the Trustee has chosen to earmark for set purposes.

Separate Charity accounts are still prepared in accordance with the UK Charities SORP and submitted to the Charity Commission. A summary Statement of Financial Activities and summary Balance Sheet for the charity are shown in note 49 to the Accounts.

Other Subsidiaries

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year except where a subsidiary's financial year end is before 1 January or after 1 July, in which case the actual amounts for each month of the Foundation Trust's financial year are obtained from the subsidiary and consolidated.

Where subsidiaries' accounting policies are not aligned with those of the Foundation Trust (including where they report under UK GAAP), then amounts are adjusted during consolidation where the differences are material.

Subsidiaries which are classified as held for sale are measured at the lower of their carrying amount and 'fair value less costs to sell'.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.2 Consolidation (continued)

Joint Ventures

Joint ventures are arrangements in which the trust has joint control with one or more parties and where it has the rights to the net assets of the arrangement. The meaning of control is the same as that for subsidiaries. Joint Ventures are accounted for using the equity method.

Since November 2011, the Trust has participated in a joint venture with Royal Brompton & Harefield NHS Foundation Trust. The joint venture established by the partners is a company limited by guarantee "The Institute of Cardiovascular Medicine & Science Ltd" (ICMS). Draft Accounts of the company have been prepared for the year ended 31st March 2015 and the results are reflected in the accounts of the group in this financial year.

Joint ventures which are classified as held for sale are measured at the lower of their carrying amount and 'fair value less costs to sell'.

1.3 Acquisition and Discontinued Operations

Activities are considered to be 'acquired' only if they are taken on 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 body to another.

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.5.1 Critical Judgements in Applying Accounting Policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Foundation Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

True and Fair View

NHS financial statements should give a true and fair view of the state of affairs of the reporting body at the end of the financial year and of the results of the year.

Section 393 of the Companies Act 2006 requires that directors must not approve accounts unless they are satisfied that they give a true and fair view.

Going Concern

The Accounts have been prepared on the basis that the Group is a Going Concern and will be in the foreseeable future.

Compliant with the NHS Foundation Trust Annual Reporting Manual

The Financial statements have been prepared in accordance with the 2014/15 Foundation Trust Annual Reporting Manual (FT ARM). The Accounting Policies contained in the FT ARM apply International Financial Reporting Standards as adapted or interpreted for an NHS Foundation Trust.

Consolidation of Charitable Fund

The results of the Liverpool Heart and Chest Hospital Charity are consolidated into the results of the NHS Foundation Trust and reported as Group figures. This is because the Foundation Trust has the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff.

Income

Accounting standards and guidance within the 2014/15 Foundation Trust Annual Reporting Manual (FT ARM) leave scope for judgement in the recognition of income when earned rather than received in cash terms.

There are a number of instances where the Trust has not performed all of planned activity or achieved quality standards on which contracts are based and so have been overpaid.

Overpayments will be recouped in future periods by short payments on income. These overpayments of £798k have been treated as deferred income.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.5.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year

The Foundation Trust has made assumptions in the following areas where there is an element of uncertainty.

Income - The Foundation Trust income is largely derived from the contracts it has with its principal commissioners with a significant amount being earned under the Payment by Results (PbR) rules and guidelines set by the Department of Health. Under PbR, income is based upon the activity recorded by the Foundation Trust and agreed with the Commissioner in accordance with the national timetable for agreeing contract income. The Foundation Trust has based this part of its income on the amounts agreed with the commissioning organisation or where not yet agreed, on its estimate of the activity and the related national tariff or where relevant locally agreed prices.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Asset Valuation - The Foundation Trust appointed Sue Hall MRICS who is external to the entity as an independent valuer to value its land and buildings, on a desktop basis, at 31st March 2015.

Basis of valuation – 'undertaken in accordance with IFRS as interpreted and applied by, respectively, the NHS Manual for Accounts, or the NHS Foundation Trust Annual Reporting Manual, each of which is largely compliant with HM Treasury Financial Reporting Manual (FRM) guidance for the United Kingdom public sector. The valuations also accord with the requirements of the RICS valuation – Professional Standards 2014 UK edition (known as the Red Book), including the International Valuation Standards, in so far as these are consistent with IFRS and the above mentioned guidance.'

The last full valuation took place at 31st March 2014. A desktop review was undertaken by the District Valuer as at 31st March 2015.

Asset Lives - Useful economic lives of buildings are determined by the Valuer when valuing the land and buildings, while other asset classes are assessed when acquired by the Foundation Trust. A degree of estimation is occasionally required in assessing useful economic lives of assets.

Short term employee benefits - The Foundation Trust has calculated a provision for untaken holiday pay which was based on a 90% sample of all employees in 2009/10. The Foundation Trust recalculated this provision for 2012/13 based on a sample of circa 200 staff which confirmed that the original holiday pay accrual should be increased from £243k to £275k. This holiday pay accrual has been retained at this value for 2014/15.

Provisions - Provisions have been made for probable legal and constructive obligations of uncertain timing or amount as at the reporting date. These are based on estimates using relevant and reliable information as is available at the time the financial statements are prepared. These provisions are estimates of the actual costs of future cash flows and are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period in which such determination is made. The amounts of the provisions are detailed in Note 41.

1.6 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Foundation Trust is from contracts with commissioners in respect of healthcare services. Revenue relating to patient care spells that are part-completed at the year-end is calculated and where material is apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Interest revenue is derived from balances held with the Government Banking Services and on short term deposits with National Loan Fund. All investments have been undertaken in accordance with the Foundation Trust's Treasury Management Policy.

1.6.1 Charitable Income

The main sources of income for the Charitable Fund are donations, legacies, fundraising events and other charitable activities (tea shop income and income from Robert Owen House accommodation for patients families). Income is recognised in full when the resource is receivable or the charity's right becomes enforceable, when it is reasonably certain that the resource will be received and the monetary value can be measured with sufficient reliability.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Expenditure on Employee Benefits

Short Term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees with the exception of overtime and additional hours which are paid a month in arrears. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

1.8 Pension Costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the NHS Foundation Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to operating expenses at the time the Foundation Trust commits itself to the retirement, regardless of the method or timing of payment.

1.9 Expenditure on Other Goods and Services

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

1.10 Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Foundation Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably;
- the item has a cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Notes to the Accounts - 1. Accounting Policies (Continued)

1.10 Property, Plant and Equipment (continued)

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Foundation Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

The Trust appointed the District Valuation Service to undertake a valuation of the Trust's capital property assets at 31st March 2015. This was undertaken on a desktop review basis.

Until 31st March 2008, the depreciated replacement costs of specialised assets have been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until 31st March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1st April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

Subsequent Expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the Foundation Trust and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Freehold land and properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Foundation Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Foundation Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of estimated useful lives and lease contract term, based on the Capital Value at inception of the Lease, less any residual values (which are transferred back to the lessor).

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

Notes to the Accounts - 1. Accounting Policies (Continued)

1.11 Revaluation Gains and Losses

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

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

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

1.12 Impairments

At each reporting period end, the Foundation Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

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

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

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

1.13 De-recognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
- management are committed to a plan to sell the asset;
- an active programme has begun to find a buyer and complete the sale;
- the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

The Foundation Trust has an IE33 Echocardiograph 2D Cardiac Ultrasound System which is classified as held for sale.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.14 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Foundation Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Foundation Trust and where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it is available for use;
- the intention to complete the asset and sell or use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Revaluation gains and losses and impairments are treated in the same manner as for Property, Plant & Equipment.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

1.15 Borrowing Costs

Borrowing costs are recognised as expenses as they are incurred.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.16 Donated Assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.17 Government Grants

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of assets received by means of a Government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition.

The Trust does not currently have any Government grants.

1.18 Finance Leases

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

The asset and liability are recognised at the commencement of the lease. Thereafter, the asset is accounted for as an item of property, plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

1.19 Operating Leases

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

1.20 Leases of Land and Buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

1.21 Inventories

Inventories are valued at the lower of cost and net realisable value using the First In, First Out (FIFO) method. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.22 Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of The Foundation Trust's and Charity's cash management.

The Trust has been unable to invest cash with UK Commercial banks which are compliant with Investment requirements within the Trust's Treasury Management Policy. As a consequence the Trust mainly deposits with Government Banking Service or National Loans Fund.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.23 Provisions

The Group recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms, (2.8% for employee early departure obligations). The Foundation Trust has provided for a permanent injury award made by the NHS Injury Benefits Scheme. This provision has been discounted at 1.30% (2013/14 - 1.80%) which is the appropriate discount rate for post employment benefits per HM Treasury's PES 9.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Foundation Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with on-going activities of the entity.

1.24 Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed at note 41 but is not recognised in the NHS Foundation Trust's accounts.

1.25 Non-Clinical Risk Pooling

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

For buildings and contents, the Foundation Trust also has 'top up' insurance provided through a commercial insurer that insures from the NHSLA cover limit of £1m to total reinstatement value. The annual premium is charged to operating expenses when the liability arises.

Other commercial insurance held by the Foundation Trust includes Group Accident Scheme insurance, Commercial Combined insurance, Directors and Officers Liability insurance and Goods in Transit (excluding marine) insurance. The annual premium and any excesses payable are charged to operating expenses when the liability arises.

The Charity has a combined liability/professional indemnity policy held with a commercial insurance company.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.26 EU Emissions Trading Scheme

The Foundation Trust is not a member of the EU Emission Trading Scheme.

1.27 Contingencies

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

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

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

The Trust is advised by the NHS Litigation Authority of amounts which should be disclosed in respect of contingent liabilities relating to employer liability claims.

1.28 Non Current Asset Investments

Recognition and measurement

Non current asset investments are stated at fair value at the balance sheet date.

Realised and unrealised gains and losses

All gains and losses are taken to the Statement of Comprehensive Income as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening fair value (or cost if purchased since the previous period end). Unrealised gains and losses are calculated as the difference between fair value at the year end and the opening fair value (or cost if purchased since the previous period end).

1.29 Financial Assets

Financial assets are recognised when the Group becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred. Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets at fair value through income and expenditure; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial Assets at 'Fair Value Through Income & Expenditure'

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through Income & Expenditure. They are held at fair value, with any resultant gain or loss recognised in calculating the Group's surplus (or deficit) for the year. The net gain or loss incorporates any interest earned on the financial asset. The Group does not hold any of this class of assets.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method. The Group does not hold any of this class of assets.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/(deficit) on de-recognition. The Group does not hold any of this class of assets.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.29 Financial Assets (continued)

Loans and Receivables

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

The Group's loans and receivables comprise: current investments, cash and cash equivalents, NHS Debtors, accrued income and other debtors.

Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

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

At the end of the reporting period, The Group assesses whether any financial assets, other than those held at fair value through income and expenditure are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables or directly to expenditure as appropriate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.30 Financial Liabilities

Financial liabilities are recognised on the statement of financial position when the Group becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Group's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

Other Financial Liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.31 Corporation Tax

The Foundation Trust derives income from Private patient work in accordance with the terms of its licence conditions as set by Monitor. Authorised private healthcare services fall under Section 14(1) of the Health and Social Care Act 2008 as goods and services relating to the provision of healthcare and are not therefore taxable.

Other non-patient related trading activities such as the provision of catering for staff and patients and car parking are provided by third parties who recharge the Foundation Trust and these are treated as an expense.

As a consequence the Foundation Trust has determined that it has no Corporation tax liability.

1.32 Value Added Tax

Most of the activities of the Group 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.

1.33 Foreign Exchange

The functional and presentational currencies of the Group are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Group has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31st March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.34 Third Party Assets

Assets belonging to third parties held by the NHS Foundation Trust (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. However, they are disclosed in Note 48 in accordance with the requirements of HM Treasury's FReM.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.35 Public Dividend Capital

Public Dividend Capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loan Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.36 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accruals basis with the exception of provisions for future losses.

1.37 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2014/15. The application of the Standards as revised would not have a material impact on the accounts for 2014/15, were they applied in that year:

IFRS 9 Financial Instruments - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IFRS 15 Revenue from contracts with customers - subject to consultation
IAS 19 Employee Benefits (amendment) - subject to consultation
IAS 36 Impairment of Assets (amendment) - subject to consultation
IFRIC 21 Levies - subject to consultation

2 Operating Segments

The Group has one segment for the provision of healthcare which generated income of £121.918m.

	2014/15 £000	2013/14 £000
The main sources of income received were:-		
North West Specialist Commissioning Team	68,363	63,713
Health Commission Wales	14,379	15,091
North West Secondary Contract	15,423	15,450
	Healthcare Segment	
	2014/15 £000	2013/14 £000
Income	121,918	114,447
Surplus/(Deficit)	2,524	1,382
Net Assets	76,471	71,276

3 Income generation activities

The Foundation Trust does not have any material income generation activities.

4 Operating Revenue analysed by classification

	Group		Trust	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Elective income	53,597	51,633	53,597	51,633
Non elective income	31,255	29,510	31,255	29,510
Outpatient Income	14,072	13,270	14,072	13,270
Other NHS clinical income*	6,521	6,205	6,521	6,205
Private patient income	3,592	2,855	3,592	2,855
Other clinical income	878	498	878	498
Total Income from activities	109,915	103,971	109,915	103,971
Research & Development	1,377	1,507	1,377	1,507
Education and training	2,622	2,616	2,622	2,616
Received from NHS charities: Cash donations / grants for the purchase of capital assets	0	0	777	45
Non-patient care services to other bodies	187	145	187	145
Reversal of impairments of property, plant and equipment	3,529	2,622	3,529	2,622
NHS Charitable Funds: Incoming Resources excluding investment income	521	529	0	0
Other income	3,767	3,057	3,767	3,057
Total other operating revenue	12,003	10,476	12,259	9,992
Total Operating income	121,918	114,447	122,174	113,963

*Other NHS Clinical Income is analysed in note 5 below

5 Analysis of Other NHS Clinical Income

	2014/15 £000	2013/14 £000
Cystic Fibrosis Inpatients	4,858	4,460
CQUIN	1,603	1,688
CCG Income - Non Contracted	60	57
	6,521	6,205

6 Revenue from patient care activities - Group and Trust

	Year ended 31st March 2015 £000	Year ended 31st March 2014 £000
CCG's and NHS England	88,108	83,107
NHS Other	116	99
Non NHS:		
- Private patients	3,592	2,855
- Overseas patients (non reciprocal)	38	51
- NHS Injury Scheme	0	1
- Other*	18,061	17,858
	109,915	103,971

* Other Operating Income consists mainly of income received from Health Commission Wales and Isle of Man

7 Other Operating Revenue

	Group		Trust	
	Year ended 31st March 2015 £000	Year ended 31st March 2014 £000	Year ended 31st March 2015 £000	Year ended 31st March 2014 £000
Research & Development	1,377	1,507	1,377	1,507
Education and training	2,622	2,616	2,622	2,616
Received from NHS charities: Receipt of grants/donations for capital acquisitions - Grant	0	0	777	45
Charitable and other contributions to expenditure	0	0	0	0
Other charitable and other contributions to expenditure	0	0	0	0
Non-patient care services to other bodies	187	145	187	145
Reversal of impairments of property, plant and equipment	3,529	2,622	3,529	2,622
NHS Charitable Funds: Incoming Resources excluding investment income	521	529	0	0
Other income*	3,767	3,057	3,767	3,057
	12,003	10,476	12,259	9,992

*Other income is analysed in Note 8 below

8 Analysis of Other Operating Revenue - Other income - Group and Trust

	Year ended 31st March 2015 £000	Year ended 31st March 2014 £000
Clinical excellence awards	290	263
Staff contributions to employee benefit schemes*	62	35
Estates recharges	31	43
IT recharges	18	17
Pharmacy sales	3	2
Other	3,363	2,697
	3,767	3,057

* Analysis of staff contributions to employee benefit schemes has been introduced in 2014/15. An amount has been reclassified from 'Other' in 2013/14 for comparison.

9 Income from activities arising from Commissioner Requested Services - Group and Trust

	Year ended 31st March 2015 £000	Year ended 31st March 2014 £000
Commissioner Requested Services	104,943	100,432
Non-Commissioner Requested Services	4,972	3,539
	109,915	103,971

10 Revenue

Revenue is predominantly from the supply of services. Revenue from the sale of goods is not material. The main sources of income for the Charitable Fund are donations, legacies, fundraising events and other charitable activities.

	Group		Trust	
	Year ended 31st March	Year ended 31st March	Year ended 31st March	Year ended 31st March
	2015 £000	2014 £000	2015 £000	2014 £000
11 Operating Expenses				
Services from NHS Foundation Trusts *	5	0	5	0
Services from NHS Trusts *	85	155	85	155
Services from CCGs and NHS England	5	65	5	65
Services from other NHS bodies	0	3	0	3
Employee Expenses - Executive directors	719	602	719	602
Employee Expenses - Non-executive directors	113	116	113	116
Employee Expenses - Staff	62,539	59,441	62,444	59,323
Supplies and services - clinical (excluding drug costs) *	30,748	29,066	30,748	29,066
Supplies and services - general *	2,664	2,304	2,664	2,304
Establishment	1,173	1,235	1,173	1,235
Research and Development (included in employee expense)	827	833	827	833
Transport	384	78	384	78
Premises	3,671	3,419	3,671	3,419
Increase/(decrease) in provision for impairment of receivables	1,022	4	1,022	4
Change in provisions discount rate	4	4	4	4
Drugs inventories consumed	6,167	6,227	6,167	6,227
Rentals under Operating leases - Minimum lease payments	63	60	63	60
Depreciation on property, plant and equipment	4,881	4,912	4,881	4,912
Amortisation on intangible assets	158	140	158	140
Impairments of property, plant and equipment	27	1,291	27	1,291
Audit fees - Statutory audit	69	65	61	57
Clinical negligence	465	436	465	436
Legal fees	80	21	80	21
Consultancy costs	493	333	493	333
Training courses and conferences	281	203	281	203
Patient travel	15	14	15	14
Car parking and Security	9	20	9	20
Insurance	124	115	124	115
Losses, ex gratia & special payments (not included in employee expenses)	(121)	(666)	(121)	(666)
Other	404	308	310	239
NHS Charitable funds: Other resources expended	214	357	0	0
	117,288	111,161	116,877	110,609

* For 2014/15, the services from other NHS organisations categories have only be used where services cannot be allocated to more specific expenditure categories. For consistency, the 2013/14 comparatives have been restated to reallocate amounts on the services received from NHS Foundation Trusts and Services received from NHS Trusts to the supplies and services clinical lines and supplies and services general lines.

12 Audit Fees and Other Remuneration

	Group		Trust	
	Year ended 31st March	Year ended 31st March	Year ended 31st March	Year ended 31st March
	2015	2014	2015	2014
	£000	£000	£000	£000
Statutory Audit	69	65	61	57
	<u>69</u>	<u>65</u>	<u>61</u>	<u>57</u>

The liability agreement in place with the external auditors (Grant Thornton UK LLP) is £2m.

13 Operating leases - Group and Trust

The Foundation Trust has vehicle leases on 2 cars covering 3 year agreements commencing from March 2012 (extended for a further 1 year from March 2015) and June 2012 respectively and a lease on a van which is not subject to a long term contractual commitment. The Foundation Trust has other leases for photocopiers under a 7 year agreement from 2013/14. The preceding 5 year lease term for photocopiers lapsed during 2013/14 but where the Trust has agreed to extend these leases there is no on-going contractual commitment.

13.1 As lessee

	Year ended 31st March	Year ended 31st March
	2015	2014
	£000	£000
Payments recognised as an expense		
Minimum lease payments	63	60
Contingent rents	0	0
	<u>63</u>	<u>60</u>
	Year ended 31st March	Year ended 31st March
	2015	2014
	£000	£000
Total future minimum lease payments		
Payable:		
Not later than one year	51	56
Between one and five years	165	174
After 5 years	7	50
Total	<u>223</u>	<u>280</u>

There are no future sublease payments expected to be received.

13.2 As lessor

The Foundation Trust does not have operating leases as a lessor.

14 Employee benefits and staff numbers

14.1 Employee expenses - Group

	Year ended 31st March 2015			Year ended 31st March 2014		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	51,553	50,481	1,072	50,646	49,727	919
Social Security Costs	3,953	3,821	132	3,979	3,852	127
Employer contributions to NHS Pension scheme	5,158	5,158	0	5,090	5,090	0
Pension costs - other contributions	0	0	0	0	0	0
Other post employment benefits	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0
Termination benefits	422	422	0	0	0	0
Agency and contract staff	3,240	0	3,240	2,046	0	2,046
Total gross employee benefits	64,326	59,882	4,444	61,761	58,669	3,092
Recoveries from DH Group bodies in respect of staff cost netted off expenditure	(91)	(91)	0	(89)	(89)	0
Total net employee benefits	64,235	59,791	4,444	61,672	58,580	3,092
Employee benefits capitalised as part of assets	178	150	28	796	272	524
Analysed into Operating expenditure:						
Employee Expenses - Staff	62,539	58,212	4,327	59,441	56,873	2,568
Employee Expenses - Executive directors	719	719	0	602	602	0
Research & development	827	827	0	833	833	0
Redundancy	0	0	0	0	0	0
Total Employee benefits excl. capitalised costs	64,085	59,758	4,327	60,876	58,308	2,568

14.1 Employee expenses - Trust

	Year ended 31st March 2015			Year ended 31st March 2014		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	51,553	50,481	1,072	50,646	49,727	919
Social Security Costs	3,953	3,821	132	3,979	3,852	127
Employer contributions to NHS Pension scheme	5,158	5,158	0	5,090	5,090	0
Pension costs - other contributions	0	0	0	0	0	0
Other post employment benefits	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0
Termination benefits	422	422	0	0	0	0
Agency and contract staff	3,240	0	3,240	2,046	0	2,046
Total gross employee benefits	64,326	59,882	4,444	61,761	58,669	3,092
Recoveries from DH Group bodies in respect of staff cost netted off expenditure	(91)	(91)	0	(89)	(89)	0
Recoveries from Other bodies in respect of staff cost netted off expenditure	(95)	(95)	0	(118)	(118)	0
Total net employee benefits	64,140	59,696	4,444	61,554	58,462	3,092
Employee benefits capitalised as part of assets	150	33	117	796	272	524
Analysed into Operating expenditure:						
Employee Expenses - Staff	62,444	58,117	4,327	59,323	56,755	2,568
Employee Expenses - Executive directors	719	719	0	602	602	0
Research & development	827	827	0	833	833	0
Redundancy	0	0	0	0	0	0
Total Employee benefits excl. capitalised costs	63,990	59,663	4,327	60,758	58,190	2,568

14.2 Average number of people employed - Group and Trust

	Year ended 31st March 2015			Year ended 31st March 2014		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	Number	Number	Number	Number	Number	Number
Trust						
Medical and dental	139	135	4	139	134	5
Administration and estates	301	276	25	294	277	17
Healthcare assistants and other support staff	255	218	37	238	213	25
Nursing, midwifery and health visiting staff	547	510	37	545	520	25
Scientific, therapeutic and technical staff	228	217	11	222	214	8
Social care staff	3	0	3	3	0	3
Bank & agency staff	0	0	0	0	0	0
Other	1	0	1	1	0	1
Total	1,474	1,356	118	1,442	1,358	84
Of the above - staff engaged on capital projects	4	1	3	21	4	17

For the Group, 4.07 Whole Time Equivalent (WTE) members of staff employed by the Trust are recharged to the Charitable Fund. This would increase the Administration and estates staff number noted above to 304, Healthcare assistants and other support staff to 256 and total staff to 1,478.

14.3 Management and Administration Costs - Trust

	Year ended 31st March 2015 £m	Year ended 31st March 2014 £m
Management costs	6.058	5.845
Income	121.918	111.381
Percentage of Management Costs to Income	4.97%	5.25%

14.4 Staff Sickness Absence

	Year ended 31st March 2015	Year ended 31st March 2014
Total Days Lost	22,010	18,270
Total Staff Years	1,297	1,253
Average working days lost (per FTE)	17	15

14.5 Exit Packages agreed in 2014/15

Exit package cost band (including any special payment element)	31st March 2015			31st March 2014		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Less than £10,000	0	5	5	0	0	0
£10,001-£25,000	0	8	8	0	0	0
£25,001-£50,000	0	8	8	0	0	0
£50,001-£100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total number of exit packages by type (total cost)	0	21	21	0	0	0
Total resource cost (£000s)	0	422	422	0	0	0

Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme.

During 2014/15 twenty staff left the Trust through a MARS arrangement. This MARS scheme was open across the Trust during this financial year. One further exit package was agreed that did not require Monitor approval.

15 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP 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.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015, is based on the valuation data as 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out at as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

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

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

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

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. From 2011/12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

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 year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

16 Retirements due to ill-health - Group and Trust

For the year ended 31st March 2015 there were 2 early retirements on the grounds of ill-health at a cost of £108k (31st March 2014: nil).

17 Investment Revenue

	Group		Trust	
	Year ended 31st March 2015 £000	Year ended 31st March 2014 £000	Year ended 31st March 2015 £000	Year ended 31st March 2014 £000
Investment revenue	20	13	0	0
Interest revenue: Bank accounts	41	40	38	40
Total	61	53	38	40

18 Other Gains and Losses - Group and Trust

There are no other gains or losses.

19 Finance Costs - Group and Trust

	Year ended 31st March 2015 £000	Year ended 31st March 2014 £000
Interest on obligations under finance leases	37	47
Interest on late payment of commercial debt	3	0
Total	40	47

20 Better Payment Practice Code - Group and Trust

20.1 Better Payment Practice Code - measure of compliance

	Year Ended 31st March 2015		Year ended 31st March 2014	
	Number	£000s	Number	£000s
Total Non-NHS trade invoices paid in the period	30,023	44,627	29,487	47,590
Total Non NHS trade invoices paid within target	27,042	37,465	28,380	46,505
Percentage of Non-NHS trade invoices paid within target	90.1%	84.0%	96.2%	97.7%
Total NHS trade invoices paid in the period	906	11,784	940	16,310
Total NHS trade invoices paid within target	623	9,390	722	14,276
Percentage of NHS trade invoices paid within target	68.8%	79.7%	76.8%	87.5%

The Better Payment Practice Code requires The Foundation 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.

The Foundation Trust has signed up to the Government's 10 day payment commitment.

20.2 The Late Payment of Commercial Debts (Interest) Act 1998 - Group and Trust

	Year ended 31st March 2015 £000	Year ended 31st March 2014 £000
Amounts included within other interest payable arising from claims made under this legislation	3	0
Total	3	0

21 Property, plant and equipment - Group

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Information technology	Furniture & fittings	Total
2014/15:								
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1st April 2014	3,300	49,002	812	301	22,404	13,001	2,327	91,147
Additions purchased	0	729	10	1,912	1,526	698	94	4,969
Additions leased	0	0	0	0	0	0	0	0
Additions donated	0	0	0	0	0	0	0	0
Reclassifications	0	52	0	(301)	0	249	0	0
Revaluations	0	579	196	0	0	0	0	775
Impairments	0	(218)	0	0	0	0	0	(218)
Reversal of Impairments	0	3,521	8	0	0	0	0	3,529
Transfers to/from assets held for sale and assets in disposal groups	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(407)	0	(8)	(415)
At 31st March 2015	3,300	53,665	1,026	1,912	23,523	13,948	2,413	99,787
Depreciation at 1st April 2014	0	0	0	0	15,201	4,698	1,908	21,807
Charged during the year	0	1,492	24	0	1,772	1,463	130	4,881
Impairments	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0
Revaluations	0	(1,492)	(24)	0	0	0	0	(1,516)
Reclassifications	0	0	0	0	0	0	0	0
Transfers to/from assets held for sale and assets in disposal groups	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(407)	0	(8)	(415)
Depreciation at 31st March 2015	0	0	0	0	16,566	6,161	2,030	24,757
Net book value								
Purchased	3,300	53,665	1,026	1,912	6,329	7,787	383	74,402
Finance Leased	0	0	0	0	628	0	0	628
Donated	0	0	0	0	0	0	0	0
Total at 31st March 2015	3,300	53,665	1,026	1,912	6,957	7,787	383	75,030

Assets donated by the charity are classified as purchased assets in the Group accounts.

21.1 Property, plant and equipment - Trust

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Information technology	Furniture & fittings	Total
2014/15:	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1st April 2014	3,300	49,002	812	301	22,404	13,001	2,327	91,147
Additions purchased	0	668	10	1,234	1,488	698	94	4,192
Additions leased	0	0	0	0	0	0	0	0
Additions donated	0	61	0	678	38	0	0	777
Reclassifications	0	52	0	(301)	0	249	0	0
Revaluations	0	579	196	0	0	0	0	775
Impairments	0	(218)	0	0	0	0	0	(218)
Reversal of Impairments	0	3,521	8	0	0	0	0	3,529
Transfers to/from assets held for sale and assets in disposal groups	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(407)	0	(8)	(415)
At 31st March 2015	3,300	53,665	1,026	1,912	23,523	13,948	2,413	99,787
Depreciation at 1st April 2014	0	0	0	0	15,201	4,698	1,908	21,807
Charged during the year	0	1,492	24	0	1,772	1,463	130	4,881
Impairments	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0
Revaluations	0	(1,492)	(24)	0	0	0	0	(1,516)
Reclassifications	0	0	0	0	0	0	0	0
Transfers to/from assets held for sale and assets in disposal groups	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(407)	0	(8)	(415)
Depreciation at 31st March 2015	0	0	0	0	16,566	6,161	2,030	24,757
Net book value								
Purchased	3,300	53,001	591	1,234	6,147	7,787	379	72,439
Finance Leased	0	0	0	0	628	0	0	628
Donated	0	664	435	678	182	0	4	1,963
Total at 31st March 2015	3,300	53,665	1,026	1,912	6,957	7,787	383	75,030

Revaluation Reserve Balance for Property, Plant & Equipment - Group and Trust

	Land	Buildings excluding dwellings	Dwellings	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
At 1st April 2014	1,968	8,516	567	667	0	118	11,836
Movement in year	0	1,880	220	(39)	0	(11)	2,050
At 31st March 2015	1,968	10,396	787	628	0	107	13,886

21.2 Property, plant and equipment - Group

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Information technology	Furniture & fittings	Total
2013/14:	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1st April 2013	3,235	44,150	490	5,353	21,750	5,141	2,260	82,379
Prior period adjustment	0	0	0	0	0	0	0	0
Additions purchased	0	2,164	0	254	939	3,272	67	6,696
Additions leased	0	0	0	0	0	0	0	0
Additions donated	0	0	0	0	0	0	0	0
Reclassifications	0	687	0	(5,306)	31	4,588	0	0
Revaluations	65	670	322	0	0	0	0	1,057
Impairments	0	(1,291)	0	0	0	0	0	(1,291)
Reversal of impairments	0	2,622	0	0	0	0	0	2,622
Transfers to/from assets held for sale and assets in disposal groups	0	0	0	0	(29)	0	0	(29)
Disposals	0	0	0	0	(287)	0	0	(287)
At 31st March 2014	3,300	49,002	812	301	22,404	13,001	2,327	91,147
Depreciation at 1st April 2013	0	0	0	0	13,290	3,584	1,766	18,640
Prior period adjustment	0	0	0	0	0	0	0	0
Charged during the year	0	1,421	14	0	2,221	1,114	142	4,912
Impairments	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0
Revaluations	0	(1,421)	(14)	0	0	0	0	(1,435)
Reclassifications	0	0	0	0	0	0	0	0
Transfers to/from assets held for sale and assets in disposal groups	0	0	0	0	(23)	0	0	(23)
Disposals	0	0	0	0	(287)	0	0	(287)
Depreciation at 31st March 2014	0	0	0	0	15,201	4,698	1,908	21,807
Net book value								
Purchased	3,300	49,002	812	301	6,403	8,303	419	68,540
Finance Leased	0	0	0	0	800	0	0	800
Donated	0	0	0	0	0	0	0	0
Total at 31st March 2014	3,300	49,002	812	301	7,203	8,303	419	69,340

Assets donated by the charity are classified as purchased assets in the Group accounts.

21.3 Property, plant and equipment - Trust

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
2013/14:								
Cost or valuation at 1st April 2013	3,235	44,150	490	5,353	21,750	5,141	2,260	82,379
Prior period adjustment	0	0	0	0	0	0	0	0
Additions purchased	0	2,164	0	254	939	3,272	67	6,696
Additions leased	0	0	0	0	0	0	0	0
Additions donated	0	0	0	0	0	0	0	0
Reclassifications	0	687	0	(5,306)	31	4,588	0	0
Revaluations	65	670	322	0	0	0	0	1,057
Impairments	0	(1,291)	0	0	0	0	0	(1,291)
Reversal of impairments	0	2,622	0	0	0	0	0	2,622
Transfers to/from assets held for sale and assets in disposal groups	0	0	0	0	(29)	0	0	(29)
Disposals	0	0	0	0	(287)	0	0	(287)
At 31st March 2014	3,300	49,002	812	301	22,404	13,001	2,327	91,147
Depreciation at 1st April 2013	0	0	0	0	13,290	3,584	1,766	18,640
Prior period adjustment	0	0	0	0	0	0	0	0
Charged during the year	0	1,421	14	0	2,221	1,114	142	4,912
Impairments	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0
Revaluations	0	(1,421)	(14)	0	0	0	0	(1,435)
Reclassifications	0	0	0	0	0	0	0	0
Transfers to/from assets held for sale and assets in disposal groups	0	0	0	0	(23)	0	0	(23)
Disposals	0	0	0	0	(287)	0	0	(287)
Depreciation at 31st March 2014	0	0	0	0	15,201	4,698	1,908	21,807
Net book value								
Purchased	3,300	48,465	503	285	6,128	8,303	414	67,398
Finance Leased	0	0	0	0	800	0	0	800
Donated	0	537	309	16	275	0	5	1,142
Total at 31st March 2014	3,300	49,002	812	301	7,203	8,303	419	69,340
Revaluation Reserve Balance for Property, Plant & Equipment - Group and Trust								
	Land	Buildings excluding dwellings	Dwellings		Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000		£000	£000	£000	£000
At 1st April 2013	1,903	6,443	214		707	0	132	9,399
Movement in year	65	2,073	353		(40)	0	(14)	2,437
At 31st March 2014	1,968	8,516	567		667	0	118	11,836

21.4 Property, Plant and Equipment

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. The Trust has had its land and buildings revalued using Modern Equivalent Asset methodology at 31st March 2015.

The following table discloses the range of remaining economic lives of various assets:

Economic Lives of Fixed Assets	Min life Years	Max life Years
Buildings exc dwellings	1	55
Dwellings	29	33
Assets under Construction & POA	0	1
Plant & Machinery	0	10
Information Technology	0	9
Furniture and Fittings	0	7
Software	0	8

Non-current assets held for sale includes an IE33 Echocardiograph 2D Cardiac Ultrasound System at its recoverable amount of £6k.

The Foundation Trust holds all property at an existing use valuation and does not have open market valuations which are materially different from these valuations.

The Foundation Trust holds temporarily idle assets but these are considered to be of immaterial value.

22 Intangible assets - Group and Trust

	Computer software - purchased £000	Assets under Construction £000	Total £000
2014/15:			
Gross cost at 1st April 2014	1,306	0	1,306
Additions	90	0	90
Reclassifications	0	0	0
Gross cost at 31st March 2015	1,396	0	1,396
Amortisation at 1st April 2014	449	0	449
Charged during the year	158	0	158
Amortisation at 31st March 2015	607	0	607
Net book value			
Purchased	789	0	789
Donated	0	0	0
Total at 31st March 2015	789	0	789

22 Intangible assets - Group and Trust (continued)

	Computer software - purchased	Assets under Construction	Total
	£000	£000	£000
2013/14:			
Gross cost at 1st April 2013	532	769	1,301
Additions	5	0	5
Reclassification	769	(769)	0
Gross cost at 31st March 2014	1,306	0	1,306
Amortisation at 1st April 2013	309	0	309
Charged during the year	140	0	140
Amortisation at 31st March 2014	449	0	449
Net book value			
Purchased	857	0	857
Donated	0	0	0
Total at 31st March 2014	857	0	857

Assets under construction relates to licenses associated with the Electronic Patient Record capital scheme.

These assets have useful economic lives of no more than 8 years.

Intangible fixed assets held for operational use are valued at historic cost and are depreciated over the estimated useful life of the asset on a straight line basis. The carrying value of intangible fixed 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 a shorter of the term of the licence and their useful economic lives.

22.1 Revaluation Reserve Balance for Intangible Assets

There is no Revaluation Reserve for Intangible Assets.

23 Impairments

The Foundation Trust engaged the Valuation Office Agency to revalue its estate using Modern Equivalent Asset methodology effective from 31st March 2015. There has been an overall increase in the value of land and buildings of £5.602m as a result of this revaluation.

Within this sum there has been :-

- Positive movement credited to income as a reversal of impairments on Property, Plant & Equipment of £3.529m; and
- Negative impairment charged to operating expenses of £27k; and
- Positive movement of £2.100m credited to the revaluation reserve.

In addition there has been a transfer from the revaluation reserve to retained earnings for equipment disposals of £17k and an excess depreciation adjustment of £33k.

23.1 Analysis of impairments and reversals recognised in 2014-15 - Group and Trust		31st March 2015
		Total
		£000
Property, Plant and Equipment impairments and reversals taken to SoCI		
Loss or damage resulting from normal operations		0
Loss as a result of catastrophe		0
Abandonment of assets in the course of construction		0
Total charged to Departmental Expenditure Limit		0
Unforeseen obsolescence		0
Over specification of assets		0
Other		0
Changes in market price - positive movement		3,529
Changes in market price - negative movement		(27)
Total charged to Annually Managed Expenditure		3,502
Property, Plant and Equipment impairments and reversals charged to the Revaluation Reserve		
Loss or damage resulting from normal operations		0
Over Specification of Assets		0
Abandonment of assets in the course of construction		0
Unforeseen obsolescence		0
Loss as a result of catastrophe		0
Other		0
Changes in market price - positive movement		0
Changes in market price - negative movement		(191)
Total impairments for PPE charged to reserves		(191)
Total Impairments of Property, Plant and Equipment		3,311
Total Impairments charged to Revaluation Reserve		(191)
Total Impairments charged to SoCI - DEL		0
Total Impairments charged to SoCI - AME		3,502
Overall Total Impairments		3,311

24 Investments

24.1 Investment in joint venture - Trust		31st March 2015	31st March 2014
		£000	£000
Carrying value at 1 April		6	0
Acquisitions in year		50	50
Movement in fair value		(32)	(44)
Carrying value at 31 March		24	6
24.2 Disclosure of aggregate amounts for assets and liabilities in jointly controlled operations - Trust			
Current assets		249	129
Non current assets		0	0
Total assets		249	129
Current liabilities		(201)	(118)
Non current liabilities		0	0
Total liabilities		(201)	(118)
Net assets		48	11
Surplus /(deficit) for the year		(63)	(88)

24.3 Other investments

Group	NHS Charitable Funds: Other investments £000
2014/15:	
Carrying value at 01st April 2014	502
Acquisitions in year	0
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	48
Carrying value at 31st March 2015	<u>550</u>
2013/14:	
	£000
Carrying value at 01st April 2013	249
Acquisitions in year	250
Movement in fair value of Available-for-sale financial assets recognised in Other Comprehensive Income	3
Carrying value at 31st March 2014	<u>502</u>

The investment portfolio consists of income units of the COIF Charities investment fund managed by CCLA Investment Management Limited.

The Foundation Trust does not hold any other investments (2013/14 £nil).

25 Investment Property

The Trust does not have Investment Property.

26 Commitments

26.1 Capital commitments - Group and Trust

Contracted capital commitments at 31st March not otherwise included in these financial statements:

	31st March 2015 £000	31st March 2014 £000
Property, plant and equipment	1,428	29
Total	<u>1,428</u>	<u>29</u>

26.2 Other financial commitments

The trust has not entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) as defined within IFRIC 12.

27 Intra-Government and other balances

	Group		Trust	
Current	31st March 2015 £000s	31st March 2014 £000s	31st March 2015 £000s	31st March 2014 £000s
Receivables				
Balances with other Central Government Bodies	484	226	484	226
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	1,810	1,063	1,810	1,063
Balances with other NHS Bodies	1,241	367	1,241	367
Balances with bodies external to government	1,956	2,447	2,594	2,565
At 31st March	<u>5,491</u>	<u>4,103</u>	<u>6,129</u>	<u>4,221</u>
Payables				
Balances with other Central Government Bodies	1,931	1,893	1,931	1,893
Balances with Local Authorities	67	56	67	56
Balances with NHS Trusts and Foundation Trusts	2,630	1,744	2,630	1,744
Balances with other NHS Bodies	189	1,565	189	1,565
Balances with bodies external to government	12,166	8,631	12,137	8,610
At 31st March	<u>16,983</u>	<u>13,889</u>	<u>16,954</u>	<u>13,868</u>

Non-current intra-government and other balances (receivables and payables) are £nil (31st march 2014 - £nil).

28 Inventories - Group and Trust

	Group			Trust		
	Drugs	Consumables	Total	Drugs	Consumables	Total
	£000	£000	£000	£000	£000	£000
Balance at 1st April 2014	446	2,096	2,542	446	2,095	2,541
Additions	6,180	17,674	23,854	6,180	17,674	23,854
Inventories recognised as an expense in the period	(6,167)	(17,848)	(24,015)	(6,167)	(17,848)	(24,015)
Balance at 31st March 2015	459	1,922	2,381	459	1,921	2,380

	Group			Trust		
	Drugs	Consumables	Total	Drugs	Consumables	Total
	£000	£000	£000	£000	£000	£000
Balance at 1st April 2013	406	2,151	2,557	406	2,151	2,557
Additions	6,267	18,697	24,964	6,267	18,696	24,963
Inventories recognised as an expense in the period	(6,227)	(18,752)	(24,979)	(6,227)	(18,752)	(24,979)
Balance at 31st March 2014	446	2,096	2,542	446	2,095	2,541

29 Trade and other receivables

29.1 Trade and other receivables

	Group		Trust	
	31st March		31st March	
	31st March 2015	2014	31st March 2015	31st March 2014
	£000	£000	£000	£000
Current				
NHS receivables	3,598	1,285	3,598	1,285
Other receivables with related parties - Revenue	1,527	1,222	2,218	1,447
Provision for impaired receivables	(1,220)	(223)	(1,220)	(223)
VAT	353	195	353	195
Prepayments	425	386	425	386
Accrued income	272	637	272	637
PDC receivable	0	145	0	145
Other receivables - Revenue	536	456	483	349
Total	5,491	4,103	6,129	4,221

Non-current trade and other receivables are £nil (31st March 2014 - £nil).

The great majority of trade is with Clinical Commissioning Groups (CCG's) and NHS England, as commissioners for NHS patient care services. As CCG's and NHS England are funded by government to buy NHS patient care services, no credit scoring of them is considered necessary.

Other receivables with related parties consists of transactions with Health Commission Wales (for the provision of patient care services in Wales), Insurance companies and private individuals for the provision of private patient care services and recharges from charitable funds. These are considered to be good quality receivables.

The Foundation Trust does not have financial assets that would otherwise be overdue for payment or impaired, whose terms have been renegotiated other than contracts with main commissioners which are invoiced at a standard amount each month based on an agreed level of activity. There may be credit notes issued periodically during the year where activity has been less than contracted or additional invoices where activity has exceeded contracted performance.

29.2 Provision for impairment of receivables - Group and Trust

	31st March 2015	31st March 2014
	£000	£000
Balance at 1st April	223	219
Prior period adjustments	0	0
Restated balance at 1st April	223	219
Amounts utilised during the year	(25)	0
Unused amounts reversed	0	0
Increase/(decrease) in provision	1,022	4
Balance at 31st March	1,220	223

29.3 Impaired receivables past their due date - Group and Trust

	31st March 2015	31st March 2014
	£000	£000
By up to 30 days	547	14
By 30 to 60 days	0	5
By 60 to 90 days	18	1
By 90 to 180 days	6	6
By over 180 days	649	197
Total	1,220	223

The Foundation Trust does not hold collateral in respect of any outstanding receivables.

29.4 Receivables past their due date but not impaired - Group and Trust

	31st March 2015	31st March 2014
	£000	£000
By up to 30 days	696	1,128
By 30 to 60 days	173	267
By 60 to 90 days	300	87
By 90 to 180 days	622	211
By over 180 days	250	5
Total	2,041	1,698

The Foundation Trust does not hold collateral in respect of any outstanding receivables.

30 Other financial assets

The Foundation Trust has no other Financial Assets.

31 Other current assets

The Foundation Trust has no other Current Assets.

32 Cash and Cash Equivalents

	Group		Trust	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	£000	£000	£000	£000
Balance at start of period	12,070	16,150	10,906	14,790
Net change in year	1,311	(4,080)	1,427	(3,884)
Balance at end of period	13,381	12,070	12,333	10,906
Made Up Of				
Cash at commercial banks and in hand	67	4	5	4
Cash with the Government Banking Service	13,314	12,066	12,328	10,902
Deposits with the National Loan Fund	0	0	0	0
Cash and Cash Equivalents as in Statement of Financial Position	13,381	12,070	12,333	10,906
Bank overdraft	0	0	0	0
Cash and Cash Equivalents as in Statement of Cash Flows	13,381	12,070	12,333	10,906

33 Non-Current Assets Held for Sale

The Trust has a IE33 Echocardiograph 2D Cardiac Ultrasound system (purchase date July 2005) for sale. This asset is classified as held for sale and has been written down to the expected sale proceeds of £6k.

34 Trade and other payables

	Group		Trust	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	£000	£000	£000	£000
Current				
NHS payables - revenue	2,739	3,038	2,739	3,038
NHS payables - capital	0	7	0	7
Other trade payables - revenue	4,099	3,120	4,070	3,099
Local Authority payables	0	56	0	56
Other trade payables - capital	2,536	646	2,536	646
Taxes payable	1,204	1,183	1,204	1,183
NHS Pension Scheme Liability	727	710	727	710
Other payables	92	53	92	53
Accruals	5,506	5,076	5,506	5,076
PDC dividends payable	80	0	80	0
Total	16,983	13,889	16,954	13,888

Non-current trade and other payables are £nil (31st March 2014 - £nil).

35 Borrowings - Group and Trust

	Current		Non-current	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	£000	£000	£000	£000
Finance lease liabilities	135	195	403	538
Total	135	195	403	538

36 Finance lease obligations - Group and Trust

In 2005/06 the Foundation Trust entered into lease arrangements, for a period of 5 to 7 years, for medical equipment associated with the Site Development. Upon expiry of the original term, the leased equipment was either returned to the lessor, purchased outright within the Capital Programme or was the subject of a new lease agreement. There is no contingent rent arrangement within these lease agreements. The lessor has the benefit of the residual value of the assets as these assets are returned at the end of the lease agreement. The lease agreements require the Foundation Trust to maintain assets to a good standard and they have to be returned to the lessor in a reasonable condition. This risk is managed by the Foundation Trust, through Insurance cover and Maintenance Contracts.

The difference between the future minimum lease payments and their present value is the interest rate implicit in the lease which is £60k at 31st March 2015.

Amounts payable under finance leases:	Minimum lease payments		Present value of minimum lease payments	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	£000	£000	£000	£000
Within one year	163	232	135	195
Between one and five years	435	597	403	538
After five years	0	0	0	0
Less future finance charges	(60)	(96)	0	0
Present value of minimum lease payments	538	733	538	733
Included in:				
Current borrowings	(135)	(195)	(135)	(195)
Non-current borrowings	(403)	(538)	(403)	(538)
	(538)	(733)	(538)	(733)

The Foundation Trust does not have sublease arrangements.

37 Finance lease receivables (i.e. as lessor)

The Foundation Trust does not have finance leases as a lessor.

38 Finance Lease Commitments

The Trust does not have any Finance lease commitments at 31st March 2015 as all lease agreements are recognised within Finance lease obligations note 36.

39 Other Financial Liabilities

The Trust does not have any other Financial Liabilities.

40 Provisions - Group and Trust	Current		Non-current	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	£000	£000	£000	£000
Legal claims	56	63	0	0
Other	1,143	295	98	105
Total	1,199	358	98	105
Movement in current and non-current provisions	Legal claims	Other	Total	
	£000	£000	£000	
At 1st April 2014	63	400	463	
Change in the discount rate	0	4	4	
Arising during the year	22	1,085	1,107	
Used during the year - accruals	0	0	0	
Used during the year - cash	(29)	(11)	(40)	
Reversed unused	0	(237)	(237)	
At 31st March 2015	56	1,241	1,297	
Expected timing of cash flows:				
Not later than one year	56	1,143	1,199	
later than one year and not later than five years	0	28	28	
later than five years	0	70	70	
Total	56	1,241	1,297	
Amount Included in the Provisions of the NHS				
Litigation Authority in Respect of Clinical				
Negligence Liabilities:				
As at 31st March 2015	2,063			
As at 31st March 2014	2,214			

The Foundation Trust has total provisions at 31st March 2015 of £1,297k. Other provisions of £1,241k includes amounts for potential Agenda for Change pay claims.

The Foundation Trust has a provision for Liability to Third Parties legal claims of £56k which is advised by the NHS Litigation Authority. These claims are generally expected to be settled within 1 year but may exceptionally take 2 years to settle.

41 Other Liabilities - Group and Trust	Current		Non-current	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	£000	£000	£000	£000
Other deferred income	1,380	2,082	983	983
Total	1,380	2,082	983	983
42 Contingencies - Group and Trust				
42.1 Contingent Liabilities	31st March 2015	31st March 2014		
	£000	£000		
Other contingent liabilities	(21)	(32)		
Total	(21)	(32)		

The Foundation Trust is advised by the NHS Litigation Authority of the full estimated liability associated with Liability to Third Party schemes. This liability is adjusted by applying a percentage probability to the full liability to calculate an amount to be provided. The difference between the full liability and the amount provided is recorded as a contingent liability. The contingent liability is reviewed each year as part of the advice from the NHSLA on the value of provisions in respect of legal claims.

42.2 Contingent Assets

The Foundation Trust does not have any contingent assets.

43 Financial Instruments

43.1 Financial assets	Group		Trust	
	2015	2014	2015	2014
	Loans and receivables	Loans and receivables	Loans and receivables	Loans and receivables
	£000	£000	£000	£000
Trade & other receivables excluding non financial assets	4,715	3,522	4,662	3,415
Other investments	574	508	24	6
Cash and cash equivalents	13,381	12,070	12,333	10,906
Total at 31st March	18,670	16,100	17,019	14,327

43.2 Financial liabilities

	Group		Trust	
	2015	2014	2015	2014
	Other	Other	Other	Other
	financial	financial	financial	financial
	liabilities	liabilities	liabilities	liabilities
	£000	£000	£000	£000
Obligations under finance leases	538	733	538	733
Trade and other payables excluding non financial liabilities	14,795	12,058	14,766	12,037
Provisions under contract	1,297	182	1,297	182
Total at 31st March	16,630	12,973	16,601	12,952

Provisions under contract are held at book value.

43.3 Financial Risk Management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with Clinical Commissioning Groups (CCG's) and NHS England and the way CCG's and NHS England are financed, The Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Foundation Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Foundation Trust's Standing Financial Instructions and policies agreed by the Board of Directors. The Foundation Trust's treasury activity is subject to review by The Trusts internal auditors.

Currency Risk

The Foundation Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Foundation Trust has no overseas operations. The Foundation Trust therefore has low exposure to currency rate fluctuations.

Interest Rate Risk

The Foundation Trust has minimal borrowings in the form of a small number of leased assets which are based on rates of interest fixed at the time of entering into the lease agreements. The Foundation Trust funds its capital programme from internally generated funds, therefore does not have any other loans and so the Trust is not exposed to significant interest-rate risk.

Credit Risk

Because the majority of the Foundation Trust's income comes from contracts with other public sector bodies, the Foundation Trust has low exposure to credit risk. The maximum exposures as at 31 March 2015 are in receivables from customers, as disclosed in the Trade and other receivables note.

Liquidity Risk

The Foundation Trust's operating costs are incurred under contracts with CCG's and NHS England, which are financed from resources voted annually by Parliament. The Foundation Trust finances its capital expenditure from internally generated funds. The Foundation Trust is not, therefore, exposed to significant liquidity risks.

44 Events After the Reporting Period

The Foundation Trust has had no material events after the end of the reporting period.

45 Movement in Taxpayers Equity

2014/15	Group	Trust
	£000	£000
Taxpayers' equity at 1st April 2014	71,276	69,748
Surplus for the financial period	2,524	3,168
Revaluations and impairments	2,100	2,100
Public dividend capital received	523	523
Fair value gains/(losses) on available for sale financial investments	48	0
Taxpayers' equity at 31st March 2015	76,471	75,539
2013/14		
	£000	£000
Taxpayers' equity at 1st April 2013	67,399	65,819
Surplus for the financial period	1,382	1,437
Revaluations and impairments	2,492	2,492
Fair value gains/(losses) on available for sale financial investments	3	0
Taxpayers' equity at 31st March 2014	71,276	69,748

46 Related Party Transactions

Liverpool Heart and Chest Hospital NHS Foundation Trust is a public interest body authorised by Monitor, the Independent Regulator for NHS Foundation Trusts.

During the period to 31st March 2015 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 the Trust's Associate Directors is married to an Associate Director of Business Development at Bridgewater Community Health Services NHS Foundation Trust (formerly Bridgewater Community HealthCare NHS Trust). The income from this Trust totals £14k for the year ended 31st March 2015. 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 number of significant transactions with the Department, and with other entities for which the Department is regarded as the parent Department. Where the value of these transactions is considered significant (where revenue or expenditure is greater than £100k), these entities are listed below:

	Revenue £000	Expenditure £000	Receivables £000	Payables £000
Aintree University Hospitals NHS Foundation Trust	27	135	23	44
Warrington and Halton Hospitals NHS Foundation Trust	364	8	200	7
Liverpool Community Health NHS Trust	220	0	74	0
Mersey Care NHS Trust	34	567	12	82
Royal Liverpool and Broadgreen University Hospitals NHS Trust	1,972	5,121	1,188	2356
Southport and Ormskirk Hospital NHS Trust	144	7	74	4
St Helens and Knowsley Hospitals NHS Trust	109	55	76	0
NHS Halton CCG	633	0	1	0
NHS Knowsley CCG	5,354	70	94	70
NHS Liverpool CCG	5,744	0	255	0
NHS South Sefton CCG	766	0	4	0
NHS Southport And Formby CCG	1,377	0	0	0
NHS St Helens CCG	882	0	4	0
NHS Warrington CCG	949	0	13	0
NHS West Cheshire CCG	1,133	0	4	0
NHS West Lancashire CCG	1,144	0	3	0
NHS Wirral CCG	1,485	0	0	0
Health Education England	2,597	0	0	0
NHS Litigation Authority	0	465	0	0
NHS England (Cheshire, Warrington & Wirral and Merseyside Area Teams)	68,774	547	763	0

In addition, The Foundation Trust has had a number of significant transactions with other Government Departments and other Central and Local Government bodies. These entities are listed below:

	Revenue £000	Expenditure £000	Receivables £000	Payables £000
Liverpool City Council	0	413	0	60
HM Revenue & Customs - Other taxes and duties	0	3,819	0	1,204
NHS Pension Scheme	0	5,155	0	727
Welsh Health Boards	14,228	0	42	0
Scottish Government	113	0	85	0

47 Third Party Assets

The Trust held £48 cash at bank and in hand at 31 March 2015 (£812 - at 31st March 2014) which relates to monies held by the NHS Foundation Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

48 Losses and Special Payments - Group and Trust

NHS Foundation Trusts are required to record cash payments and other adjustments that arise as a result of losses and special payments. These payments are analysed as follows:-

	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	31st March 2015 Number	31st March 2015 £000	31st March 2014 Number	31st March 2014 £000
Losses:				
Losses of cash	2	0	4	0
Fruitless payments and constructive losses	0	0	0	0
Bad debts and claims abandoned	0	0	0	0
Damage to buildings and property (including stores losses)	0	0	0	0
Total losses	2	0	4	0
Special payments:				
Extra-contractual payments	0	0	2	46
Extra-statutory and extra-regulatory payments	0	0	0	0
Compensation payments	0	0	5	95
Special severance payments	0	0	0	0
ex gratia payments	45	47	19	64
Total special payments	45	47	26	205
Total losses and special payments	47	47	30	205

49 NHS Charitable Funds

Separate charity accounts are prepared for Liverpool Heart and Chest Hospital Charity in accordance with the UK Charities SORP and submitted to the Charity Commission. A summary Statement of Financial Activities and summary Balance Sheet are presented below.

49.1 Summary Statement of Financial Activities

	31st March 2015			31st March 2014		
	Amounts in Charity Accounts £000	Intra-Group eliminations £000	Amounts consolidated in Group Accounts £000	Amounts in Charity Accounts £000	Intra-Group eliminations £000	Amounts consolidated in Group Accounts £000
Incoming resources:						
Incoming resources from donations, legacies and other charitable activities	521	0	521	529	0	529
Resources expended:						
Employee resources expended with the Foundation Trust	(95)	95	0	(118)	118	0
Other resources expended with the Foundation Trust	(871)	871	0	(114)	114	0
Other resources expended external to the Foundation Trust	(222)	0	(222)	(8)	0	(8)
Total operating expenditure	(1,188)	966	(222)	(240)	232	(8)
Investment income and income on short term deposits	23	0	23	13	0	13
Net (outgoing) / incoming resources before other recognised gains and losses	(644)	966	322	302	232	534
Gains/(losses) on investment assets	48	0	48	3	0	3
Net movement in funds	(596)	966	370	305	232	537

49.2 Summary Balance Sheet

	31st March 2015			31st March 2014		
	Amounts in Charity Accounts £000	Intra-Group eliminations £000	Amounts consolidated in Group Accounts £000	Amounts in Charity Accounts £000	Intra-Group eliminations £000	Amounts consolidated in Group Accounts £000
Non-current assets						
Other investments	550	0	550	502	0	502
Total non-current assets	550	0	550	502	0	502
Current assets						
Inventories	1	0	1	1	0	1
Trade and other receivables	53	0	53	107	0	107
Cash and cash equivalents	1,048	0	1,048	1,164	0	1,164
Total current assets	1,102	0	1,102	1,272	0	1,272
Current liabilities						
Trade and other payables	(720)	691	(29)	(246)	225	(21)
Total current liabilities	(720)	691	(29)	(246)	225	(21)
Total non-current liabilities	0	0	0	0	0	0
Net Assets	932	691	1,623	1,528	225	1,753
Funds of the Charity*						
Unrestricted income funds**	932			1,528		
Total Charitable Funds	932			1,528		

*The funds of the charity analyses the NHS Charitable Funds reserve in the Group Statement of Financial Position.

** Unrestricted funds are spent or applied at the discretion of the trustees to further the charity's objects. Unrestricted funds include designated funds which the trustee has chosen to earmark for set purposes. Designated funds with a value of at least £50,000 are detailed in note 50.3.

49 NHS Charitable Funds (continued)

49.3 Unrestricted funds - Designated funds

Designated funds with a value of at least £50,000:

Name of fund	Note	Balance at 01 April 2014 £000	Incoming resources £000	Resources expended £000	Gains and (losses) £000	Balance at 31 March 2015 £000
Robert Owen House	1	365	163	(354)	4	178
Heart Appeal	2	124	49	(54)	13	132
LHCH Appeal	3	644	304	(725)	(8)	215
Merseybeat	4	65	2	(1)	7	73
Cystic Fibrosis	5	109	2	(2)	12	121
Lung Cancer	5	57	1	(1)	6	63

1. Robert Owen House provides inexpensive relatives accommodation.

2. The Heart Appeal purchases equipment on behalf of the Foundation Trust.

3. The LHCH Appeal is for any charitable purpose or purposes relating to services provided by the Foundation Trust.

4. Merseybeat was relaunched as LHCH Appeal in September 2009. Balances raised prior to 2009 are ring-fenced to apply to research.

5. The Cystic Fibrosis and Lung Cancer funds facilitate education and research into adult cystic fibrosis and lung cancer and provide support for patients with this condition.

Independent auditor's limited assurance report to the Council of Governors and Board of Directors of Liverpool Heart and Chest Hospital Liverpool Heart and Chest Hospital NHS Foundation Trust on the Quality Report

We have been engaged by the Board of Directors and Council of Governors of Liverpool Heart and Chest Hospital Liverpool Heart and Chest Hospital NHS Foundation Trust to perform an independent limited assurance engagement in respect of Liverpool Heart and Chest Hospital Liverpool Heart and Chest Hospital NHS Foundation Trust's Quality Report for the year ended 31 March 2015 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2015 subject to limited assurance consist of the national priority indicators as mandated by Monitor:

- 18 week referral-to-treatment maximum wait: Patients on an incomplete pathway and
- Percentage of patients receiving first definitive treatment for cancer within 62 days of an urgent GP referral for suspected cancer

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the directors and auditor

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual' issued by Monitor.

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

- the Quality Report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual'
- the Quality Report is not consistent in all material respects with the sources specified in Monitor's 'Detailed guidance for external assurance on quality reports 2014/15', and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual' and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports 2014/15'.

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS Foundation Trust Annual Reporting Manual', and consider the implications for our report if we become aware of any material omissions.

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

- Board minutes for the period 1 April 2014 to 28 May 2015
- papers relating to quality reported to the board over the period 1 April 2014 to 28 May 2015
- feedback from Commissioners, dated 26 May 2015

- feedback from Governors, dated 16 April 2015
- feedback from local Healthwatch organisations – non received
- the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 28 April 2015
- the national patient survey, dated 14 April 2015
- the national staff survey, dated 12 December 2015
- Care Quality Commission Intelligent Monitoring Report, dated 3 December 2014 and
- the Head of Internal Audit's annual opinion over the Trust's control environment, dated 28 May 2015

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

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

This report, including the conclusion, has been prepared solely for the Council of Governors of Liverpool Heart and Chest Hospital Liverpool Heart and Chest Hospital NHS Foundation Trust as a body and the Board of Directors of the Trust as a body, to assist the Board of Directors and Council of Governors in reporting Liverpool Heart and Chest Hospital Liverpool Heart and Chest Hospital NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2015, to enable the Board of Directors and Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors as a body, the Council of Governors as a body and Liverpool Heart and Chest Hospital Liverpool Heart and Chest Hospital NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

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

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators
- making enquiries of management
- testing key management controls
- analytical procedures
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation
- comparing the content requirements of the 'NHS Foundation Trust Annual Reporting Manual' to the categories reported in the quality report and
- reading the documents.

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

Limitations

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

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

The scope of our assurance work has not included governance over quality or non-mandated indicators, which have been determined locally by Liverpool Heart and Chest Hospital NHS Foundation Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2015:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual';
- the Quality Report is not consistent in all material respects with the sources specified above; and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual'.

Grant Thornton UK LLP

Grant Thornton UK LLP
Liverpool

29 May 2015

Independent auditor's report to the Council of Governors of Liverpool Heart and Chest Hospital NHS Foundation Trust

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the financial position of the Group and Liverpool Heart and Chest Hospital NHS Foundation Trust as at 31 March 2015 and of the Group and Trust's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual and the directions under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006.

Who are we reporting to:

This report is made solely to the Council of Governors of Liverpool Heart and Chest Hospital NHS Foundation Trust, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited

We have audited the financial statements of Liverpool Heart and Chest Hospital NHS Foundation Trust ('the Trust') for the year ended 31 March 2015 which comprise the Group and Trust statement of comprehensive income, the Group and Trust statement of financial position, the Group and Trust statement of cash flows, the Group and Trust statements of changes in taxpayers' equity and the related notes.

The Group financial statements include the financial transactions of Liverpool Heart and Chest Hospital NHS Foundation Trust and The Liverpool Heart and Chest Hospital Charity for the year ended 31 March 2015.

The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual Reporting Manual issued by Monitor, the Independent Regulator of NHS Foundation Trusts.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that are, in our judgement, likely to be most important to users' understanding of our audit.

Valuation of contract income from commissioning bodies and associated receivables

The risk: The Group receives a large proportion of its income from commissioners of healthcare services. It invoices its commissioners throughout the year for services provided, and at the year-end estimates and accrues for activity not yet invoiced. Invoices for the final quarter of the year are not finalised and agreed until after the year-end and after the deadline for the production of the financial statements. There is therefore a risk that the income from commissioners (and associated receivables) recognised in the financial statements may be misstated. We identified the accounting for the contract arrangements with commissioning bodies (in particular the consistency of the income with contract terms) as well as the adequacy of contract adjustments as risks that had the greatest impact on our audit strategy.

Our response: Our audit work included, but was not restricted to, assessing the Group's accounting policy for revenue recognition, understanding management's processes to recognise this income in accordance with the stated accounting policy, performing walk-throughs of management's key controls over income recognition (for example controls over contract billing, pricing and agreement of contract variations) to assess whether they were designed effectively and substantively testing the income and associated receivables.

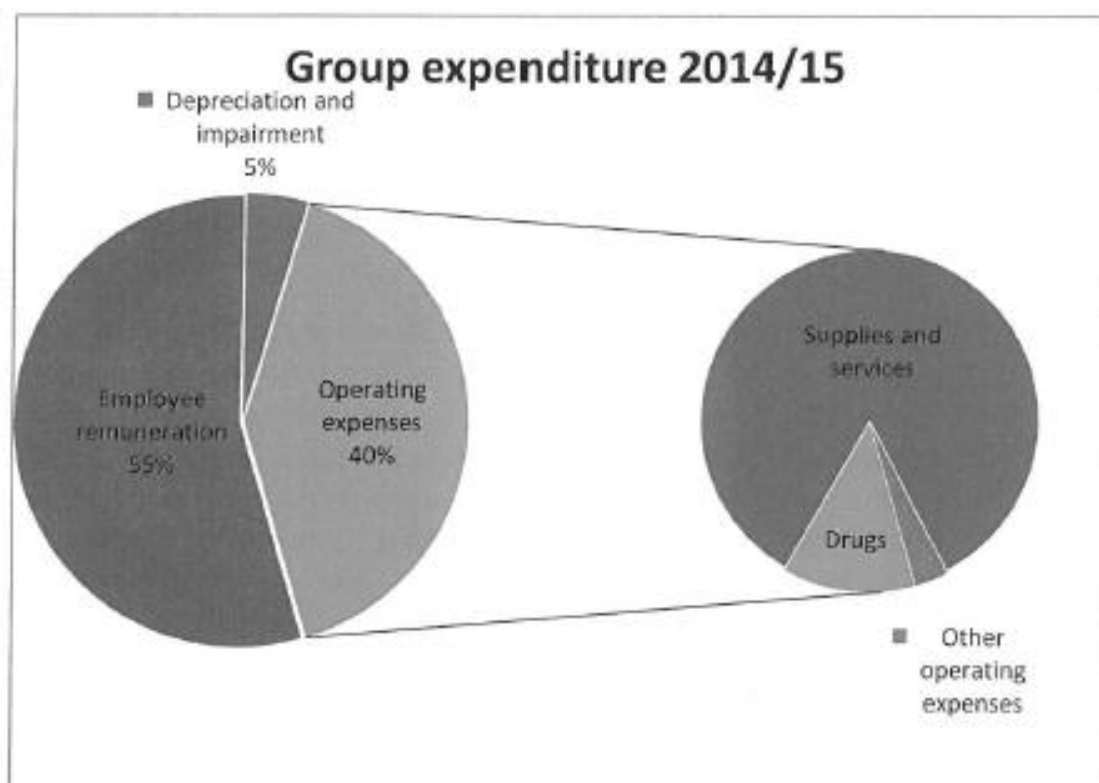
Our substantive testing included:

- testing the income figures in the financial statements to material contracts with commissioning bodies; and
- testing a sample of the contract variations to ensure they were accounted for appropriately and are not in dispute.
- The Group's accounting policy on revenue recognition is shown in note 1.6 to the financial statements and its analysis of its total operating income is included in notes 6 to 9.

Our findings: We did not note any exceptions from our work on this income.

Completeness of employee remuneration and operating expenses and associated payables

The risk: The majority of the Group's expenditure relates to employee remuneration and operating expenses. Together they account for 95% of the Group's gross expenditure. The Group pays the majority of this expenditure through its payroll and accounts payable systems and at the year-end estimates and accrues for un-invoiced expenses. Invoices for the final weeks of the year are not received and processed until after the year-end and in many cases after the deadline for the production of the financial statements. There is therefore a risk that the expenses (and associated payables) recognised in the financial statements may be misstated. We identified the completeness of employee remuneration and operating expenses (in particular the understatement of accruals) as risks that had the greatest impact on our audit strategy.



Our response: Our audit work included, but was not restricted to, understanding management's processes to recognise payroll and accounts payable expenditure and year-end accruals for unprocessed invoices and expenditure incurred and not yet invoiced (GRNI), walking through management's key controls over recognition of expenditure (for example authorisation of expenditure subsystem interfaces, processing of adjustments and authorisation of payments) to assess whether they were designed effectively and substantively testing expenditure and associated payables.

Our substantive testing included:

- testing the reconciliation of employee remuneration expenditure in the financial statements to the general ledger and payroll subsystems;
- performing a trend analysis of payroll costs to identify any unusual cost variations for follow up;
- sample testing payroll expenditure to source documents;
- assessing whether the Group's processes for accruing for GRNIs were sufficiently robust to ensure that uninvoiced expenditure had been accrued for appropriately;
- sample testing accruals to goods received notes and subsequent invoices; and
- testing post year-end payments to confirm the completeness of accruals.

The Group's accounting policy for recognition of expenditure is shown in notes 1.5 and 1.7 its analysis of employee remuneration costs is included in note 14 and its analysis of operating costs is included in note 11 to the financial statements.

Our findings:

We did not note any exceptions from our work on this expenditure.

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the judgement of a reasonably knowledgeable person would be changed or influenced.

We determined materiality for the audit of Group financial statements as a whole to be £2,223,000, which is 1.9% of the Group's gross operating costs. This benchmark is considered the most appropriate because users of the financial statements are particularly interested in how healthcare funding has been spent. We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the Group financial statements. We also determine a lower level of specific materiality for certain areas such as directors remuneration, audit fees, cash and provisions.

We determined the threshold at which we will communicate misstatements to the Trust's Audit Committee to be £100,000. In addition we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

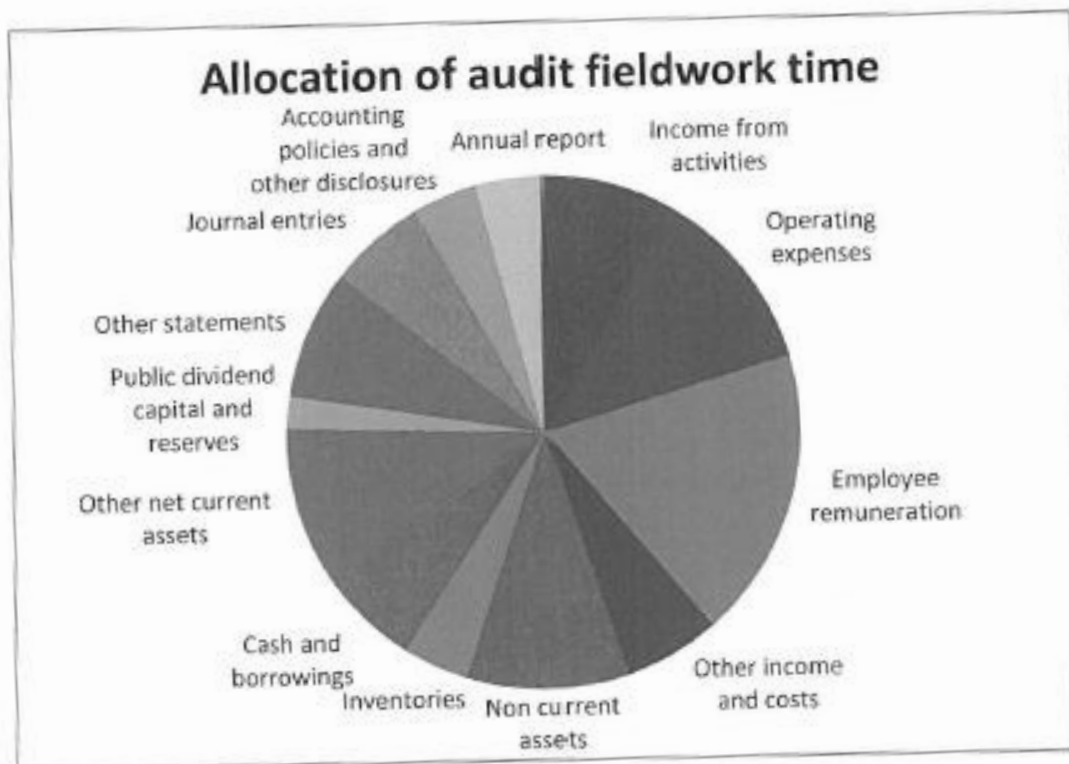
We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland) having regard to the Financial Reporting Council's Practice Note 10 'Audit of Financial Statements of Public Bodies in the UK (Revised)'. Our responsibilities under the Code and the ISAs (UK and Ireland) are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained from our audit is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Group's business and is risk based. The Trust changed its outsourced its payroll services provider during the year. For the period 1 April 2014 to 31 October 2014 it continued with its existing provider and moved to an alternative provider for the remainder of the financial year. Accordingly, our audit work was focused on obtaining an understanding of, and evaluating, relevant internal controls at the Group and its third party service providers.

In order to gain appropriate audit coverage of the risks described above and of the Trust's charity, we carried out a review of the charity consolidation and income and expenditure as part of our audit on the Group financial statements.

We undertook substantive testing on significant transactions, balances and disclosures in the Group financial statements, the extent of which was based on various factors such as our overall assessment of the Group's control environment, the design effectiveness of controls over significant financial systems and the management of risks.



Other reporting required by regulations

Our opinion on other matters prescribed by the Audit Code for NHS Foundation Trusts is unmodified

In our opinion:

- the part of the Directors' Remuneration Report subject to audit has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2014-15 issued by Monitor; and
- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Code we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual or is misleading or

- inconsistent with the information of which we are aware from our audit;
- we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or
- the Trust's Quality Report has not been prepared in line with the requirements set out in Monitor's published guidance or is inconsistent with other sources of evidence.

Under the ISAs (UK and Ireland), we are also required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

Responsibilities for the financial statements and the audit

What an audit of financial statements involves:

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

What the Chief Executive is responsible for as accounting officer:

As explained more fully in the Chief Executive's Responsibilities Statement, the Chief Executive as Accounting Officer is responsible for the preparation of the financial

statements in the form and on the basis set out in the Accounts Direction issued by Monitor and for being satisfied that they give a true and fair view.

What are we responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Audit Code for NHS Foundation Trusts issued by Monitor, and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Certificate

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



Jackie Bellard

Director

for and on behalf of Grant Thornton UK LLP

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29 May 2015

