

# Annual Report and Accounts 2016/17



# Liverpool Heart and Chest Hospital NHS Foundation Trust

## Annual Report and Accounts **2016/17**

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





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## CHAIR AND CHIEF EXECUTIVE'S FOREWORD

Welcome to our annual report and accounts for 2016/17.

It has been a remarkable year at Liverpool Heart and Chest Hospital in which we were delighted to become the first specialist trust in the country to be rated 'Outstanding' by the Care Quality Commission (CQC). At the time of the announcement in September 2016, we were also the first trust in Cheshire and Merseyside and one of only eight trusts nationwide to be recognised as 'Outstanding'.

Following announced and unannounced inspection visits in April and May 2016, the CQC highlighted that:

- patients and their loved ones were treated with compassion and empathy by all staff across the hospital
- relatives felt that staff always treated their loved ones with dignity and respect and would always talk to the patient in a caring and compassionate way
- effective teamwork and clear leadership and communication, in services at a local level, were in place at the Trust
- staff were proud of the services they delivered and proud of the Trust
- the senior team led the Trust with a strong focus on service quality and positive patient experience
- there was a strong culture of person centred care for patients and their families, and staff strived to meet the needs of the patients and their loved ones.

The CQC inspection process was rigorous and rightly challenging. It was therefore hugely rewarding that the dedication and professionalism of every member of staff, who works to provide outstanding levels of patient and family centred care, was recognised nationally.

Our impressive achievements during 2016/17, in the midst of continuing financial, operational and strategic challenges faced by all NHS trusts, were highlighted further with the publication of the CQC National Inpatient Survey results in June 2016.

The national survey showed that patients rated LHCH as the best hospital in the country for the eighth time in 10 years. As well as being top in the country for 'overall patient experience', the findings showed that patients rated LHCH as the best trust in the country in a further five survey sections: doctors; nurses; care and treatment; the hospital and ward; waiting to get to a bed on a ward.

These impressive findings were followed by the publication of the NHS Staff Survey results in March 2017, which scored LHCH as the best hospital in the country to work or receive treatment. The survey showed that 95% of staff recommended LHCH as a place to receive treatment – more than any other hospital and the highest score in the country.

This year we have continued working closely with our commissioners and other stakeholders in the wider health economy, especially with the ongoing NHS Five Year Forward View.

Much work has been undertaken during 2016/17 to consider the future provision of services and how Cheshire and Merseyside responds to the financial challenges facing health and social care. Liverpool Heart and Chest Hospital is playing a proactive role in these discussions and is leading a work stream on cardiovascular disease across Cheshire and Merseyside, and considering ways to deliver clinically-led improvements to patient care.

Whilst concerns about NHS finances remain, here at Liverpool Heart and Chest Hospital we were pleased to be able to invest in our services and the hospital environment during the year.

In November 2016, we welcomed Professor Ray Donnelly MBE, Founder of Roy Castle Lung Cancer Foundation and former Cardiothoracic Surgeon, to officially open our new Main Entrance and refurbished Outpatients Department. Our Main Entrance now provides a true focal point for visitors, with a fully staffed reception 24 hours a day, seven days a week. The Outpatients Department benefits from a more spacious, modern and comfortable waiting area for patients and families, with an automated self check-in system and a brand new café facility, generously funded by our LHCH Charity.

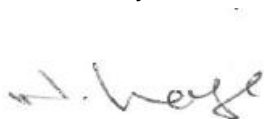
Looking ahead, we are excited to be making significant improvements to the quality of accommodation and the facilities that we provide for our patients on Maple Suite, and we are also pleased to be starting a programme of work to upgrade our theatres and catheter laboratories.

Since our last Annual Report, the Board of Directors was delighted to welcome Claire Wilson as our new Chief Finance Officer in June 2016 and was also pleased that our Medical Director, Dr Raphael Perry, took on the role of Deputy Chief Executive, following the departure of David Jago.

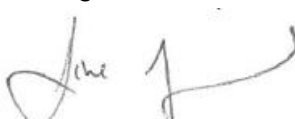
We must also acknowledge, once again, the contribution of our members and the invaluable support of our Governors who give their time voluntarily to raise awareness of the work of the hospital in their constituencies and assist the Board of Directors on a range of issues.

Finally we would like to place on record our sincere thanks to all our volunteers without whom the hospital would not be the same place.

We have no doubt that many more challenges lie ahead in 2017/18. However we are equally confident that each one of these challenges will be fully met by our 'Outstanding' team at Liverpool Heart and Chest Hospital, as we retain our focus on delivering exceptional patient and family centred care, and adding value to our services wherever possible.



**Neil Large**  
Chairman, MBE



**Jane Tomkinson**  
Chief Executive, OBE

## KEY ACHIEVEMENTS IN 2016/17

- LHCH was the first specialist trust nationally to be awarded an 'Outstanding' rating by the Care Quality Commission.
- For the eighth time in 10 years, patients rated LHCH as the best hospital in the country for 'overall patient care' in the Care Quality Commission's National Inpatient Survey.
- The National NHS Staff Survey 2016 scored LHCH as the best hospital to work and receive treatment.
- The Trust's Knowsley Multidisciplinary Community Cardiovascular Disease and Respiratory Services were named winners at the North West Coast Research & Innovation Awards 2017 in the Priority Award category.
- Neil Large, Chairman of LHCH, was awarded an MBE in The Queen's New Year's Honours List.
- Professor Rod Stables, Consultant Cardiologist, was awarded the post of honorary chair from the University of Liverpool and was also appointed as chair of the British Cardiovascular Society Academic and Research Committee
- LHCH formally opened its brand new Main Entrance along with its redeveloped Outpatients Department.
- LHCH was a shortlisted finalist at the Nursing Times Awards 2016.
- The Trust continues its registration with the independent health regulator, the Care Quality Commission without any conditions.
- All minimum standards of care met or exceeded as defined by the Department of Health.
- All financial and operational targets for 2016/17 were delivered at 31<sup>st</sup> March 2017.

# PART 1: PERFORMANCE REPORT

*This report is prepared in accordance with:*

- *sections 414A, 414C and 414D<sub>5</sub> 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 NHS Improvement under the National Health Service Act 2006.*

## 1.1 Overview

Liverpool Heart and Chest Hospital 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 – leading and delivering outstanding heart and chest care and research.*

### **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.

Liverpool Heart and Chest Hospital is one of the largest single site specialist heart and chest hospitals 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 2016/17, it treated:**

- 2,245 cardiac surgery inpatients
- 8,958 cardiology inpatients
- 451 respiratory inpatients
- 1,300 thoracic surgery inpatients
- 637 other inpatients (including cystic fibrosis)
- 68,918 hospital outpatients

As at 31<sup>st</sup> March 2017, the Trust employed 1,599 staff of whom 424 were male and 1,175 were female. There were also 29 senior managers, of whom 12 were male and 17 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’, is underpinned by five strategic objective themes:

- **Quality and Patient Experience**
- **Enhancing Service Delivery, Research & Innovation**
- **Financial Sustainability and Value for Money**
- **Workforce** - the Best NHS Employer with a highly motivated, skilled and effective workforce
- **Partnerships** – developing partnership and collaborative working through health system leadership

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

The Trust operates in a challenging financial environment and continues to strive to develop a portfolio of services that are clinically and financially sustainable. 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 estates infrastructure and medical equipment.

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 streamline patient pathways.

## 1.2 Performance Analysis

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. The Trust's core services are cardiology and chest medicine, cardiac and thoracic surgery and the provision of community-based care services for chronic long term conditions.

The total annual operating revenue for the Trust in 2016/17 was £128.55m - an increase of 4.6% from 2015/16.

The total income was derived from a number of key contracts: £74.8m from NHS England Cheshire, Warrington and Wirral Area Team for Tertiary Care activity; £14.6m from the Welsh Health Specialised Services Committee; £16.7m from North West Clinical Commissioning Groups for Secondary Care activity; £3.6m from community contracts; £3.4m from Private Patient work; £3.4m for the Isle of Man contract; £2.8m for Clinical Education and Training and £1.4m in support of Research and Development activities.

The table below demonstrates the movement in patient activity numbers since 2011/12.

Activity	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	5 year Growth
Surgery Inpatients	3,356	3,728	3,724	3,709	3,653	3,591	5%
Medicine Inpatients	9,186	9,233	8,976	8,986	9,317	9,409	-1%
Outpatients	64,226	63,968	65,758	73,029	72,711	68,918	7%

As at March 31<sup>st</sup> 2017, the Trust was compliant with all of the NHS Improvement performance targets for 18 weeks, cancer, waiting times and diagnostic waiting times.

The Trust failed to meet the 18 week referral to treatment (RTT) and cancer 62 days target in April 2016, but this did not impact on the NHS Improvement governance risk rating.

Performance against the Welsh 26 week targets was below plan and actions to improve performance have been shared with the Trust's commissioning colleagues in Wales.

### Analysis of 2016/17 Financial Performance

The Trust's financial plans for 2016/17 required the delivery of a deficit of £0.927m in line with its externally set 'Control Total' agreed with NHS Improvement. The Trust delivered a normalised deficit (excluding the impact of impairments) of £0.392m, which was £0.535k better than plan. This position included delivery of a £2.5m Cost Improvement Plan and was after receiving £2.98m of Strategic and Transformation Funding (STF).

Overall financial performance for the year is summarised in the table below.

Financial Performance	2016/17	2016/17	
	Plan	Actual	Variance
	£000's	£000's	£000's
<b>Operating Revenue</b>	<b>128,057</b>	<b>128,553</b>	496
<b>Expenses</b>			
<b>Employee Expenses</b>	<b>(70,931)</b>	<b>(70,374)</b>	512
<b>Direct non-pay expenses</b>	<b>(43,107)</b>	<b>(44,222)</b>	(1,115)
<b>Overheads</b>	<b>(7,679)</b>	<b>(7,618)</b>	61
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,340	6,339	(46)
Net financing expenses	(7,267)	(5,157)	2,110
Net surplus/(deficit)	(927)	1,182	2,109
Exception Items (included above)		(1,575)	(1,575)
Trust Normalised surplus/(deficit)	(927)	(392)	535

*\*Exceptional items include in the main an impairment reversal of £1,573.*

The Trust's revenue at £128.55m is a £0.496m increase against the planned income for 2016/17. The main elements of this include the following:

- An additional £0.528m of STF funding from NHS Improvement notified in April 2017.
- The tertiary contract with NHS England under-performed by £572k (1%) in total. This mainly related to an underperformance of £1.7m on Critical Care and £1m on Outpatients and an over-performance on high cost drugs and devices of £1.3m.
- The secondary care contracts over performed by £0.636m of which £0.270m related to Outpatient activity.
- Private patient income was below plan by £0.162m (5%).
- Non patient related income was above plan by £0.250m (3%) materially driven by Service Level Agreements with other Trusts.

## Costs and Productivity

The Trust's total costs in 2016/17 were £124.0m. After normalising for the impact of impairment of £1.6m, costs were above plan by £1.7m.

Pay costs were £0.5m (0.7%) above plan which was largely driven by under-performance on Cost Improvement Schemes. However, within this, agency costs were significantly lower than the previous year following a planned and focussed drive to reduce the Trust's reliance on premium staffing rates (agency costs were £1.595m in 2017/18 compared to £3.320m in 2015/16).

Direct non pay costs were above plan by £1.1m (2.5%). This largely relates to clinical supplies, within which one of the key drivers of the position is in relation to high cost devices including AICD's and TAVI's £0.8m.



The Trust had a Cost Improvement Programme target (CIP) of £3.7m or 2.9% of its planned operating expenditure over the period. The actual deliver against this target is set out in the table below:

Cost Improvement Programme performance by cost category	Plan	Actual	Variance
	£000's	£000's	£000's
Revenue generation	305	318	13
Employee expenses	1,359	718	-718
Non Pay expenses	2,056	1,470	-1,470
<b>Total Cost Improvement Programme</b>	<b>3,720</b>	<b>2,506</b>	<b>-1,214</b>

The underperformance on the CIP programme was partially offset in year through non-recurrent savings totalling £958k.

Key enabling strategies that produced 2016/17 cost savings included procurement practices and staffing skill mix reviews.

CIP schemes are identified by Trust Divisions and are subject to review via the Trust Senior Management Team, overseen by the Business Transformation Steering Group, reporting to the Operations Board and providing assurance through the Integrated Performance Committee. Quality Impact Assessments are undertaken on all CIP schemes above a de minimus value and are reviewed through the Quality Committee to ensure that schemes are not agreed which will 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.

The Trust is an active member of the Cheshire and Merseyside Strategic Transformation Plan and is working with partners to identify and develop transformation plans to meet the collective financial challenges of the next 4 years. Many of our efficiency schemes in 2017/18 and beyond will be focussed on pathway redesign over this wider planning footprint.

### Capital Investments and Cash Flow

During the 2016/17 financial year, the total capital investment in improving the hospital facilities was £5.95m. The main investments included:

- The purchase of medical equipment (£0.77m).
- Estates infrastructure costs (£1.32m) includes refurbishment of Maple Suite bathrooms, additional beds in Critical Care, refurbishment of Theatres, Elm ward roof repairs and other Estates infrastructure schemes.
- IT investment and network upgrades of (£1.03m).
- Replacement of the bedside monitoring system (£0.87m).
- The Trust's main entrance development (£0.83m).

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

2016/17 Capital Programme Summary	Plan £000's	Actual £000's	Variance £000's
Medical Equipment	1065	770	-295
Estates Infrastructure	1454	1323	-131
IT Infrastructure	1300	1032	-268
Bedside Monitoring Equipment	500	873	373
Outpatients	301	317	16
Front Entrance	940	828	-112
Donated Additions	100	87	-13
Community Accommodation		253	253
Contingency	301	471	170
<b>Total</b>	<b>5961</b>	<b>5954</b>	<b>-7</b>

After funding the capital programme outlined above, the Trust had a closing cash balance of £4.9m as at 31<sup>st</sup> March 2017. The Trust's cash position was £1.349m below plan and reflects unfavourable 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 Trust has undertaken a new finance lease during the year relating to IT network equipment at a capital value of £0.845m. The total amount of lease obligations remaining as at 31st March 2017 is £1.047m.

In addition to this a loan for £0.03m was entered into with Salix Finance Limited (a not-for-profit organisation which provides interest-free loans for energy saving projects and funded by the Department for Energy and Climate Change) for the purchase energy efficient fuel burner management units.

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 £18k of interest.

## 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.

Performance against the Better Payment Practice Code has improved in 2016 /17 for non-NHS suppliers. For NHS invoices, there has been a slight deterioration in the number of NHS invoices paid within target but an improvement in the overall amount paid within target.

Better Payment Practice Code – measure of compliance	Number	£000's
Total Non-NHS trade invoices paid in the period	28,174	72,712
Total Non-NHS trade invoices paid in within target	27,280	69,944
Percentage of Non-NHS trade invoices paid within target	<b>96.8%</b>	<b>96.2%</b>
Total NHS trade invoices paid in the period	1,157	11,607
Total NHS trade invoices paid within the target	684	10,198
Percentage of NHS trade payables paid within target	<b>59.1%</b>	<b>87.9%</b>

### Treasury Management

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. The Trust's treasury management activity is subject to review by 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; 97% of which are of leased assets. These 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 31<sup>st</sup> March 2017 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 CCGs 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.

### Going Concern

After making enquiries, the Board of Directors has a reasonable expectation that the NHS foundation trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trust continues to adopt the going concern basis in preparing the accounts.

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.

## 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 an executive lead for all environmental issues and continues to implement a number of low energy projects 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.

## Conclusion

The Trust has met its externally set financial targets for the year with the achievement of a deficit of £392k against its planned deficit of £927k (£535k better than plan).

Plans for 2017/18 have been set which aim to build upon this year's strong financial performance. The Trust welcomes the introduction of a new National Tariff from 1 April 2017 (HRG4+) which now more accurately reflects the real costs of delivering complex Cardiac surgery. This, together with the progress being made on our efficiency programme, means the Trust is well placed to continue to rise to the financial challenges ahead.



**Jane Tomkinson**

Chief Executive

30<sup>th</sup> May 2017

## PART 2: ACCOUNTABILITY REPORT

This report is prepared in accordance with:

- Sections 415, 4165 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 NHS Improvement

### 2.1 Directors’ 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 NHS Improvement, 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 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017, the following were members of the Trust's Board of Directors:

Name / Profile Overview	Title	Notes
<b>Neil Large</b> <i>Qualified accountant and diverse NHS career spanning 40 years.</i>	<b>Chairman</b>	Also Non-Executive Director at Christie Hospital NHS FT
<b>David Bricknell</b> <i>Master in Research and PhD in strategic decision making with a career as a lawyer in industry.</i>	<b>Deputy Chair / Non-Executive Director / Senior Independent Director</b>	
<b>Lawrence Cotter</b> <i>Consultant Cardiologist and Honorary Professor of Medical Education at University of Manchester.</i>	<b>Non –Executive Director</b>	
<b>Marion Savill</b> <i>Business investor and Board level strategic advisor.</i>	<b>Non-Executive Director</b>	
<b>Mark Jones</b> <i>Senior executive with international career in pharmaceutical industry.</i>	<b>Non-Executive Director</b>	
<b>Julian Farmer</b> <i>Qualified accountant with senior level experience as an auditor within the health and local government sectors.</i>	<b>Non-Executive Director / Chair of Audit Committee</b>	
<b>Jane Tomkinson</b> <i>Qualified accountant and former Director of Finance positions– NHS England and Countess of Chester NHS Foundation Trust.</i>	<b>Chief Executive</b>	
<b>David Jago</b> <i>BA Hons, CPFA. Previous Director and Deputy Director of Finance roles in Tameside, University Hospital of South Manchester and Conwy &amp; Denbighshire.</i>	<b>Chief Finance Officer / Deputy Chief Executive</b>	Served until 31 <sup>st</sup> May 2016
<b>Claire Wilson</b> <i>Previously Chief Finance Officer at NHS Bury Clinical Commissioning Group with more than 20 years' finance experience</i>	<b>Chief Finance Officer</b>	Took up post on 1 <sup>st</sup> June 2016
<b>Dr Raphael Perry</b> <i>Consultant Interventional Cardiologist of national standing.</i>	<b>Medical Director/Deputy Chief Executive</b>	Appointed Deputy Chief Executive with effect from 2 <sup>nd</sup> August 2016
<b>Sue Pemberton</b> <i>BSc Hons, Diploma in Professional Nursing Practice; previous nurse leadership roles at LHCH and Salford Royal NHSFT.</i>	<b>Director of Nursing and Quality</b>	
<b>Debbie Herring</b> <i>Formerly Director of HR and OD at Aintree Hospital NHSFT with previous leadership roles within the NHS, local government and civil service.</i>	<b>Director of Strategy and Organisational Development</b>	Served until January 8 <sup>th</sup> 2017
<b>Tony Wilding</b> <i>Senior level experience at University Hospital of North Staffordshire prior to joining LHCH</i>	<b>Director of Strategic Partnerships &amp; Chief Operating Officer</b>	Executive Director status wef 9 <sup>th</sup> January 2017

## How the Board Operates

Throughout 2016/17 the Board comprised the Chairman, Chief Executive, five independent Non-Executive Directors (one of whom is designated Senior Independent Director) and five Executive Directors. The Board is supported by three additional non-voting directors – the Director of Research and Informatics, Director of Corporate Affairs (also the Company Secretary) and with effect from 9<sup>th</sup> January 2017 the Director of Human Resources (secondment from Mersey Care NHS Foundation Trust). Up until 9<sup>th</sup> January 2017, the Chief Operating Officer was an Associate Director role.

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 31<sup>st</sup> March 2017, 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. 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 seven 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 in place 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 (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 NHS Improvement'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.

Non-Executive Directors are normally appointed for 3 year terms subject to continued satisfactory performance. After serving two three year terms (6 years in total), careful consideration is given to any further re-appointment in the context of independence and objectivity. Any re-appointment beyond 6 years is on an annual basis and governors must be satisfied that exceptional needs of the Trust (e.g. to maintain continuity of leadership) outweigh any risk around maintaining independence. It is for the Council of Governors to determine the termination of any Non-Executive Director appointment.

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.



## Board Meetings and Attendance

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

Director	25 <sup>th</sup> April 2016	26 <sup>th</sup> May 2016	26 <sup>th</sup> July 2016	27 <sup>th</sup> Sept 2016	20 <sup>th</sup> Oct 2016	13 <sup>th</sup> Dec 2016	31 <sup>st</sup> Jan 2017	28 <sup>th</sup> March 2017
<b>Chairman</b>								
Neil Large	✓	✓	✓	✓	✓	✓	✓	✓
<b>Chief Executive</b>								
Jane Tomkinson	✓	✓	✓	✓	✓	✓	✓	✓
<b>Non-Executive Directors</b>								
David Bricknell	✓	✓	✓	✓	✓	✓	x	✓
Marion Savill	✓	✓	✓	✓	✓	✓	✓	✓
Lawrence Cotter	✓	x	x	x	✓	x	✓	✓
Mark Jones	✓	✓	✓	✓	✓	✓	✓	✓
Julian Farmer	✓	✓	✓	✓	✓	✓	✓	✓
<b>Executive Directors</b>								
David Jago	✓	✓						
Sue Pemberton	✓	✓	x	✓	✓	✓	✓	✓
Debbie Herring	✓	x	✓	✓	✓	✓		
Raphael Perry	✓	✓	✓	✓	✓	✓	✓	x
Claire Wilson			✓	✓	✓	✓	✓	✓
Tony Wilding							✓	✓

## Evaluation of Board and Committees

Each Board Committee has undertaken a review of its effectiveness in delivering its terms of reference and these reports are reviewed by the Audit Committee before being reported to the Board. Board members have evaluated the performance and conduct of the Board at the end of each Board meeting and an annual evaluation report completed. During 2016/17 the Trust commissioned an independent review against NHS Improvement's 'Well-Led' Framework, which informed the evaluation process. The review concluded that the organisation is 'well led' with examples of outstanding practice. There were no significant findings and an action plan has been put in place to address key areas for further development.

The Board designated three full days during the year to work on strategic planning and development and a half day for joint planning work with the Council of Governors.

All Directors received an individual appraisal in 2016/17. 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 have opportunity 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 constituency 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 potential conflicts and where such conflicts are material, consider how these are to be managed. A copy of either Register of Interests is available on request by writing to the Company Secretary:

Director of Corporate Affairs  
Executive Office  
Liverpool Heart and Chest Hospital NHS Foundation trust  
Thomas Drive  
Liverpool Heart and Chest Hospital  
L14 3PE

## Board Committees

The Board has three statutory committees.

1. Audit Committee
2. Charitable Funds Committee
3. Nominations and Remuneration Committees (Executive Directors)

There are three additional assurance committees.

- Quality Committee
- Integrated Performance Committee
- People 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 below along with reports on the Nominations and Remuneration Committee (Executives) and Nominations and Remuneration Committee (Non-Executives).

## Statutory Committees

### 1. Audit Committee

The Audit Committee is a committee of the Non-Executive Directors (excluding the Chairman) and is chaired by Julian Farmer.

The Committee met on five occasions during 2016/17.

Member	5 <sup>th</sup> April 2016	26 <sup>th</sup> May 2016	18 <sup>th</sup> July 2016	10 <sup>th</sup> Jan 2017	20 <sup>th</sup> March 2017
Julian Farmer	✓	✓	✓	✓	✓
David Bricknell	✓	✓	✓	✓	✓
Marion Savill	✓	✓	x	✓	✓
Lawrence Cotter	x	x	✓	✓	✓
Mark Jones	✓	✓	✓	✓	✓

### Role of the Audit Committee

The Audit Committee critically reviews the governance and assurance processes upon which the Board of Directors places reliance. All five Non-Executive Directors are members of the Audit Committee, reflecting the importance that the Board places on the Audit Committee to enable effective Non Executive challenge, including triangulation of the work of the Board's Assurance Committees (Quality, Integrated Performance and People Committees) across all aspects of the Trust's business.

The work of the Audit Committee in 2016/17 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 anti-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 anti-fraud work plans, with provision to meet contingency requirements.

### Principal Review Areas in 2016/17

The narrative below sets out the principal areas of review and significant issues considered by the Audit Committee during 2016/17 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 2016/17 and other appropriate independent assurance together with the Head of Internal Audit Opinion, external audit opinion and considers that the 2016/17 Annual Governance Statement is consistent with the Committee's view on the Trust's system of internal control.

The Trust has continued to further embed the risk management systems in place during 2016/17. The DATIX system has been implemented during the year, which has led to improved incident reporting and integration of incidents, claims, complaints and risk

management. The Committee reviewed the risk management KPIs in July 2016 and January 2017.

The Committee received annual reports from each assurance committee of the Board of Directors during 2016/17 and used these to test the effectiveness of the Assurance Committees and confirm its satisfaction that the assurance mechanisms are fit for purpose in terms of discharging the responsibilities delegated by the Board of Directors. Other risk priority areas identified by the Committee for review included private patients (limited assurance), combined financial systems (significant assurance), ward review (significant assurance), data quality strategy review (significant assurance), CDMS regulations (2015) review (significant assurance), payroll review (significant), together with a review of the Corporate Governance Statement 2016 and corporate governance manual. Other ongoing reviews include CIP, IG Toolkit and E-Rostering.

Where limited assurance was received the committee deliberated the report in full with follow up audits/review of action plans.

- ***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 in order to gain assurance that appropriate management action has been implemented. The latest follow up report received by the committee in January 2017, noted a degree of progress with 15 out of 36 recommendations implemented. Given the slower rate of implementation of the actions, the Committee tasked management to escalate to relevant Executive leads in order to bring an updated position to the next Audit Committee.

The Committee has considered the major findings of internal audit and where appropriate has sought management assurance that remedial action has been taken. 'Limited assurance' was assigned to one review, the private patient review, in 2016/17. On this occasion, the Committee requested sight of the full report including management response and attendance at the meeting by the executive lead. This has continued to strengthen the Committee's response to major audit findings in 2016/17 and has ensured that any control weaknesses are understood by the Audit committee and are quickly addressed.

The Committee reviewed and approved the internal audit plan and detailed programme of work for 2016/17 at its April 2016 meeting. This included a range of key risks identified through discussion with Management and Executives and review of the Trust's Board Assurance Framework. Reviews were identified across a range of areas, including combined financial systems, IM&T, Performance, Clinical Quality, Workforce, Governance and Risk.

Mersey Internal Audit Agency (MIAA) has supported the non-executive directors over the year through the provision of networking events, policy advice, and Insight updates. MIAA routinely reviews the papers received by the Board of Directors and minutes of Board meetings to pick up on areas of potential risk for inclusion in the audit programme.

- ***Anti- Fraud***

The Committee reviewed and approved the anti-fraud work plan for 2016/17 at its April 2016 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 regularly reviewed updates on proactive anti-fraud work noting 3 investigations, all of which are now closed.

- ***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 £56,500 (excluding VAT).

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 2016/17, the auditor has not been engaged in any non-audit activity.

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. An extension to this appointment for a further period of two years up to September 2017 was approved by the Council of Governors following recommendation from the Audit Committee. A market testing exercise commenced in 2016/17 to secure the appointment of an external auditor with effect from October 2017 to undertake the 2017/18 statutory 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 consultant job planning, private patients, data security and threat and vulnerability management, together with a review of the clinical audit plan, a review of NICE guidance and a review of risk management KPIs.

- ***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***

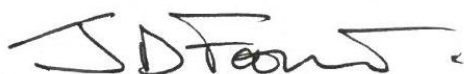
The Committee has routinely received reports on Losses and Special Payments and Single Source Tender Waivers.

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

The Committee has reviewed the effectiveness of the Board's Assurance Committees. Members of the Committee have met privately with the internal and external auditors, without the presence of any Trust officer.

- ***Review of Audit Committee Effectiveness***

Last year, the Audit Committee undertook its annual self-assessment via a facilitated workshop session by MIAA on the 9<sup>th</sup> February 2016 and subsequently produced a report and action plan. This year, as the Trust was independently assessed under the 'Well Led' Framework, which included a review of the Audit Committee, no further assessment was undertaken. Instead, the Audit Committee in January 2017 completed a review of the actions identified from the February 2016 review and was satisfied that these had been addressed. The Well Led Review concluded that the Trust is well led and there were no significant findings. Any areas identified for development in relation to the Audit Committee will be considered in early 2017/18.



**Julian Farmer**

Chair of Audit Committee

30<sup>th</sup> May 2017

## 2. Charitable Funds Committee

Liverpool Heart and Chest Hospital Charity (LHCH Charity) exists to support the work of the hospital in all its endeavours - whether that is ensuring it has the latest and best equipment, additional amenities for patients, their families and/or staff and to support the Trust's researchers in their work to find tomorrow's cures today.

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 and Chest Hospital NHS Foundation Trust."*

LHCH Charity is an umbrella charity, which means that a number of funds exist underneath one charity registration number. Its governance is overseen by the Charitable Funds Committee comprising a non-executive chair, two further non-executive directors, Chief Executive, and Chief Finance Officer. The Committee is responsible for the effective management of LHCH Charity and reports regularly to the Trust's Board of Directors which is the Corporate Trustee of the Charity (LHCH Charitable Fund N° 1052813).

During 2016/17 LHCH Charity has continued to build on its work from the previous year to increase awareness of the charity amongst staff, patients and visitors to LHCH. It has endeavoured to learn more about its donors by increased use of its donor database and has started regular communication with donors through a twice yearly newsletter and, for those who subscribe, a monthly e-newsletter.

This has helped to significantly increase donations during the year, enabling LHCH Charity to do more than ever to support the hospital. Work undertaken during the past 12 months has included the complete refurbishment of the garden situated alongside the Critical Care Unit, providing a haven of peace and tranquillity for patients and families who are often experiencing some of the most difficult times of their lives. Additional funds for the Trust's research unit have been provided, enabling more trials to be undertaken to the benefit of patients. LHCH Charity also provided the funds to enable the construction of a new coffee bar in the Outpatients Department, allowing those who have often travelled great distances to access specialist services, a place to have a hot drink and a snack in comfortable and welcoming surroundings.

None of this could have been achieved without the generosity of those who support LHCH Charity and their valuable support has once again been greatly appreciated.

The LHCH Charity website can be viewed at [www.lhchcharity.org.uk](http://www.lhchcharity.org.uk)

## 3. Nominations and Remuneration Committees

The Trust has in place two Nominations and Remuneration Committees – one deals 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 three occasions and made the following recommendations to the Council of Governors:

- i) The award of a 1% inflationary uplift to Non-Executive Director remuneration in 2016/17, in line with the national pay award to all staff.  
Approved by Council of Governors 13<sup>th</sup> June 2016.
- ii) Following review of the Board succession plan and consideration of the requirements of the Code of Governance, the balance of skills, diversity and independence; the skills and experience required to support future organisational strategy and challenges; and individual contribution; the re-appointment of the following Non-Executive Directors whose tenures were nearing completion:
  - David Bricknell re-appointed for one year until 28.2.18
  - Marion Savill re-appointed for two years until 30.4.19
  - Lawrence Cotter re-appointed for two years until 31.5.19
 Approved by Council of Governors 5<sup>th</sup> December 16.
- iii) Following the resignation of Lawrence Cotter and further review of the succession plan in relation to the Chairman's tenure and Mark Jones' tenure:
  - The re-appointment of Mark Jones for a further 3 year term until 1.2.20
  - The re-appointment of Neil Large for a further 12 month term ending in October 2018
  - Commencement of recruitment campaign for two new Non-Executive Directors to succeed Lawrence Cotter (from 1.6.17) and David Bricknell (from 1.3.18)
 Approved by Council of Governors 6<sup>th</sup> March 2017.

## **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 three occasions in 2016/17 and conducted the following business:

- i) Review of annual appraisals (2015/16) and objective setting (2016/17) for the Chief Executive and each member of the executive team;
- ii) Consideration of executive team succession plan and balance of skills;
- iii) Approval of the 'retire and return' of Dr R Perry, Medical Director;
- iv) Approval of release date for Debbie Herring following her resignation from the position of Director of Strategy and OD;
- v) Review of Executive Team structure and portfolios with Tony Wilding taking on an executive director position as Director of Strategic Partnerships and Chief Operating Officer; Claire Wilson taking on responsibility for operational planning and agreement of a 6 month secondment for Jo Twist from Mersey Care NHS

Foundation Trust to lead workforce and explore opportunities for a more structured partnership in the longer term for the provision of HR services. A Memorandum of Understanding was agreed in support of this arrangement.

Attendance at Nominations and Remuneration Committee (Executive) in 2016/17:

Member	26 <sup>th</sup> July 2016	26 <sup>th</sup> September 2016	8 <sup>th</sup> November 2016
Neil Large (Chair)	✓	✓	✓
David Bricknell	✓	✓	✓
Marion Savill	✓	✓	✓
Lawrence Cotter	x	x	✓
Mark Jones	✓	✓	✓
Julian Farmer	✓	✓	✓
Jane Tomkinson	✓	✓	✓

## Assurance Committees

- **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 financial and operational performance and its operations in relation to compliance with the licence, regulatory requirements and statutory obligations. It is a Non-Executive Committee.

- **People Committee**

The People Committee is established as an Assurance Committee of the Board of Directors in order to provide the Board with assurance in respect of workforce governance.

## Quality Governance

The Quality Governance Framework has now been superseded by NHS Improvement's 'Well Led Framework'.

The Board undertook a self-assessment against this framework in June 2015, with a further review and update in October 2015. The Trust's formal 'Well Led' review has recently been completed which demonstrated that the Trust is well led.

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 are performance indicators for quality with robust action plans identified by the triumvirate teams in each division, to address any shortfalls for the areas identified. These actions are monitored by the Quality Patient and Family Experience Committee quarterly and 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 continues on its journey in being an open, honest and transparent organisation that encourages a shared decision making approach.

### Care Quality Commission

LHCH was recognised in 2016 as being outstanding overall by the Care Quality Commission following their assessment in April 2016. No restrictions were identified with ratings from the CQC assessments as:

CQC rating for Liverpool Heart and Chest Hospital		
Safe		Good
Effective		Good
Caring		Outstanding
Responsive		Outstanding
Well Led		Outstanding
Overall		Outstanding

The Trust continues to develop its patient and family centred care approach to truly involve families and carers in care. Its care partner programme continues to be offered to all families and carers of inpatients. This provides an opportunity for patients and families to be involved in care if they wish and the Trust has an open visiting policy welcoming families and carers to be with their loved ones at times that are most convenient to them.

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 which is in its third and final year. The focus for the Trust has been to increase incident reporting and the development of a reliable care bundle to improve documentation of care.
- **Culture Survey:** A Trust-wide culture survey was previously undertaken in 2014, 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 continues its journey alongside clinical and non-clinical teams to understand and work with them in setting

improvement priorities. In order to understand where improvements have been achieved and the where the continued focus on improving the safety culture should lie; the culture survey is to be repeated in April/May of 2017.

- **Speak out Safely:** The Trust signed up to the Nursing Times campaign in 2014 and has implemented confidential ways in which its staff can speak out. The Trust has also initiated the Freedom to Speak up Guardian and has implemented Staff Guardians in many areas across the organisation. This has been extended to include our patients and their families. Patients and families are encouraged to escalate their concerns when they are concerned about care provision.
- **Safety Huddle:** The Trust is in its third year of implementation of a daily safety huddle where staff from across the organisation are encouraged to attend and raise potential safety issues that could affect their daily working. This has grown over 2016/17 and staff feel empowered to speak out when they have safety issues. The HALT initiative was launched in February 2016 and staff have been supported to use this to prevent patient safety incidents occurring. Halt is used by all staff within wards and departments and they are encouraged to do so by the Executive Team.

### Implementing Learning from External Reviews

Within the Trust's Quality Strategy, actions have been identified by the divisional teams that need to be taken forward to ensure progress is made against all elements of the agreed quality initiatives. 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.

Personalised information that informs the MDT teams of the most important things that matter to patients are being developed in 2017 namely 'This is what matters to me boards' for all inpatients.

- Staffing levels are displayed inside each ward area.
- The Trust carries out mortality reviews on all patient deaths – a review is carried out by an identified doctor and a nurse, and discussion takes place by the Multi-professional teams to identify learning and changes required to practice.
- 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 actively supports and encourages families and carers to assist the healthcare teams in the delivery of care to our patients. 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 2017/18.

**Friends and Family Test** – the test has been implemented in Outpatient Department, day cases, community, outpatients 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 Holly Suite.

**NHS Safety Thermometer** – data collection targets being met together with significant reductions in pressure ulcer prevalence in 2016/17. Ward teams continue to prevent avoidable pressure ulcers by early detection and specialist advice.

**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.

**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. The Discharge Lounge provides a comfortable and relaxing environment for patients whilst waiting to leave hospital. The Trust's support for this environment has been pivotal in improving patient flow, allowing the right patient to be in the right bed at the right time.

**Quality Dashboards** – developed to improve quality indicators.

## Patient and Family Experience

### Shadowing

Shadowing has been implemented across the Trust since April 2012 and to date 442 staff have been trained with more than 200 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 patient and family 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, as follows:

- **Positive themes**  
*"The environment on Holly Suite is amazing; I could even make myself a cup of tea."*
- **Negative themes**  
*"There is far too much paperwork on discharge home; it's all a bit confusing."*

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

The Trust has invested in ensuring our patients' environment is conducive to their individual needs within our Post-Operative Critical Care Unit (POCCU). Our families have a relaxed spacious area where they can receive refreshments, including confidential comfortable areas when discussions are needed with our clinical teams.

A new ward area for our cystic fibrosis patients was designed with them to achieve the best in a modern purpose built unit to provide equipment for all their needs.

### **Patient and Family Experience Listening Events**

The aim of engaging with patients and families is to truly understand their experience and to highlight any improvements required. This then provides an opportunity to embed these improvements where applicable. The events are supported by representation from the Executive team, Non-Executives, Governors and clinical staff.

The Trust facilitated seven events this year, including a session specifically looking at discharge planning.

More than 150 patients and their families have attended this year's events in a wide variety of locations, including 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**

*"Could we have more clinics on the Isle of Man rather than having to travel?"*

*"Care is second to none."*

*"I was on Oak Ward and the staff were warm and kind. Most of all they had a sense of humour' that helped me get better quicker."*

### **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.

### **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, the Trust has:

- trained more than 1,000 staff and members of the local community in basic awareness of dementia via the dementia do friend's campaign
- signed up to the Local dementia Action Alliance working towards making Liverpool a dementia friendly community
- developed a dementia strategy implemented April 2015
- been working with Liverpool museum and more than 35 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**

The Trust has built on its Trust-wide culture survey undertaken in 2014, which resulted in a 68% response rate. 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 was progressed in 2016/17 by working closely with staff to improve the culture across the organisation.

A repeat safety culture survey is being undertaken during Spring/Summer 2017 to assess further areas for improvement with teams.

### **Mortality Review Group**

This group is a formal sub-group of the Patient and Family Experience Governance 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.



## **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 below in Part 2; Accountability Report (page 39).
- Details of future developments and strategic direction of the Trust can be found in Part 1; Performance Report (page 9).
- Trust policies on employment and training of disabled persons can be found in the Staff Report within the Accountability Report – Part 2 (page 45).
- Details of the Trust's approach to communications with its employees can be found in the Staff Report within the Accountability Report – Section 2 (page 45).
- 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.

### **Income Disclosures**

The Trust has met the requirement of Section 43 (2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012).

The income from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purpose.

## 2.2 Remuneration Report

Year ended 31 <sup>st</sup> March 2017						
Name	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 Officer	155 - 160	0	4,892	32.5 - 35	195 - 200
R Perry	Medical Director	180 - 185	0	0	0	180 - 185
D Jago	Deputy Chief Executive/Chief Finance Officer (to 31/05/16)	20 - 25	0	1,104	2.5 - 5	25 - 30
C Wilson	Chief Finance Officer (from 01/06/16)	90 - 95	0	0	37.5 - 40	130 - 135
S Pemberton	Director of Nursing	115 - 120	0	5,145	10 - 12.5	130 - 135
M Jackson	Director of Research and Information	90 - 95	0	0	17.5 - 20	105 - 110
D Herring	Executive Director of Strategy & Organisational Development (to 31/12/2016)	75 - 80	0	0	42.5 - 45	120 - 125
T Wilding	Chief Operating Officer	100 - 105	0	0	60 - 62.5	165 - 170
L Lavan	Associate Director of Corporate Affairs	85 - 90	0	333	17.5 - 20	100 - 105
J Twist	Director of Human Resources (From 03/01/2017)	15 - 20	0	0	7.5 - 10	25 - 30
P N Large	Chair	40 - 45	0	0	0	40 - 45
D Bricknell	Non-Executive Director	15 - 20	0	0	0	15 - 20
L Cotter	Non-Executive Director	10 - 15	0	0	0	10 - 15
M Savill	Non-Executive Director	10 - 15	0	0	0	10 - 15
M Jones	Non-Executive Director	10 - 15	0	0	0	10 - 15
J Farmer	Non-Executive Director	15 - 20	0	0	0	15 - 20

*D Jago ceased to be Deputy Chief Executive/Chief Finance Officer on 31/05/16*

*C Wilson took over as Chief Finance Officer on 01/06/16*

*D Herring ceased to be Executive Director of Strategy & Organisational Development on 31/12/16*

*J Twist joined the Trust as Director of Human Resources on secondment from Mersey Care NHS Foundation Trust on 03/01/17*

*70% of R Perry's salary is for his work as a Director. The other 30% relates to his medical role.*

Year ended 31 <sup>st</sup> March 2016						
Name	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 Officer	155 - 160		4,906	7.5 - 10	165 - 170
G Russell	Medical Director (to 30/06/15)	5 - 10	40 - 45	0		45 - 50
R Perry	Medical Director	145 - 150	0	0		145 - 150
D Jago	Deputy Chief Executive/Chief Finance Officer	125 - 130		7,329		130 - 135
S Pemberton	Director of Nursing	115 - 120		3,874	127.5 - 130	245 - 250
M Jackson	Director of Research and Information	85 - 90		0		85 - 90
D Herring	Executive Director of Strategy & Organisational Development	100 - 105		5,018		105 - 110
T Wilding	Chief Operating Officer	90 - 95		0		90 - 95
L Lavan	Associate Director of Corporate Affairs	80 - 85		4,763		85 - 90
P N Large	Chair	40 - 45		0		40 - 45
D Bricknell	Non-Executive Director	15 - 20		0		15 - 20
L Cotter	Non-Executive Director	10 - 15		0		10 - 15
M Savill	Non-Executive Director	10 - 15		0		10 - 15
M Jones	Non-Executive Director	10 - 15		0		10 - 15
K Morris	Non-Executive Director	0 - 5		0		0 - 5
J Tomkinson	Chief Executive Officer	155 - 160		4,906	7.5 - 10	165 - 170

*G Russell ceased as Medical Director on 30th June 2015  
R Perry commenced as Medical Director on 1st July 2015*

2016/17								
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 31st March 2017 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31st March 2017 (bands of £5,000)	Cash Equivalent Transfer Value at 31st March 2017	Cash Equivalent Transfer Value at 31st March 2016	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	5 - 7.5	60 - 65	185 - 190	1276	1159	117	0
D Jago - Deputy Chief Executive / Chief Finance Officer (Until 31/05/16)	0 - 2.5	0 - 2.5	40 - 45	125 - 130	800	751	8	0
Claire Wilson - Chief Finance Officer (From 01/06/16)	2.5 - 5	0 - 2.5	25 - 30	70 - 75	360	322	32	0
S Pemberton - Director of Nursing	0 - 2.5	2.5 - 5	35 - 40	110 - 115	675	634	41	0
M Jackson - Director of Research and Informatics	0 - 2.5	2.5 - 5	30 - 35	95 - 100	665	621	44	0
D Herring - Executive Director of Strategy and Organisational Development (to 31/12/2016)	0 - 2.5	5 - 7.5	30 - 35	100 - 105	628	569	59	0
T Wilding - Chief Operating Officer	2.5 - 5	2.5 - 5	15 - 20	40 - 45	288	235	53	0
L Lavan - Associate Director of Corporate Affairs	0 - 2.5	2.5 - 5	25 - 30	75 - 80	483	447	36	0
J Twist - Director of Human Resources (From 03/01/2017)	0 - 2.5	0 - 2.5	20 - 25	60 - 65	352	312	10	0

2015/16								
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 31st March 2016 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31st March 2016 (bands of £5,000)	Cash Equivalent Transfer Value at 31st March 2016	Cash Equivalent Transfer Value at 31st March 2015	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	60 - 65	180 - 185	1,159	1,095	35	0
D Jago - Deputy Chief Executive / Chief Finance Officer	0 - 2.5	0 - 5	40 - 45	120 - 125	751	718	15	0
S Pemberton - Director of Nursing	5 - 10	15 - 20	35 - 40	110 - 115	634	510	111	0
M Jackson - Director of Research and Informatics	0 - 2.5	0 - 2.5	30 - 35	90 - 95	621	595	11	0
D Herring - Executive Director of Strategy and Organisational Development	0 - 2.5	0 - 2.5	30 - 35	90 - 95	569	545	10	0
T Wilding - Chief Operating Officer	0 - 2.5	0 - 2.5	10 - 15	35 - 40	217	216	(4)	0
L Lavan - Associate Director of Corporate Affairs	0 - 2.5	0 - 2.5	20 - 25	70 - 75	447	424	12	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 bodies 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 2016/17 was £163k (2015/16 £195k). This was 6 times (2015/16, 7 times) the median remuneration of the workforce, which was £28k, (2015/16 £28k). The median remuneration of the workforce for 2016/17 has remained consistent with 2015/16.

In 2016/17, 5 (2015/16, 1) employees received remuneration in excess of the highest paid director. Remuneration ranged from £15k to £213k (2015/16 £15k to £195k).

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.

The Trust employs two executives, the Chief Executive, and the Medical Director who are paid more than the Prime Minister. The Chief Executive's remuneration was considered carefully on appointment and referenced to benchmarking data. She accepted the position on the same level of remuneration as her previous post and is paid at a level that is commensurate with her skills and experience. Since her appointment, her level of remuneration has been uplifted only by inflationary pay awards consistent with those applicable to all NHS staff.

The Medical Director is an Interventional Cardiologist of national standing and holds regional and national responsibilities as the Cheshire & Merseyside Cardiac Network Clinical Lead, the Deanery Training Programme Director and is part of the RCP National Specialist Advisory Committee. He is also deputy chair of the Cheshire and Mersey cardiac cross cutting theme of the five year forward view, is a case assessor for the GMC and leads on mortality reduction and infection control and prevention.

## Expenses of the Directors and Governors

### Directors

In 2016/17 the total number of directors in office was 16 (2015/16, 16). The number of directors receiving expenses in the reporting period was 9 (2015/16, 12). The aggregate sum of expenses paid to these directors in the reporting period was £10,762 (2015/16, £13,875).

### Governors

In 2016/17 the total number of governors in office was 25 (2015/16, 26). The number of governors receiving expenses in the reporting period was 11 (2015/16, 14). The aggregate sum of expenses paid to these governors in the reporting period was £4,364 (2015/16, £6,333).

### 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.

- |  |          |
|--|----------|
| • <b>Number of early retirements due to ill health</b> | 1        |
| • <b>Value of early retirements due to ill health</b>  | £183,948 |

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.



**Jane Tomkinson**

Chief Executive

Date: 30<sup>th</sup> May 2017



## 2.3 Staff Report

### Workforce Key Performance Indicators

#### At 31/03/2017:

- Sickness absence was 0.01% above target.
- All turnover (all leavers) is 11.17% which is above the target of 10% by 1.17%.
- Voluntary turnover is 0.1% above target.
- Appraisal is 83% which is 7% below the Trust target of 90%.
- Mandatory training was 92% which is 3% below the target of 95%.

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.

#### 2016/17 data:

N° of Staff	Sickness Absence	Turnover (All)	Voluntary Turnover	Mandatory Training	Appraisal
1599	3.61%	11.17%	8.1%	92%	83%
Target	3.6%	10%	8%	95%	90%

As at 31<sup>st</sup> March 2017, the Trust employed 1,599 staff of whom 424 were male and 1,175 were female (see table below). There were also 29 senior managers, of whom 12 were male and 17 were female.

### 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.

## Age Band

	31/03/16		31/03/17	
Age Band	Heads	%	Heads	%
16-20	6	0.40 %	4	0.25 %
21-25	131	8.63 %	124	7.75 %
26-30	186	12.25 %	212	13.26 %
31-35	163	10.74 %	193	12.07 %
36-40	191	12.58 %	207	12.95 %
41-45	203	13.37 %	185	11.57 %
46-50	205	13.50 %	216	13.51 %
51-55	218	14.36 %	226	14.13 %
56-60	145	9.55 %	159	9.94 %
61-65	45	2.96 %	45	2.81 %
66-70	22	1.45 %	24	1.50 %
71+	3	0.20 %	4	0.25 %
<b>Total</b>	<b>1518</b>	<b>100.00 %</b>	<b>1599</b>	<b>100.00 %</b>

## Gender

	31/03/16		31/03/17	
Gender	Heads	%	Heads	%
Female	1109	73.06 %	1175	73.48 %
Male	409	26.94 %	424	26.52 %
<b>Total</b>	<b>1518</b>	<b>100.00 %</b>	<b>1599</b>	<b>100.00 %</b>

\* Transgender not recorded

## Disability

	31/03/16		31/03/17	
Disability	Heads	%	Heads	%
No	1027	67.65 %	1142	71.42 %
Not Declared	71	4.68 %	77	4.82 %
Undefined	377	24.84 %	337	21.08 %
Yes	43	2.83 %	43	2.69 %
<b>Total</b>	<b>1518</b>	<b>100.00 %</b>	<b>1599</b>	<b>100.00 %</b>

Religion				
	31/03/16		31/03/17	
Religion	Heads	%	Heads	%
Atheism	123	8.10 %	144	9.01 %
Buddhism	10	0.66 %	14	0.88 %
Christianity	771	50.79 %	832	52.03 %
Hinduism	16	1.05 %	24	1.50 %
I do not wish to disclose my religion/belief	197	12.98 %	210	13.13 %
Islam	18	1.19 %	18	1.13 %
Judaism	1	0.07 %	1	0.06 %
Other	68	4.48 %	75	4.69 %
Sikhism	9	0.59 %	11	0.69 %
Undefined	305	20.09 %	270	16.89 %
<b>Total</b>	<b>1518</b>	<b>100.00 %</b>	<b>1599</b>	<b>100.00 %</b>

Sexual Orientation				
	31/03/16		31/03/17	
Sexual Orientation	Heads	%	Heads	%
Bisexual	4	0.26 %	7	0.44 %
Gay	12	0.79 %	20	1.25 %
Heterosexual	1010	66.53 %	1098	68.67 %
I do not wish to disclose my sexual orientation	185	12.19 %	202	12.63 %
Lesbian	3	0.20 %	4	0.25 %
Undefined	304	20.03 %	268	16.76 %
<b>Total</b>	<b>1518</b>	<b>100.00 %</b>	<b>1599</b>	<b>100.00 %</b>

Ethnic Origin				
	31/03/16		31/03/17	
Ethnic Origin	Heads	%	Heads	%
A White - British	1216	80.11 %	1339	83.74 %
B White - Irish	19	1.25 %	31	1.94 %
C White - Any other White background	22	1.45 %	36	2.25 %
D Mixed - White & Black Caribbean	1	0.07 %	2	0.13 %
E Mixed - White & Black African	3	0.20 %	3	0.19 %
F Mixed - White & Asian	1	0.07 %	3	0.19 %
G Mixed - Any other mixed background	5	0.33 %	5	0.31 %
H Asian or Asian British - Indian	83	5.47 %	101	6.32 %
J Asian or Asian British - Pakistani	3	0.20 %	6	0.38 %
K Asian or Asian British - Bangladeshi	1	0.07 %	#	# %
L Asian or Asian British - Any other Asian background	5	0.33 %	9	0.56 %
M Black or Black British - Caribbean	2	0.13 %	3	0.19 %
N Black or Black British - African	7	0.46 %	8	0.50 %
P Black or Black British - Any other Black background	1	0.07 %	4	0.25 %
R Chinese	10	0.66 %	10	0.63 %
S Any Other Ethnic Group	12	0.79 %	12	0.75 %
Undefined	109	7.18 %	10	0.63 %
Z Not Stated	18	1.19 %	17	1.06 %
<b>Total</b>	<b>1518</b>	<b>100.00 %</b>	<b>1599</b>	<b>100.00 %</b>

The Trust has a Recruitment & Selection Policy which aims to ensure compliance with current legislation for employing staff in accordance with the Equality Act, Immigration Rules & Disclosure & Barring Service (as applicable). Recruitment and selection training is available for managers via the Leadership Development Pathway and regular support, advice and guidance is provided to recruiting managers by the Resourcing Team.

The Trust is positive about employing people with disabilities and promotes the 'Two Ticks' symbol. As such all applicants who declare that they have a disability and who meet the essential criteria for a post are shortlisted and invited to interview.

Support for staff who become disabled is provided under the Trust's Management of Attendance Policy and Performance Capability Policy.

Where medical advice recommends temporary or permanent changes such as reduced hours, lighter duties or alternative shift patterns, managers are required to consider flexible solutions to enable the employee to continue in their present role. Where service requirements prevent such changes being made, every effort is made to redeploy staff to

more suitable roles within the Trust. Redeployment may be on a temporary basis, to facilitate and the support the employee to return to their substantive role, or on a permanent basis depending on the circumstances. Suitability for redeployment is determined based on meeting the minimum criteria of the job description/person specification for the new role. It is Trust policy that individuals cannot be rejected for redeployment because of their sickness record or current health.

With regard to performance issues, the requirements of the Performance Capability Policy include; detailed assessment of all job applicants against the requirements of the role and the person specification; ensuring all new employees receive a proper induction to the Trust along with local orientation to the relevant ward or department; provision of initial and on-going job training; setting realistic standards with regard to required level of performance and making reasonable adjustments as appropriate. Employees are kept informed of their progress and are provided with required training to equip them to carry out their duties, as determined in personal development plans through the appraisal process.

Both of these Trust policies are supplemented by managers' toolkits which provide further advice and guidance in relation to disabled employees.

## **Communicating with Staff**

- **Team Brief**

The Team Brief approach to encourage staff involvement was further embedded throughout the Trust in 2016/17, with parts of Team Brief being delivered by staff from across the organisation. This included the 'Your Chance to Shine' segment to engage staff from all areas in identifying and showcasing their own achievements, whilst also celebrating innovation and service improvements and sharing best practice with colleagues.

- **Corporate Hotboards**

Following feedback received from members of staff across the Trust, especially ward-based staff and those in support service functions, that they were not able to routinely access important corporate news, highly visible corporate information boards continued to be used to share key corporate messages on a monthly basis, in wards and departments.

- **Weekly Bulletin**

Staff across the Trust receive a weekly ebulletin with a round-up corporate information, including workforce news, information governance updates, policy and procedure changes, as well as other operational issues.

## Engaging with Staff

During 2016/17 the following schemes have taken place linked to staff engagement:

- **Establishment of a Junior Doctor Forum.** This was created after receiving feedback from junior doctors and it has been running bi-monthly. It is a good opportunity for doctors to bring up issues about their training and their pastoral needs. The forum has been a success, and it continues.
- **Establishment of the Equality and Inclusion Working Group.** This was created as a consequence of staff feedback through the staff survey. The Group meets quarterly and feeds into the Equality and Inclusion Steering Group, which also meets quarterly.
- **Introduction and establishment of human factor training and simulation in catheter labs.** Feedback from staff in this area had highlighted the appetite for more human factors and simulation training opportunities. This have now been established and delivered in collaboration with the Cheshire and Merseyside Simulation Centre.
- **Introduction of the talent management plan.** Following staff feedback through the national staff survey, the Trust has developed a plan for the introduction of a talent management strategy to identify those bright individuals who can be the leaders of tomorrow. Although in its infancy, the talent management plan has identified 64 members of staff by their scoring at appraisal; those who scored excellent in all domains are put into the talent pool. This opens opportunities for further training and secondments based on the staff career ambitions.

After summer 2016, the Trust held a number of roadshows open to all staff, led by Jane Tomkinson, Chief Executive. Through these sessions, staff highlighted issues that they wanted to see improved, such as a more streamlined process for diagnostic request and results, a review of the procurement of taxi services to ensure the Trust gets the best value, more education for non-nursing professions. A number of the ideas put forward have already been taken forward by the Project Management Office as part of Trust business.

The Trust has an established Partnership Forum, which is established as a Sub-Committee of the Human Resources and Education Group. It provides a forum for partnership working between management and staff representatives on matters relating to staff employed by the Trust. The primary objective of the Forum is to provide a structure for engagement, consultation and negotiation, as appropriate, between management and trade unions/professional bodies, related to the management of staff in the provision of services with the objective of delivering the Trust mission and People Strategy.

For medical staff, the Trust also has an established Local Negotiating Committee. Similar to the Staff Partnership Forum, this Committee provides a forum for engagement, consultation, negotiation and partnership working between management and staff side representative with regard to matters specifically relating to medical staff working in the Trust.

Other formal/informal consultation takes place in relation to specific issues for example where organisational change is occurring. The Trust is committed to ensuring full and early consultation with employees and their representatives in accordance with its Organisational Change Policy. Where it is anticipated that organisational change is necessary, consultation begins at the earliest opportunity to minimise disruption and uncertainty, with particular attention given to those employees directly affected by the proposed change. Where jobs are at risk, consultation includes consideration of ways of avoiding job losses, minimising the numbers of employees affected and mitigating the consequences of any potential redundancies.

### **Health and Safety Performance and Occupational Health**

The Trust has a contract with Team Prevent for the provision of its Occupational Health Service. This contract provides services including:

- pre-placement health assessments
- immunisations
- inoculation injury management
- and advice on attendance management, case conferences, ill health retirement, lifestyle health assessments, specific health surveillance, and night-worker health assessment.

Occupational health staff are in attendance at the Trust's Health & Safety meetings, Infection Prevention meetings, Health & Wellbeing meetings as well as attending health and wellbeing events for staff. A monthly activity and performance report are provided and monitored against determined KPIs.

The Trust has also extended its employee assistance contract, facilitated by Mersey Care NHS Foundation Trust for another year, allowing staff 24/7 telephone access to a team of advisors who can support them with guidance on all matters in relation to their health and wellbeing, including face to face counselling. Mersey Care is also involved in health and wellbeing meetings and events for staff including provision of Mental Health Awareness Training for managers.

The Health & Safety Committee meets on a quarterly basis. In January 2017, it reviewed its work against the terms of reference. Achievements made against the terms of reference show positive results, evidencing that the Health & Safety Committee has operated effectively and in accordance with its terms of reference.

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

### **Information on Policies and Procedures with Respect to Countering Fraud and Corruption**

The Trust has an Anti-Fraud, Bribery and Corruption Policy and Procedure. This policy is produced by the Anti-Fraud Specialist (AFS) and is intended as both a guide for all employees on the counter fraud, bribery and corruption activities being undertaken within the Trust and NHS; as well as informing all Trust staff of roles and responsibilities, and how to

report any concerns or suspicions they may have. It incorporates codes of conduct and individual responsibilities.

## Summary of Performance – NHS Staff Survey Results 2016

The Trust normally receives a good response from its staff with regard to completing the survey however the response rate in 2015 of 59.2% was down from the 2014 response rate of 63%. For the 2016 Survey, the Trust set a target response rate of 65% and engaged with staff in a number of ways to encourage completion. In particular communications stressed the importance of feedback in order to be able to make improvements as well as emphasising the confidentiality of responses. Staff were reminded of actions that had taken place in response to the results of the previous year's survey. The final response rate was 69% and was the highest response rate across acute specialist trusts within NHS England.

Across NHS England the Trust ranked in the top 3 in the following areas:	
✓ 1 <sup>st</sup> in the country for staff being happy with the standard of care provided by the Trust if a relative or friend required treatment	✓ 3 <sup>rd</sup> in the country for staff feeling that they are able to deliver the care they aspire to
✓ 2 <sup>nd</sup> in the country for staff agreeing that their role makes a difference to patients	✓ 3 <sup>rd</sup> in the country for staff feeling they are encouraged by the Trust to report errors, near misses or incidents
✓ 2 <sup>nd</sup> in the country for staff agreeing that when errors, near misses or incidents are reported the Trust takes action to ensure that they do not happen again.	✓ 3 <sup>rd</sup> in the country for staff confirming if they were concerned about unsafe clinical practice they would know how to report it
✓ 3 <sup>rd</sup> in the country for staff being satisfied with the quality of care they give to patients / service users	

The results of the survey showed the following key areas of improvement:



*% of staff appraised in the last 12 months*

*Fairness and effectiveness of procedures for reporting errors, near misses and incidents*

*Staff recommendation of the organisation as a place to work and receive treatment*

The following were identified as key areas of deterioration:



*Support from immediate managers*

*Staff motivation at work*



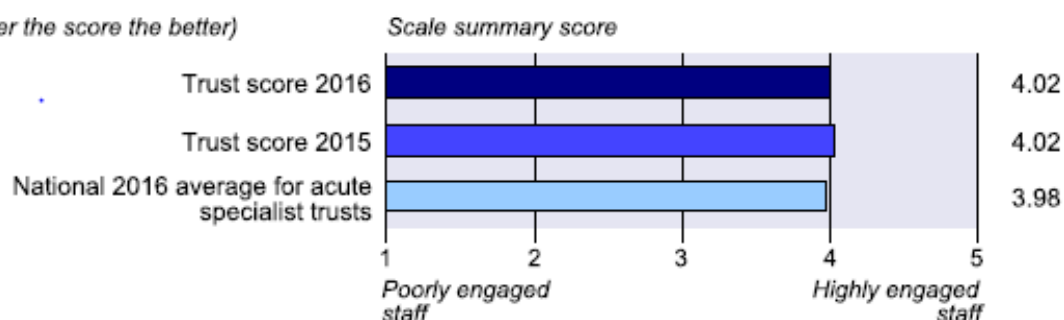
## Staff Recommendation of the Trust as a Place to Work or Receive Treatment

		2016	Average (median) for Acute Specialist Trusts	2015
Q21a	Care of patients/service users is my organisation's top priority	92%	86%	89%
Q21b	My organisation acts on concerns raised by patients/service users	89%	81%	86%
Q21c	I would recommend my organisation as a place to work	73%	72%	70%
Q21d	If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation	95%	90%	93%
KF1	<b>Staff recommendation of the Trust as a place to work or receive treatment</b>	<b>4.27</b>	<b>4.12</b>	<b>4.18</b>

There was no change in Overall Staff Engagement score from 2015 to 2016 but the Trust score continues to be above the average score for acute specialist trusts.

### OVERALL STAFF ENGAGEMENT

(the higher the score the better)



## Summary of Key Results

Response rate				
	2015/16	2016/17		Trust improvement/deterioration
	Trust	Trust	Acute Specialist Trust Average	
Response rate	59%	69%	49%	Increase of 10%

Top 5 Ranking Scores				
	2015/16	2016/17		Trust improvement/deterioration
	Trust	Trust	Acute Specialist Trust Average	
Percentage of staff agreeing their role makes a difference to patients/service users	94%	95%	92%	1% improvement
Percentage of staff appraised in the last 12 months	84%	93%	87%	9% improvement
Staff confidence and security in reporting unsafe clinical practice	3.87	3.94	3.73	0.07 improvement
Percentage of staff reporting good communication between senior management and staff	45%	49%	40%	4% improvement
Percentage of staff witnessing potentially harmful errors, near misses or incidents in the last month	21%	21%	28%	No change

Bottom 5 Ranking Scores				
	2015/16	2016/17		Trust improvement/deterioration
	Trust	Trust	Acute Specialist Trust Average	
Percentage of staff experiencing physical violence from patients, relatives or the public in the last 12 months	8%	10%	7%	2% deterioration
Percentage of staff reporting errors, near misses or incidents witnessed in the last month	88%	90%	92%	2% improvement
Percentage of staff/colleagues reporting most recent experience of harassment, bullying or abuse	46%	43%	47%	3% deterioration
Percentage of staff able to contribute towards improvements at work	76%	73%	73%	3% deterioration
Staff satisfaction with level of responsibility and involvement	3.99	3.97	3.97	0.02 deterioration

As in previous years, the results of the 2016 staff survey will be analysed at Trust, Divisional and Departmental levels and disseminated and communicated through the organisation to all staff.

Action planning at Divisional level and Corporate functions will focus on 2 or more priority areas for action planning and each area will identify a lead person responsible for the plan. Robust action plans will be required for each priority area with clear measurable outcomes and these will be reported to and monitored by the Operational Board, Divisional Performance meetings and the People Committee.

## Staff Friends & Family Test

The Friends and Family Test (FFT) for Staff is a national feedback tool which allows staff to feedback on NHS services based on recent experience. The 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.

LHCH scores are shown below, plotted alongside the National Staff Survey results:

**“How likely are you to recommend the organisation to friends and family as a place to work?”**

2010	2011	2012	2013	2014/15		2014	2015/16			2015	2016/17			2016
Staff Survey	Staff Survey	Staff Survey	Staff Survey	FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey
61%	62%	72%	74%	73%	68%	69%	75%	64%	71%	70%	66%	69%	70%	73%

**“How likely are you to recommend the organisation to friends and family if they needed care or treatment?”**

2010	2011	2012	2013	2014/15		2014	2015/16			2015	2016/17			2016
Staff Survey	Staff Survey	Staff Survey	Staff Survey	FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey
92%	92%	92%	92%	97%	97%	92%	98%	94%	97%	93%	97%	96%	95%	95%

## Corporate Social Responsibility

As well as providing specialist healthcare services, Liverpool Heart and Chest Hospital is committed to its wider social responsibilities as a major local organisation and believes that investing in its local community enhances its reputation as an employer of choice, helping to achieve its vision to 'be the best'.

The Trust offers a variety of opportunities for community engagement as follows:

- **Volunteering** – a well-established volunteers' programme is in place offering opportunities for the local community to become involved in meeting and greeting, showing patients and visitors to departments, as well as visiting patients.

- **Work Experience Programme** – The Trust normally takes 20 placements per year from local schools.
- **Access to Medicine** – a bespoke programme offering AS level students an opportunity to shadow a medic during summer holidays with a 2 day introduction to the specialist nature of LHCH, which supports their entry application into Medical School.
- **Medicine Taster Day** – offered for AS level students considering medicine as a career in conjunction with Social Mobility Foundation.
- **Links with Higher Education Providers** – The Trust actively engages with local universities and offers placements to students across nursing, physiology, physiotherapy, radiology and theatres.
- **Patient & Family involvement** – The Trust puts the patient and their family at the heart of everything it does and has a dedicated Customer Care Team who proactively encourage feedback and hold engagement sessions with past and present patients and their families.
- **Dementia Action Alliance Liverpool** - The Trust has provided dementia friends training to its local community, working alongside Dementia Action Alliance Liverpool to support their work in making Liverpool a dementia friendly community.

## Analysis of Staffing Costs and Numbers

**Table 1: Staff costs**

	Group				Trust			
			2016/17	2015/16			2016/17	2015/16
	Permanent	Other	Total	Total	Permanent	Other	Total	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	56,950	1,326	58,276	53,900	56,801	1,326	58,127	53,764
Social security costs	5,193	-	5,193	4,061	5,193	-	5,193	4,061
Employer's contributions to NHS pensions	5,816	-	5,816	5,505	5,816	-	5,816	5,505
Pension cost - other	-	-	-	-	-	-	-	-
Other post employment benefits	-	-	-	-	-	-	-	-
Other employment benefits	-	-	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-	-	-
Agency/contract staff	-	1,594	1,594	3,407	-	1,594	1,594	3,407
NHS charitable funds staff	-	-	-	-	-	-	-	-
<b>Total gross staff costs</b>	<b>67,959</b>	<b>2,920</b>	<b>70,879</b>	<b>66,873</b>	<b>67,810</b>	<b>2,920</b>	<b>70,730</b>	<b>66,737</b>
Recoveries in respect of seconded staff	(265)	-	(265)	(289)	(265)	-	(265)	(289)
<b>Total staff costs</b>	<b>67,694</b>	<b>2,920</b>	<b>70,614</b>	<b>66,584</b>	<b>67,545</b>	<b>2,920</b>	<b>70,465</b>	<b>66,448</b>
<b>Of which</b>								
Costs capitalised as part of assets	90	1	91	65	90	1	91	65

**Table 2: Average number of employees (WTE basis)**

	Group & Trust			
			2016/17	2015/16
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	139	5	144	137
Ambulance staff	-	-	-	-
Administration and estates	306	21	327	316
Healthcare assistants and other support staff	271	25	296	294
Nursing, midwifery and health visiting staff	507	50	557	540
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	239	10	249	238
Healthcare science staff	-	-	-	-
Social care staff	-	3	3	3
Agency and contract staff	-	-	-	-
Bank staff	-	-	-	-
Other	-	1	1	1
<b>Total average numbers</b>	<b>1,462</b>	<b>115</b>	<b>1,577</b>	<b>1,529</b>
<b>Of which:</b>				
Number of employees (WTE) engaged on capital projects			-	
The above figures include 2 members of administration staff working full time for the Charity				

Table 3: Reporting of compensation schemes - exit packages 2016/17					
Group and Trust	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages
		Number		Number	Number
Exit package cost band (including any special payment element)					
<£10,000		-		5	5
£10,001 - £25,000		-		2	2
£25,001 - 50,000		-		4	4
£50,001 - £100,000		-		-	-
£100,001 - £150,000		-		-	-
£150,001 - £200,000		-		-	-
>£200,000		-		-	-
<b>Total number of exit packages by type</b>		-		11	11
Total resource cost (£)		£0		£153,000	£153,000

Table 4: Reporting of compensation schemes - exit packages 2015/16					
Group and Trust	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages
		Number		Number	Number
Exit package cost band (including any special payment element)					
<£10,000		-		1	1
£10,001 - £25,000		-		1	1
£25,001 - 50,000		-		-	-
£50,001 - £100,000		-		-	-
£100,001 - £150,000		-		-	-
£150,001 - £200,000		-		-	-
>£200,000		-		-	-
<b>Total number of exit packages by type</b>		-		2	2
Total resource cost (£)		£0		£30,000	£30,000

**Table 5: Exit packages: other (non-compulsory) departure payments**

Group and Trust	2016/17		2015/16	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	2	53	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	7	57	2	25
Exit payments following Employment Tribunals or court orders	2	43	2	5
Non-contractual payments requiring HMT approval	-	-	-	-
<b>Total</b>	<b>11</b>	<b>153</b>	<b>4</b>	<b>30</b>
<b>Of which:</b>				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

**Table 6: For all off-payroll engagements as of 31<sup>st</sup> Mar 2017, for more than £220 per day and that last for longer than six months**

	2016/17	
	Number of engagements	
<b>Number of existing engagements as of 31<sup>st</sup> Mar 2017</b>		2
<b>Of which:</b>		
Number that have existed for less than one year at the time of reporting		1
Number that have existed for between one and two years at the time of reporting		-
Number that have existed for between two and three years at the time of reporting		1
Number that have existed for between three and four years at the time of reporting		-
Number that have existed for four or more years at the time of reporting		-

**Table 7: For all new off-payroll engagements, or those that reached six months in duration, between 1<sup>st</sup> Apr 2016 and 31<sup>st</sup> Mar 2017, for more than £220 per day and that last for longer than six months**

	2016/17	
	Number of engagements	
Number of new engagements, or those that reached six months in duration between 1 <sup>st</sup> Apr 2016 and 31 <sup>st</sup> Mar 2017		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		-
Number for whom assurance has been requested		1
<b>Of which:</b>		
Number for whom assurance has been received		1
Number for whom assurance has not been received		-
Number that have been terminated as a result of assurance not being received		-

**Table 8: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 Apr 2016 and 31 Mar 2017**

	2016/17	
	Number of engagements	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.		-
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.		11

## Expenditure on Consultancy

Total expenditure during 2016/17 on consultancy has totalled £294k.



## 2.4 Disclosures set out in the NHS Foundation Trust Code of Governance

### Compliance with the Code of Governance

Liverpool Heart and Chest Hospital NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain basis'. The NHS Foundation Trust Code of Governance, most recently revised in July 2014 is based upon the principles of the UK Corporate Governance Code issued in 2012.

The Board of Directors has established governance policies that reflect the principles of the Code, including:

- A Corporate Governance Manual which includes the constitution and procedures by which the Board of Directors and Council of Governors operate; the Scheme of Reservation and Delegation, the Board Committee structure and associated Terms of Reference and the Standing Financial Instructions.
- At least half the Board of Directors, excluding the Chair, comprises independent non-executive directors;
- The appointment of a Senior Independent Director;
- Regular meetings between the Chair and non-executive directors;
- Annual appraisal process for the Chair and non-executive directors that has been developed and approved by the Council of Governors;
- Register of Interests for Directors, Governors and senior staff;
- Senior Governor appointed;
- Provision of Board minutes and summaries of the Board's private business to governors;
- Effective infrastructure to support the Council of Governors including sub committees, interest groups and informal meetings with the Chair;
- Process for annual evaluation of the Council of Governors and for setting key objectives / priority areas for the following year;
- Membership Strategy with KPIs reported to the Council of Governors;
- Two Nominations and Remuneration Committees for executive and non-executive appointments / remuneration respectively – in the case of non-executive appointments / remuneration recommendations are made to the Council of Governors for approval;
- High quality reports to the Board of Directors and Council of Governors;
- Independent Well Led Review (March 2016);
- Board evaluation and development plan;
- Codes of Conduct for Governors and for Directors;
- Going concern report;
- Robust Audit Committee arrangements;
- Raising Concerns Policy and Anti-fraud policy and plan

The Board of Directors conducts an annual review of the Code of Governance to monitor compliance and identify areas for further development.

The Board has confirmed that the Trust has complied with the provisions of the Code in 2016/17.

## Membership

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.

The membership plans are to:

- support greater engagement with the general public as well as membership
- continue to build a membership that is representative of the demographics of its patient population, whilst also being mindful of the public population, and maintaining an optimum membership size (c. 10,100 members)

- 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 circa 10,100 members by 31<sup>st</sup> March 2017, which was broadly achieved. 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 provide 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, Governors attend regular patient and family listening events which provide further opportunity for effective engagement.

It is through these activities that Governors canvass the views of members and the public in order to inform the Trust's forward plans, including its objectives, priorities and strategy. These views are communicated to the Board at quarterly Council of Governor meetings and at the annual Joint Board and Governor Development Day.

In order to manage its turnover and to improve representation, Governors attended a number of recruitment events throughout the year, including a Members' Health and Open Day event in September 2016, Disability Awareness Day held in Cheshire in July 2016, 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 Area	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2017	Increase/ Decrease (%)
Cheshire	2,437	2,400	-1.52
Merseyside	5,056	4,902	-3.05
North Wales	1,994	1,912	-4.12
Rest of England and Wales	816	811	-0.61
<b>Total - Public Constituency</b>	<b>10,303</b>	<b>10,025</b>	<b>-2.70</b>
<b>Staff Constituency</b>	<b>1,254</b>	<b>1,230</b>	<b>-1.91</b>

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](mailto:membership.office@lhch.nhs.uk)

## 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)
- **7 are elected by staff from 4 defined classes** – Registered and Non-Registered Nurses (3 seats), Non Clinical (2 seats), Allied Healthcare Professionals, Technical and Scientific (1 seat) and Registered Medical Practitioners (1 seat)
- **4 have been nominated from partner organisations** (1 seat each from the following):
  - Liverpool John Moores University (LJMU)
  - Friends of Robert Owen House (FROH), Isle of Man
  - Liverpool City Council (LCC)
  - Knowsley Council (KC)

At the Council of Governors and Board of Directors joint development day, held on 16<sup>th</sup> November 2016, 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 2016/17 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.

### **During 2016/17 the Trust:**

- Provided a local induction pack for every new governor on appointment at initial induction meeting with Chairman and Director of Corporate Affairs
- Provided an induction day for new governors and existing governors requesting a refresher (externally facilitated)
- Provided an annual Governor development day, part of which is dedicated to joint work with the Board
- Provided access to NHS Providers' *Govern Well* Programme
- Provided access to the NW Governors Forum
- Provided opportunity for a governor to attend the NHS Providers' Annual Conference 'Governor Focus';
- Provided bespoke training to individuals / small groups as required –e.g. through interest groups and in readiness for CQC inspection
- Provided a speaker to most Council of Governor meetings to brief governors on aspects of services provided by the Trust
- Provided resources and supported Governors to deliver a programme of member engagement events and newsletters
- Developed presentation material for use by governors in promoting the public and staff membership and the role of the staff governor
- Provided opportunity for governor walkabouts with Chair
- Provided quarterly Chair's lunch meeting for informal discussion with Chair
- Established governor interest groups on finance, quality and patient experience, enabling governors to discuss topics with executive and non-executive directors
- Continued to run and support the Membership and Communication and Quality Sub Committees which offers governors opportunity to build their knowledge and contribute in these two areas e.g. shape and implement membership strategy or contribute to the Trust's quality agenda and focus of priorities.
- Updated the Governor skills audit
- Published specific public and staff governor pre-election material for prospective governors clarifying the role and skills and time commitment required
- Provided access to MIAA Learning Series workshops

- Established a time limited Audit Task Group to support the process of appointing an external auditor for 2017/18.

## Elections

The Board of Directors can confirm that elections for Public and Staff Governors held in 2016/17 were conducted in accordance with the election rules as stated in the Trust's constitution.

Constituency/Class	No. of seats	Governors elected	Term Length
<b>Public</b>			
<b>Rest of England &amp; Wales</b> (Election Uncontested)	1	Lynne Addison	3 years
<b>Staff</b>			
<b>Registered and Non Registered Nurses</b> (Election Contested)	2	Charlie Cowburn Kerry Fitzpatrick	3 years
<b>Registered Medical Practitioners</b> (Election Uncontested)	1	Caroline McCann	3 years

Lynne Addison and Caroline McCann will complete their tenures at the end of the Annual Members' Meeting 2018, whilst Charlie Cowburn and Kerry Fitzpatrick will complete their tenures at the end of the Annual Members' Meeting 2019.

Amanda Clarke joined the Council of Governors in December 2016 as the 'next highest polling candidate' from the most recent election for North Wales.

## Governor Attendance at Council of Governor Meetings 2016/17

Between 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017 the Council of Governors' met formally on four occasions.

The following tables provide the attendance at each Council of Governors meeting held in public. The meetings were also attended by Executive and Non-Executive Directors.

Governor Name	Council of Governor Meeting Dates 2016/17			
	13 <sup>th</sup> June 2016	26 <sup>th</sup> September 2016	5 <sup>th</sup> December 2016	6 <sup>th</sup> March 2017
<b>Public Constituency</b>				
<b>Merseyside</b>				
Vera Hornby	✓	x	✓	✓
Paula Pattullo	✓	✓	✓	✓
Roy Stott	✓	✓	✓	✓
Brian Roberts	✓	✓	✓	x
Trevor Wooding	✓	✓	✓	x
Arthur Newby	✓	x	✓	✓
<b>Cheshire</b>				
Kenneth Blasbery (Senior Governor)	x	✓	✓	✓
Michael Brereton	x	✓	✓	✓
Judith Wright	✓	x	✓	x
Allan Pemberton	✓	✓	✓	✓
<b>North Wales</b>				
Roy Griffiths	x	✓	✓	✓
Denis Bennett	✓	✓	✓	x
Ian Painter	x			
Amanda Clarke			x	✓
<b>Rest of England and Wales</b>				
Lynne Addison		✓	x	✓
<b>Staff Constituency</b>				
<b>Registered Nurses and Non-Registered Nurses</b>				
Lynn Trayer-Dowell	✓	✓	x	✓
Charles Cowburn			✓	✓
Kerry Fitzpatrick			✓	✓
<b>Non Clinical</b>				
Alex Thompson	✓	✓	✓	✓
Sharon Hindley	✓	x	x	x
<b>Allied Health Professionals, Technical and Scientific</b>				
Doreen Russell	x	x	✓	✓
Michael Desmond	x	✓	✓	
Caroline McCann				✓
<b>Nominated Governors:</b>				
Michelle Laing (Liverpool John Moore's University)	✓	x	x	✓
Glenda Corkish (Friends of Robert Owen House)	✓	✓	✓	x



Governor Name	Council of Governor Meeting Dates 2016/17			
	13 <sup>th</sup> June 2016	26 <sup>th</sup> September 2016	5 <sup>th</sup> December 2016	6 <sup>th</sup> March 2017
Ruth Hirschfield	x			
Cllr Ged Taylor (Liverpool City Council)		✓	✓	✓
Cllr Eddie Connor (Knowsley Council)	x	x	x	x
<b>Board Members in attendance:</b>				
Neil Large	✓	✓	✓	✓
Jane Tomkinson	x	✓	✓	x
Debbie Herring	✓	✓	✓	
Claire Wilson	✓	✓	✓	✓
Sue Pemberton	✓	✓	✓	✓
Raphael Perry	x	x	x	x
Tony Wilding				✓
Marion Savill	✓	✓	✓	x
Lawrence Cotter	x	✓	x	x
David Bricknell	✓	✓	✓	✓
Julian Farmer	x	✓	✓	✓
Mark Jones	x	x	x	✓

## 2.5 Regulatory Ratings

The Trust is regulated by NHS improvement. Until 30<sup>st</sup> September 2016 the regulatory regime was covered under the Risk Assurance Framework. Under this framework, the Trust had a Governance rating of Green and a Financial Sustainability Risk Rating of 2 (on a scale of 1 to 4, with 1 being the highest risk).

Since 1 October 2016, the Trust became governed by the Single Oversight Framework. This framework assesses Providers across 5 themes as listed below.

- quality of care
- finance and use of resources
- operational performance
- strategic change
- leadership and improvement capability

NHS improvement segments providers according to the level of support deemed required following this assessment. Liverpool Heart and Chest Hospital has been assessed as being **segment 1**. This is defined as being those providers who are lowest risk and who are given maximum autonomy with no potential support needs identified.

The Trusts Finance and Use of Resources score for the period ending 31<sup>st</sup> March 2017 is a 3 overall (on a scale of 1 to 4, with 1 being the lowest risk) and is set out in the table below.

Criteria	Details	Score Scale of 1 to 4 (where 1 is the lowest risk)
Debt Service Cover Rating	Degree to which income covers financial obligations	2
Liquidity Rating	Days of operating costs held as cash	4
I&E Margin	Income & Expenditure (I&E) surplus or deficit % of income	3
Variance in I&E Margin	Distance from financial plan	1
Agency Rating	Distance from externally set cap	1
<b>Use of Resources Rating overall</b>		<b>3</b>

There has been no requirement for formal intervention by NHS Improvement during the year.

## 2.6 Statement of Accounting Officer 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 NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require 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 required by those Directions. 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 Department of Health Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, 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 (and the Department of Health Group Accounting 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 the NHS Foundation Trust Accounting Officer Memorandum.



**Jane Tomkinson**

Chief Executive

Date: 30<sup>th</sup> May 2017

## 2.7 Annual Governance Statement

### Scope of Responsibility

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

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of 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 2017 and up to the date of approval of the annual report and accounts.

### Capacity to Handle Risk

I am accountable for risk management across all organisational, financial and clinical activities. I have delegated responsibility for risk management to the Director of Research & Informatics, who acts as the Chief Risk Officer. During 2016/17 the Chief Risk Officer has provided oversight to implementation of the Risk Management Policy that was introduced in 2015/16 and is now fully embedded and complemented more recently with the introduction of DATIX, an electronic system to support incident and risk management and reporting, in accordance with the policy. Comprehensive risk management training has been provided at all levels of the organisation to provide our people with the skills to assess, describe, control, escalate and report risks from Ward to Board. This new approach was assured as part of our independent 'Well Led' review undertaken in 2016/17.

Risk management training is delivered via corporate and local induction programmes for new staff and thereafter by participation in mandatory training. The Trust's line management arrangements are designed to support staff and managers to manage risks and advice and guidance is available to all staff from the risk management team.

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

The Chief Risk Officer also leads the Trust-wide effort on organisational learning, which seeks to ensure the cascade and implementation of learning from the Trust's own experiences and those of other organisations. This has resulted in the development of an organisational learning policy. Key features associated with this include reporting improvements as a consequence of experiences to the Operational Board, thereby providing the opportunity for all to learn, together with robust follow up of improvements to ensure sustainability.

## **The Risk and Control Framework**

Risk Management is embedded in all activities of the organisation. Examples include:

- Application of the organisation-wide risk management assessment and control system to Quality Impact Assessments prior to implementation of any cost improvement scheme. These are reviewed and approved by the Quality Committee
- Comprehensive annual proactive risk analysis undertaken by the Executive Team to ensure all possible risks likely to affect the Trust are considered (rather than those facing us at the present time)
- The Trust's 'Sign Up to Safety' campaign which has resulted in a 35% improvement in incident reporting.

Each department within the Trust has its own electronic risk register, which is integrated with all others such that the identification of a high scoring risk automatically appears in the relevant Divisional (scores above 8) or Corporate (scores above 10) risk register. Registers are available to staff in 'edit' (management staff) and 'read only' (all staff) modes to ensure complete visibility and transparency across the Trust.

Risks are categorised according to a 5x5 scoring matrix; comprehensive training on how to articulate risks together with identifying and applying relevant controls has been provided. Where risks are high scoring, the Chief Risk Officer meets with the relevant manager to ensure consistency in scoring and offer advice in risk management.

The organisational appetite for risk has been set by the Board, and is embedded in the risk register structures. This results in the acceptance of risks when appetite thresholds are reached or exceeded.

During 2016/17, the implementation of DATIX, one of the leading risk management software products in the UK has brought many benefits, including universal electronic incident reporting, integration of incidents, claims and complaints and vastly improved risk management reporting.

The Audit Committee monitors the effectiveness of the risk management policy through regular review of KPIs set out in a Risk Management dashboard which has been refined over the course of the year.

When things do go wrong, staff are encouraged to report incidents, whether or not there was any consequence, in order that opportunity for learning can be captured. Public stakeholders

are involved in managing risks where there is an impact on them. For example, when a serious incident is investigated, members of the Trust speak to, and where possible, meet with those affected. The Trust follows a clear policy on being open and works to ensure that the duty of candour is adhered to. Relevant feedback from discussions and dialogue with stakeholders is considered and a final copy of the investigation report is shared, providing further opportunity for comment.

Quality governance is embedded within the Divisional structures, with monthly reporting to the Operational Board, where quality performance is reviewed. Cross-organisational quality initiatives are monitored and managed through a combined divisional quality governance meeting. A formal Board Assurance Committee for Quality meets quarterly and receives assurances on progress with all of the Trust's quality initiatives.

Compliance with CQC registration requirements are regularly tested through implementation of the Trust's own "Excellent, Compassionate, Safe" (ECS) framework. This bespoke assessment tool relies upon the integration of quality performance data, together with direct observation of clinical practice and the experiences of patients from each clinical area of the Trust. The result is a stratified performance score, the value of which determines the requirement for the frequency of re-inspections. Assurance is enhanced through regular walkarounds conducted by members of the Board and Governors.

The Trust has undertaken a comprehensive audit of the controls in place to prevent cyber incidents and ensure a speedy and seamless recovery. A number of improvements that were identified in 2015/16 and have now been implemented and the Trust has an ongoing programme of cyber improvements which are managed by a dedicated Cyber Security Working Group.

The Board's assurance committee structure comprises three:

- Quality Committee
- Integrated Performance Committee
- People Committee.

All three assurance committees comprise non-executive directors and enable effective challenge of assurances to support delivery of the Trust's strategic objectives and regulatory compliance. The Trust's Operational Board is chaired by the Chief Executive and comprises all members of the executive team, the three Divisional Triumvirate Leadership Teams (Associate Medical Directors, Heads of Nursing and Divisional Heads of Operations); and the Clinical Leads for Research and Innovation.

The Operational Board is accountable for all aspects of delivery and operational performance and reports routinely to the Board of Directors. The governance structure facilitates a clear distinction between assurance (non-executive led) and performance management (executive led). A comprehensive review of the Trust's governance arrangements was undertaken as part of an independent Well Led review undertaken in 2016/17. The review's conclusion was that the Trust is well led and areas identified for further development will be addressed in 2017/18.

The Board has set aside dedicated time within its annual business cycle to focus on strategic planning and Board development. The Well Led review noted examples of outstanding practice in relation to strategic grip and system participation and leadership. There have been some changes to executive team members and their portfolios over the course of 2016/17 including leadership for operational planning now resting with the Chief Finance Officer and strategic partnerships and CVD pathway work resting with the Director of Strategic partnerships & Chief Operating Officer.

A comprehensive review of compliance with the provider licence is undertaken annually and reported to the Audit Committee; this is supplemented by use of a quarterly checklist to test compliance with key provisions on a quarterly basis. The Trust was compliant with its licence in 2016/17, having delivered all operational and financial targets, including the agreed control total as at 31<sup>st</sup> March 2017. The Audit Committee has recognised this review process as a valuable source of assurance to inform the Annual Governance Statement.

In relation to oversight of the Trust's performance, the Board receives an integrated performance report at every meeting and exception reports with action plans are provided for any areas which are off target. This report is supplemented with issues raised by the Assurance Committees, reports from Operational Board and 'softer' intelligence gained from walkabouts and observation. The Trust places great emphasis on ensuring a culture of safety through the daily safety huddle, accessible to all staff and led by the Chief Executive, The Speak Out Safely campaign, 'HALT' process and appointment of a Freedom to Speak Up Guardian. The Board frequently receives presentations from clinical and non-clinical leaders to enable it to focus on key areas for development and learning.

The Board Assurance Framework (BAF) is used as a tool to prioritise the Board's time through documentation of the principal risks to strategic objectives and regulatory compliance, identification of controls and assurances and actions needed to address any gaps. There is a clear process for regularly reviewing and updating the BAF and the BAF drives the Board's agenda and business cycle. All Board and Committee papers are referenced to the BAF to enable any changes in risks or gaps in assurance to be highlighted. Each of the Assurance Committees reports on BAF key issues to the Board and this informs regular review of the BAF. The Trust has consistently achieved an internal audit opinion of 'significant assurance' in relation to its BAF processes and assurance that all BAF requirements were met has again been confirmed as part of the Director of Internal Audit Opinion for 2016/17.

The Board assures itself of the validity of its corporate governance statement through:

- alignment of Board business cycle to the assurances required to support the Board declarations
- annual review of the effectiveness of the Assurance Committees, led by the Audit Committee
- incorporating within the internal audit programme an annual review of the sufficiency and quality of evidence brought to the Board and its Committees throughout the year to support the corporate governance statement.

The Trust commissioned its first comprehensive Well Led Review during 2016/17 which has provided further independent assurance in relation to the effectiveness of governance arrangements and Board leadership.

A brief description of the Trust's major risks is set out below.

## Key In-Year Risks

- i) Compliance with provider licence condition 4 (FT governance) – the Trust has managed operational risks this year arising from the increasing acuity of patients, a growing proportion of non-elective work and a shortage of skilled staff available to recruit. These factors have presented challenges in relation to financial performance, RTT compliance, cancelled operations, some reliance on agency staff and system-wide compliance with 62 day cancer pathway.
- ii) The Trust has received one 'limited' assurance report from internal audit in 2016/17 in respect of private patient income which found weaknesses in systems policies and procedures including those for identification and collection of private patient income and monitoring and reporting of bad debt. The Audit Committee has received a comprehensive management response and action plans are in progress.
- iii) The Trust has taken action to address slippage in resolution of outstanding actions and recommendations identified through internal audit follow-up reviews. A management assurance report has been provided to the Audit Committee, updating on all residual issues with a clear time frame and / or updated risk assessment for all incomplete actions.
- iv) Embedding of learning from incidents – this continues to be an area of focus. There have been three serious clinical incidents, one information governance breach and one IRMER notification in 2016/17:
  - Serious Clinical Incidents:
    - One 'never event' 10.11.16 arising from a heart monitoring device being fitted in the wrong patient. The device was removed from the patient and a new device fitted in the correct patient.
    - One 'never event' 22.3.17 involving the erroneous deployment of a second stent in place of an intended balloon during primary PCI – angiographically no harm to the patient and a successful outcome achieved.
    - A third 'serious incident' 9.11.16 whereby a clinically significant incidental radiological finding was not followed up in a timely manner. Although the patient harm was minimal, this was classified as a "delay to cancer treatment".
  - Information Governance Breach reported 23.1.17– staff data compromised following cyber-attack on third party managing dosimetry reports for radiology.
  - IRMER notification 16.2.17 – wrong patient received an X-ray.Immediate investigations were initiated into these incidents and duty of candour to all involved patients was exercised, along with a formal apology from the Chief



- Executive. Organisational learning plans were immediately in place. In the case of the information governance breach, all staff affected were notified.
- v) During the year the Trust has continued its work to further improve safety through a focus on the management of sepsis, safe medication, falls reduction and timeliness of mortality reviews.

## Future Risks

### *i) Delivery of the 2017/18 Financial Plan*

The Trust has submitted a revised plan that will yield £4.3m surplus at the end of 2017/18, net of £2.5m Sustainability and Transformation Funding. This is based upon receipt of the full tariff impact of HRG4+ with effect from 1<sup>st</sup> April 2017 which will better reflect the cost of providing specialist cardiac services; and includes the requirement to meet a challenging efficiency programme of £3.7m (3%). The Trust has accepted a revised control total offer and associated Sustainability and Transformation Fund allocation for 2017/18 but this requires a further improvement in the financial position of £1.3 m over and above its original financial plan. This will be challenge which the Trust can meet only on a non-recurrent basis for 2017/18. There is a residual financial risk relating to the acceptance of HRG4+ by NHS Wales and local and national discussions continue. The level of financial risk exposure relating to income from Wales is £2.5m.

### *ii) Impact of external environment*

The Trust continues to work with partners across the Liverpool health economy to support delivery of the Cheshire and Merseyside 5 Year Forward View and is leading on the redesign of the CVD pathway across the Cheshire and Merseyside footprint. The Trust is also working to support the Healthy Liverpool Programme and is mindful of the evolving merger agenda. The external environment continues to change a rapid pace and the Board continues to ring-fence time for strategic planning and work with external commentators. The Board remains mindful of its wider catchment population and will continue to consider all service changes in the context of benefits to patients. The outcome of the national consultation on future provision of congenital heart diseases services is awaited, following confirmation of commissioner support for the Liverpool partnership's model.

### *iii) Workforce*

The pace of strategic organisational change and national agenda around consolidation of corporate and clinical support services and delivery of further efficiencies as set out in the Carter Review and in response to NHS Improvement's Corporate Services Benchmarking Report (February 2017), cannot be underestimated and the Trust must work hard to engage with staff around the change process and mitigate against reduced staff experience. The Trust has in place a People Strategy which will be updated in Quarter 1 of 2017/18 and the successful delivery of this is critical to ensuring the mitigation of its workforce risks, particularly in relation to the impact of national shortages of key staffing groups.

### *iv) Delivery of targets*

Delivery of targets will continue to be a challenge. The Trust's operational plan provides for the planned capacity requirement but the continuation of patient complexity and

acuity, and increase in non-elective referrals remain a challenge. The Trust is undertaking a comprehensive review of patient flow to ensure optimum use of beds and timely and a seamless discharge process for all patients.

**v) *Learning from Deaths and serious incidents***

The Trust will implement new national requirements relating to the mortality review process and review of all deaths in 2017/18. There will be continued focus on the embedding of learning across divisions and in further improving the Trust's safety culture.

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission and has been rated 'outstanding' in the inspection carried out in 2016/17.

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.

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

The financial plan is approved by the Board and submitted to NHS Improvement (NHSI). The plan, including forward projections, is monitored in detail by the Integrated Performance Committee, a formal Assurance Committee of the Board. The Integrated Performance Committee also monitors productivity and has reviewed and extended the range of KPIs during the course of 2016/17. The Board itself reviews a report on financial performance provided by the Chief Finance Officer including key performance indicators and NHSI 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. A Business Transformation Steering Group has been established in 2016/17 and reports to the Operational Board on CIP delivery and productivity and identifies where there is further scope to improve. The outcome of the quality impact

assessments is reported to the Integrated Performance Committee, Quality Committee and Board of Directors as part of the sign off of annual plans.

### **Information Governance**

Information governance risks are managed as part of the processes described above and assessed using the Information Governance Toolkit. The Trust has reported one Level 2 data breach as a consequence of a hack applied to the third party supplier of radiation dosimetry services to the Integrated Radiological Services. This has affected a number of NHS Trusts.

The Trust has submitted a compliant Information Governance Toolkit assessment as at 31<sup>st</sup> March 2017.

### **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. NHS Improvement (in exercise of the powers conferred on 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 formulation of the Annual Quality Report has been led by the Director of Nursing and Quality with the support of Medical Director, Divisional Heads of Operations, Informatics team and other teams as required, for example, Care Support Team and Safeguarding team. The Annual Quality Report 2016/17 has been developed in line with national guidance. All data within the Quality report is reviewed by the Quality Committee as part of a quality dashboard and is derived from a comprehensive 3 Year Quality Strategy, approved by the Board of Directors. The Quality Committee reports regularly to the Board via a 'BAF Key Issues Report'.

The Quality Report has been reviewed through both internal and external audit processes and comments have been provided by governors and local stakeholders including, patients, commissioners, Healthwatch and the local authority. These stakeholders have fed back on what is important to them and how the Trust can further improve the quality and safety of services for our patients and their families.

Implementation of the Quality Strategy and Organisational Learning Policy supports delivery of the Trust's key objective to provide high quality and safe care. At the centre of this objective is an ambition to continually improve the quality of service, including staff consistently demonstrating their compassion, confidence and skills to champion the delivery of safe effective care. The People Committee receives assurance on the competencies and values displayed by the workforce as measured through the annual appraisal process, whilst sharing learning and good practice is monitored through the Quality Committee and communicated widely across the Trust through Divisional Governance structures.

There are systems in place within the Trust to review and monitor performance and quality of care through performance dash boards at ward, service, divisional and Board level with a wide range of information available across the whole Trust. The Quality Committee makes use of a bespoke clinical quality dashboard to monitor the performance of the key indicators set out in the Quality Improvement Strategy. The use of electronic monitors at the entrance to all wards displays quality data and staffing levels to inform patients and families and to provide confidence around quality and safety.

The Trust has in place a dedicated 18 week validation team working alongside operational managers and consultants to routinely cleanse and validate waiting time data. The process is reviewed periodically as part of the Trust's internal audit programme.

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

### **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 within this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and quality 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.

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
- Audit Committee consideration (standing item on agenda) of issues which could impact upon the Annual Governance Statement
- 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 CQC standards
- Internal audits of effectiveness of systems of internal control.

## Conclusion

There were no significant control issues identified in 2016/17, however during the year the Trust has actively addressed the actions and organisational learning arising from the reported serious incidents and has maintained an active oversight of the effectiveness of controls in place to mitigate the risk of harm and ensure delivery of operational targets.



**Jane Tomkinson**

Chief Executive

Date: 30th May 2017

## PART 3: QUALITY REPORT

Liverpool Heart and Chest Hospital NHS Foundation Trust is a single site specialist hospital serving the population of 2.8 million people resident in Cheshire, Merseyside, North Wales and the Isle of Man. It provides the full range of heart and chest services with the exception of organ transplantation. Throughout 2016/17, this 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 such as LinQ, and treatments used to control and restore the normal rhythm of the heart (arrhythmia management).
3. Surgical procedures used to bypass coronary artery narrowings, replace the valves of the heart or deal with other problems with major vessels in the chest (cardiac surgery).
4. Surgical procedures used to treat all major diseases that can affect the normal function of the lungs (thoracic surgery).
5. Drug management of asthma, chronic obstructive pulmonary disease and cystic fibrosis (respiratory medicine).
6. Community cardiovascular, respiratory and chronic obstructive pulmonary care for the residents of Knowsley.

The Trust continues to deliver seamless, integrated care closer to home for patients referred into the Community Cardiovascular and Community Respiratory services. NHS Knowsley Clinical Commissioning Group commissions LHCH to provide both evidenced based, high quality, accessible care for both cardiac and respiratory patients, supporting the CCG vision of contributing to its overall plans to improve health outcomes for patient population. The new respiratory service has recently extended beyond COPD to now include patients with pneumonia, bronchiectasis, asthma and other respiratory conditions. The key outcomes of the service include a reduction in premature deaths from respiratory conditions and a decrease in unnecessary emergency care through improved diagnosis, treatment and management, which is accessible and meets the expectations of both patients and the public in Knowsley. LHCH has demonstrated through this service model that patients enjoy access to high quality services closer to home, have greater involvement in decisions about their care and enjoy a better quality of life, demonstrating better outcomes and value for money.

### **New Environments**

On listening to the views of its patients, the Trust invested in a complete refurbishment of its Outpatient Department that includes:

- tea bar, serving both hot and cold drinks along with sandwiches and snacks
- automated self check-in kiosks
- pagers made available for patients that will alert them when their appointment is ready, giving both patients and families the freedom to move away from the waiting area if they choose.

### **Feedback**

- My experience today was fantastic. My journey from booking in to seeing my consultant was timely with staff being professional and courteous.
- I do not hesitate to recommend Liverpool Heart and Chest Hospital to anybody.

All clinical ward and operating theatres areas were assessed against the Trust's *Excellent Compassionate and Safe Care* standards (ECS) framework in 2016. All areas were awarded a green status with achievement plaques displayed outside each entrance. The next steps for our wards and departments would be to apply for Gold Status as a means of recognising the outstanding results on the delivery to patient and family centred care.

Listening in Action saw projects being led by multidisciplinary teams Trust wide. The Trust has seen improvements made to the pathway of its patients that focus on quality and experience. Enabling patients to be discharged earlier in the day, reducing the number of moves a patient has during their care pathway and ensuring all medications and equipment are available before discharge. This work includes displaying the patients discharge pass, this focuses healthcare teams on having everything ready for the patients timely discharge, and informs the patient, their families and carers of the expected day of discharge. This enables families and carers to support the patient transition from hospital to home.

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.

The Trust has one of the largest critical care units, alongside state of the art laboratories and operating theatres, in which to treat its patients. The Intensive Care Unit has a new garden area which provides a place of calm and quiet for families and carers. This area has been pivotal in bringing patients from inside the intensive care area to outside, where precious time can be spent with families, carers and friends.

## Quality Account Summary

This Quality Account takes a look at the year past and reflects upon the commitment the Trust has made to improve quality.

The Trust is pleased to announce that significant progress has been made on the quality priorities agreed by its Governors and stakeholders in 2016.

- Positive family and friends response for “would you recommend this hospital to your family and friends”
- Identification of those patients who require targeted care when they inform us they have a complex need requirement
- Frailty screen that includes assessment when identified
- Follow up care for our patients who have undergone complex aortic surgery

It has been another good year for improving the quality of care at LHCH, with the focus on improving the quality of care and experience for all its patients, their families and carers.

This Quality Account also reassures readers 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 the Trust’s 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 Clinical Commissioning Groups, Healthwatch, relevant Local Authority Overview & Scrutiny Committees and other interested parties such as the staff working in the hospitals with whom the Trust works.



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

It is my pleasure to introduce the Quality Account for 2016-2017 by Liverpool Heart and Chest Hospital NHS Foundation Trust, which demonstrates our commitment to deliver the very best in healthcare.

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 best - delivering and leading outstanding heart and chest care and research*

We have made significant improvements to quality since our Quality Account 2015-16. Our front line staff have been involved in Listening into action groups focusing on quality improvements that have been generated by them. Alongside this we have focused on developing a culture of being open, honest and transparent with our patients and their families. Quality of care is at the heart of everything we do. This is supported by a welcoming, honest and compassionate approach to our delivery of health care. We will continue to engage with our patients and families in order to improve our services whilst learning from incidents and errors. We will strive to deliver excellent healthcare, whilst supporting our staff to speak out safely, to reduce avoidable harm.

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 and experience enjoyed by our patients. We are committed to work with other healthcare colleagues in development of Sustainable Transformation Plans' (STP) that focus on delivering excellent healthcare locally in an evolving healthcare environment.

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

- LHCH was the first specialist trust nationally to be awarded an 'Outstanding' rating by the Care Quality Commission
- For the eighth time in 10 years, patients rated LHCH as the best hospital in the country for 'overall patient care'.
- The Trust's Knowsley Multidisciplinary Community Cardiovascular Disease and Respiratory Services were named winners at the North West Coast Research & Innovation Awards 2017 in the Priority Award category.
- Jane Tomkinson CEO was awarded the OBE
- Neil Large, Chairman of LHCH, was awarded an MBE in The Queen's New Year's Honours List 2017.

- Professor Rod Stables, Consultant Cardiologist, was awarded the post of honorary chair from the University of Liverpool and was also appointed as chair of the British Cardiovascular Society Academic and Research Committee
- LHCH formally opened its brand new main entrance along with its redeveloped Outpatients Department.
- LHCH was a shortlisted finalist at the Nursing Times Awards 2016.
- The Trust continues its registration with the independent health regulator, the Care Quality Commission without any conditions.
- All minimum standards of care met or exceeded as defined by the Department of Health.
- Further developed the Guardian roles – supporting staff to speak out safely in a supported and safe environment
- Further developed the daily safety huddle with the CEO whereby all staff are welcomed to share their safety concerns
- Development of the safety seven circle – encouraging our staff to consider all aspects of safety in their areas of work
- Implementation of clinical observation machines that will pull observations directly in to the patients electronic health record – releasing nursing time to care

Despite this excellent performance, we remain committed to improving the quality and safety of care given to our patients and their families 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 Hospital's 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 past year.

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



**Jane Tomkinson**  
Chief Executive Officer OBE

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

### 2.1 Priorities for improvement

**Priority One:**

Development and implementation of a pre-screening tool that would identify those patients at risk of having post-surgical procedure delirium

**Category:**

Patient Experience

**Why:**

Post-operative delirium can be extremely upsetting for patients; if LHCH can identify those patients most at risk it may be possible to reduce the incidence of this distressing post-operative complication.

**How much:**

The Trust's aim is to identify those patients most at risk of delirium on admission and to ensure that those who are at risk are given a tailored multi-component intervention package.

**By When:**

March 2018

**Who collects the data:**

Information will be collected by the nurses in the risk assessment document, to be completed on admission, and on the assessment and care flow sheets in EPR.

**Monitoring of Data:**

The Trust's Business Intelligence Team

**Current Position:**

April – May 2017: Development of the risk assessment tool and enhancement of assessment and care flow sheets in EPR, commination to all nursing / medical teams.

June – July 2017: Implementation of the risk assessment document

August – December 2017: Start to monitor compliance against the following quality standards: risk factor assessment, interventions, avoidance of pharmacological intervention, patient/family

January – March 2018: Identify further developments/improvements from data collected

**Priority Two:**

Those patients who have been identified as experiencing delirium post-operatively to develop a post discharge follow-up mechanism referral to GP if assessment outcome indicates on-going physiological concerns

**Category:**

Safe

**Why:**

Some patients do experience post-operative delirium; as part of the Trust's Patient Experience Vision, LHCH wants to provide ongoing support patients may need when discharged home.

**How much:**

The Trust's aim is to develop the mechanism for following -up all patients who have been identified as experiencing significant delirium post-operatively and, where appropriate, refer to GP.

**By When:**

March 2018

**Who collects the data:**

Information will be collected by the nurses and medical staff in the treatment plans for significant delirium assessment in EPR.

**Monitoring of Data:**

The Trust's Business Intelligence Team

**Current Position**

April – July 2017: Development of the post discharge assessment tool

August– December 2017: Collate the data of % of patients who would be assessed as requiring a post discharge follow up

January – March 2018: Implement the follow up mechanism if referral to GP as indicated

**Priority Three:**

Assessment of patients who have been identified on admission as having a complex mental health condition

**Category:**

Safe

**Why:**

Patients who require specialist care pathway planning post-operatively need to be identified on admission. Nationally there is an increase in the number of patients who reach the threshold of needing specialist mental health support.

**How much:**

The Trust's aim is to identify those patients with complex mental health conditions on admission and to ensure that those who do are referred to the Trust's Safeguarding Lead/Team.

**By When:**

March 2018

**Who collects the data:**

Information will be collected via the risk assessment document in EPR, to be completed on admission.

**Monitoring of Data:**

The Trust's Business Intelligence Team

**Current Position:**

April – June 2017: Development of the risk assessment tool

July – September 2017: Implementation of the risk assessment document

October – December 2017: Start to monitor performance and collect baseline data of those patients who have a complex mental health condition

January – March 2018: Further developments/improvements, including the development of an assessment toolkit for use by the Trust's Safeguarding Lead/Team and GP communication

**Priority Four:**

GP referral for patients who have been identified as frail and needing further GP support following OT assessment as an inpatient

**Category:**

Safe

**Why:**

To increase the amount of time that people can be independent, healthy and active in later life. Frailty can be either physical or psychological frailty, or a combination of the two, and can occur as a result of a range of diseases and medical conditions. Frailty affects individuals, families and society as a whole, and can cause reduced quality of life, ill-health and premature mortality and has a direct effect on community resources, because people are less able to do their usual daily activities and often need support and long-term care.

**How much:**

The Trust's aim is to complete a GP referral for patients identified as frail and needing further GP support following OT assessment as an inpatient, improving on last year's performance against this indicator (60%).

**By When:**

March 2018

**Who collects the data:**

Information will be collected by the OTs in the Discharge Summary in EPR.

**Monitoring of Data:**

The Trust's Business Intelligence Team

**Current Position:**

A frailty assessment document was developed and implemented in 2016/17; screening takes place on admission. The facility to refer to OT has also already been implemented in the Trust's EPR.

April – June 2017: Continue to monitor the number and % of frailty assessments taking place collect baseline data of those patients determined as frail. Further development of the OT referral functionality and OT assessment documentation / Discharge Summary  
July – March 2018: Monitor increasing % of referrals made to patients GP

## How our priorities were selected

In the pursuit of its goal to deliver the best outcomes and be the safest integrated healthcare organisation in the country, throughout 2016/17 the Trust led a continuous and comprehensive consultation exercise. The focus was on the identification of those priorities for improvement which would bring the biggest benefits to the people the Trust serves. By people, this naturally includes patients, but importantly also carers, Foundation Trust members and other health and social care professionals with whom the Trust interacts with on a daily basis.

The Trust held a number of internal and external consultation events which have successively refined its decision making over which priorities to select. The 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 (e.g. commissioning).
3. The Trust's quality, safety and patient experience Council of Governors sub-group, who are continuously identifying priorities from the Trust's 10,300 members.
4. Patient and family listening events.
5. 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 run in the local communities served by the Trust.
6. Healthwatch, who were invited to the Trust's stakeholder event for Quality Accounts prioritisation.
7. Issues raised by LHCH patients arising from both national and local surveys.
8. Key stakeholders (the doctors, nurses and managers from referring hospitals, commissioners, patient self-help groups, 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's Governors who discussed the priorities and approved the final shortlisted priorities on behalf of the Board of Directors on 1<sup>st</sup> February 2017.

This process has resulted in four of the five 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.

## Duty of Candour

LHCH acknowledges the need for open and effective communication with all patients, carers and families. This effective communication begins at the start of the patients care pathway and continues throughout their time spent at the hospital. Openness and transparency to our

patients and their families when an incident has been identified as causing patient harm is both encouraged and supported by the Board of Directors. The Trust has initiated a number of ways for implementing the duty of candour.

These include:

- awareness raising for all staff groups
- inclusion of duty of candour training within our mandatory training policy
- human factor training for clinicians
- training for Board of Directors
- leaflets and posters informing staff of our commitment for open and honest communications
- strengthening Trust policies and procedures supporting duty of candour.

### **Sign Up To Safety**

Sign up to Safety is a three year National patient safety campaign which aims to deliver harm free care for every patient every time, everywhere.

LHCH joined the campaign in July 2014 devising a Trust safety improvement plan which was submitted in September 2014. The safety improvement plan focused on 2 areas of action – improving the safety culture and improving communication and documentation.

#### **Area 1 - Develop reliable care bundle to support the improvement of documentation of care by 50% by 2017**

LHCH was successful in securing monies from NHSLA to support the development of a new post in order to procure advanced training on EPR for the senior clinical team for one year. The Clinical Systems Trainer post commenced in early August 2015 and ran until August 2016. The focus was to ensure the senior clinical team received training on the advanced use of the system. Some of the achievements within the role are as follows:

- The RTT Pathway Outpatient Review EPR document
- VTE Prophylaxis as completed in EPR
- PAS & Patient Flow Support
- PAS Role Out
- Specimen Collection Process
- Ward to Ward Transfers
- Reschedule Medication
- EPR Assessment & Care Documentation

#### **Area 2 - Area Two - Improving the Safety Culture within the organisation and improve incident reporting by 50% by 2017**

The Trust completed a staff safety culture survey in 2014 and while there were some positive scores achieved, the focus was on improving communication and team working among teams in the organisation. Listening events have been held and action taken on focused areas.

The organisation has introduced the Datix risk management software system in order to improve integration of incidents, complaints and claims. Incident reporting has become all electronic with feedback to the reporter once an incident is actioned and closed by the



assigned manager. Incident reporting has seen a rolling average increase of 38% since the start of the campaign.

The information team has developed the Sign up to Safety dashboard which allows all managers to view progress with the campaign aims. Reported incidents can be viewed for all areas with learning and action taken clearly displayed and accessible for staff.

## NHS Staff Survey Results

The Trust made improvements in the staff survey KF25 – 26 % of staff experiencing harassment and bullying, and KF21 equal opportunities for career progression as described in the results below.

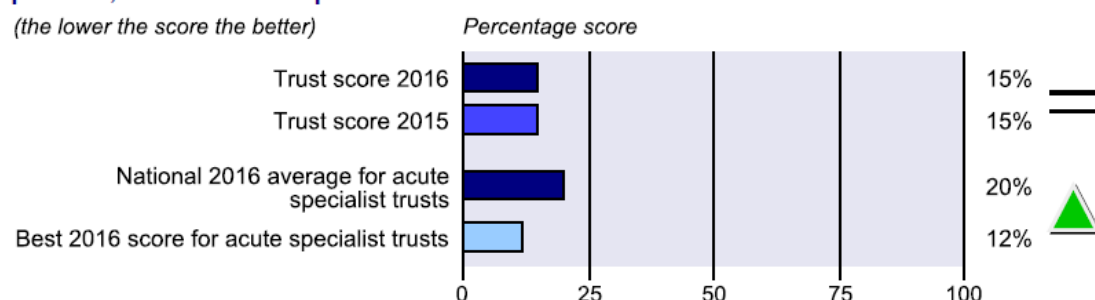
No significant changes to KF25 compared to the previous year – this was 5% less than average for ‘Acute Specialist Trusts’ (lower score is better).

There was a 1% increase compared to the previous year for KS26 – this is the same as the best score for ‘Acute Specialist Trusts’ in 2016 and 8% lower than the average for ‘Acute Specialist Trusts’. (Lower score is better).

No significant changes to KF21 compared to the previous year - this was 2% higher than the average for ‘Acute Specialist Trusts’ (higher score is better).

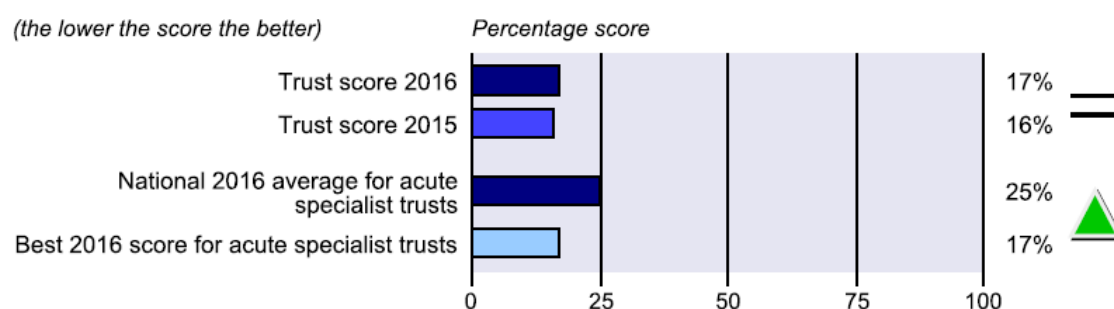
### KEY FINDING 25. Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months

(the lower the score the better)



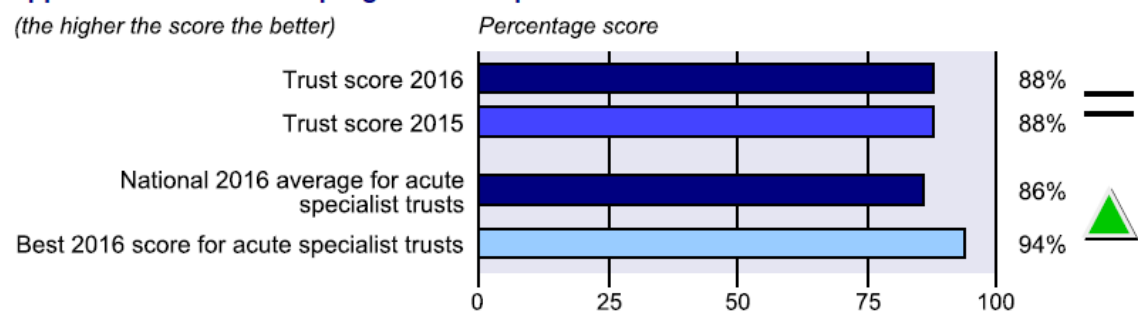
### KEY FINDING 26. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months

(the lower the score the better)









**KEY FINDING 21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion**

*(the higher the score the better)*



## CQC Ratings

Following the inspection in April 2016 the Trust was pleased to receive an overall rating of Outstanding. Some actions identified by the assessment team, led to the development of an action plan that is progressed and reported to the Board of Directors on a regular basis until all actions completed. There were no areas identified by the assessment team as inadequate.

CQC rating for Liverpool Heart and Chest Hospital		
Safe		Good
Effective		Good
Caring		Outstanding
Responsive		Outstanding
Well Led		Outstanding
Overall		Outstanding

## Review of Priorities from 2016/17

### Priority One:

Improve the experience in outpatient department for patients and families

### Category:

Patient Experience

### Why:

LHCH patients have said they are waiting over 30 minutes to see a doctor. This has a negative impact on their experience within the outpatient department.

### How much:

The Trust's aim is to improve the total of positive responses to Friends and Family test (FFT) "would you recommend our hospital" question.

### By When:

March 2017

### Who collects the data:

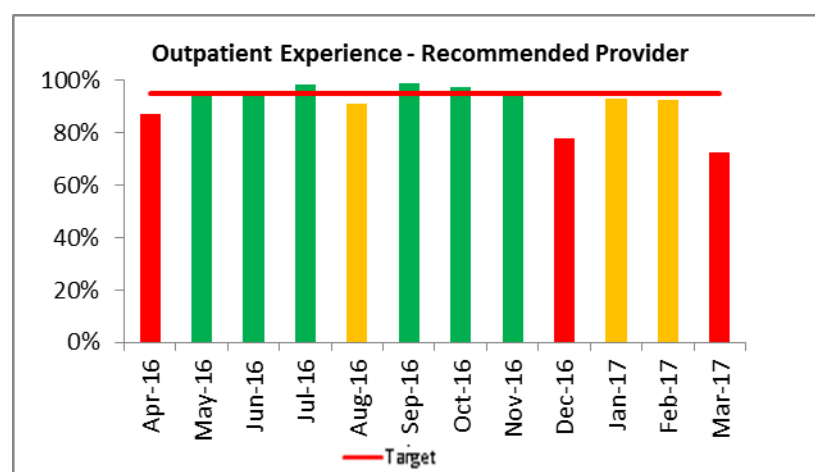
Friends and Family Test results

### Monitoring of Data:

The hospital information team

### Current Position:

Baseline data from April – June established a yearend target of  $\geq 95\%$ . The Trust performed just below this target at 94%.



## Priority Two:

Development of Care Pathways for patients with enhanced or complex needs

## Category:

Safe

## Why:

To ensure those patients who require more complex care needs are identified within our electronic health record with evidence of appropriate care needs delivered.

## How much:

40% of those patients identified on admission as requiring enhanced care needs

## By When:

March 2017

## Who collects the data:

The electronic patient record

## Monitoring of Data:

The hospital information team

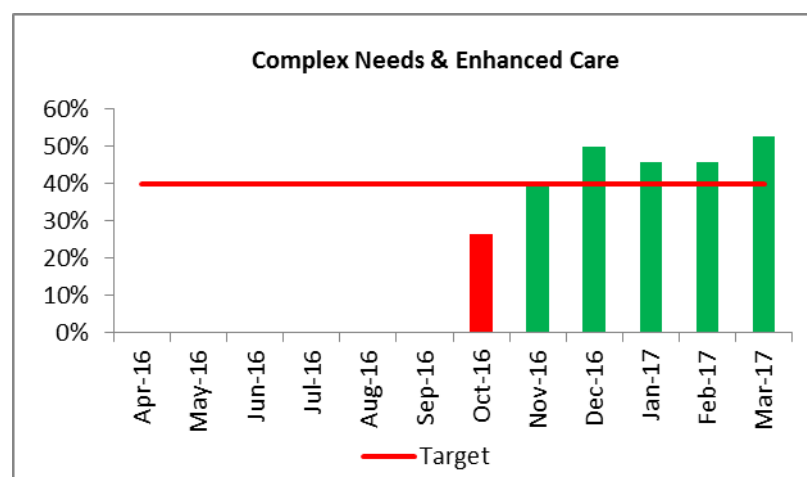
## Current Position:

Development of pathway April – June 2016.

Implementation of pathway and training July – September 2016.

Monitoring of care October – December 2016.

Improvements January - March 2017. Against a target set at  $\geq 40\%$ , the Trust achieved 41.1% during the last 6 months of the year.



### Priority Three:

Patients receive frailty assessments

### Category:

Safe

### Why:

To ensure all patients identified as being frail receive an Occupational Assessment and referral to their GP for further intervention if required.

### How much:

80% of those patients identified as requiring a frailty assessment and referral to GP

### By When:

March 2017

### Who collects the data:

The electronic patient record

### Monitoring of Data:

The hospital information team

### Current Position:

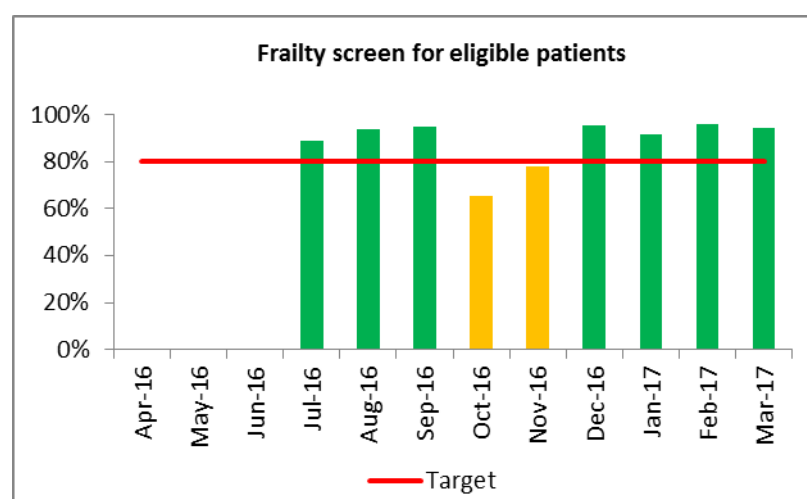
Development of frailty assessment document April – June 2016.

Implementation July – September 2016.

Monitoring of occupational assessment and referral to GP October – December 2016.

Improvements January - March 2017.

Since July 2016, the Trust has been able to achieve 90% of eligible patient successfully screened for frailty.



## Priority Four:

Post discharge from hospital support

## Category:

Effective

## Why:

LHCH patients who have undergone complex Aortic surgery would benefit from follow up care telephone calls following discharge

## How much:

50% of all patients identified as having complex aortic surgery

## By When:

March 2017

## Who collects the data:

The electronic patient record

## Monitoring of Data:

The Care Support Team

## Current Position:

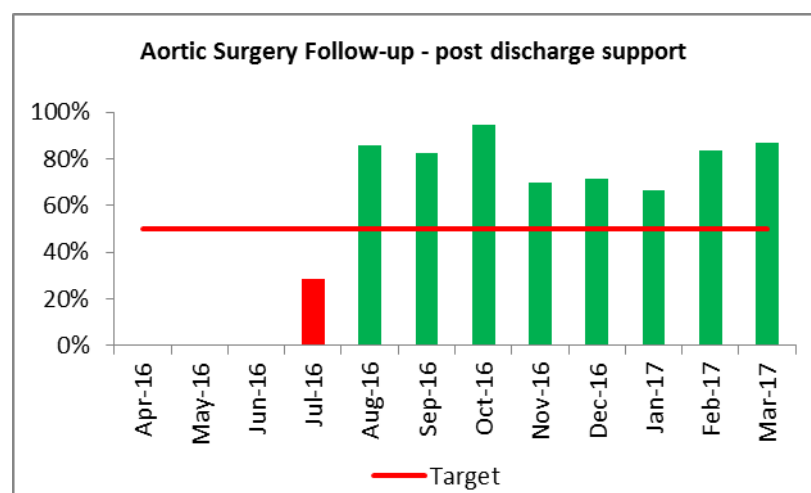
Identify the percentage of patients who are discharged following complex aortic surgery April – June 2016.

Development of care follow up questionnaire document July – September 2016.

Instigate care follow up telephone calls October – December 2016.

Improvements January - March 2017.

Since introducing the follow-up questionnaire, the Trust has achieved 75% of aortic surgery patients being followed-up post discharge.



## 2.2 Statements of Assurance from the Board

### Participation in Clinical Audits

During 2016/17, 14 national clinical audits and 1 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 2016/17 are as follows in Table 1.

The national clinical audits and national confidential enquiries that Liverpool Heart and Chest Hospital *participated* in during 2016/17 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 2015/16, 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.

Liverpool Heart and Chest Hospital has reviewed all the data available to them on the quality of care in all 15 of these relevant health services.

The income generated by the relevant health services reviewed in 2016/17 represents 93% of the total income generated from the provision of relevant health services by LHCH for 2016/17.

A proportion of Liverpool Heart and Chest Hospital income in 2016/17 was conditional on achieving quality improvement and innovation goals agreed between Liverpool Heart and Chest Hospital and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.



Table 1:

A list of national clinical audits and national confidential enquiries			
	Eligible to participate in	Participated in Yes / No	% cases submitted
<b>Acute</b>			
1	Adult critical care (ICNARC CMP)	Yes	<p>We are part of the ICNARC CMP and part of the new Cardio-Thoracic sub-group. The data is submitted on a quarterly basis:</p> <p>For 2016/17 submitted data on 1937 / 1937 (100%) of patients admitted to Critical Care.</p>
2	National emergency laparotomy audit (NELA)	Yes	<p>NELA - year 3 (01/12/2015 - 30/11/2016) 21/21 (100%) cases submitted</p> <p>NELA - year 4 (01/12/2016 - 30/11/2017): *3 cases submitted to date</p> <p>*NELA have updated Inclusion/Exclusion criteria (29/03/2017) Patients returning to theatre for ischaemic bowel following elective or emergency aortic aneurysm surgery, or for ischaemic bowel following cardiac surgery are now excluded. Therefore LHCH no longer need to participate in NELA. Year 4 cases will be removed by NELA.</p>
<b>Blood and transplant</b>			
3	National Comparative Audit of Blood Transfusion programme - Audit of Patient Blood Management in Scheduled Surgery Re-audit Sept 2016	Yes	Submitted data on 45 cases, which is 100% of the sample size requested by the terms of the audit.
<b>Cancer</b>			
4	Lung cancer (NLCA)	Yes	<p>Data for patients diagnosed in 2016 is now submitted via the trust's monthly Cancer Outcomes and Services Dataset submissions to the National Cancer Registration System.</p> <p>Currently 1049/1049 (100%) records for suspected lung cancer have been submitted for patients diagnosed from January to December 2016</p>
<b>Heart</b>			

5	Acute coronary syndrome or Acute myocardial infarction (MINAP)	Yes	<p>492/ 831 (59.2%) STEMI cases submitted to NICOR 0/22 (0%) Takotsubo cases submitted</p> <p>295/933 (31.6%) NSTEMI / ACS (Time period April 16 – January 17).</p> <p>Deadline for submission 26/05/2017</p>
6	Cardiac Rhythm Management (CRM)	Yes	<p>Q1 - Q3 2016/17 1076 / 1076 (100%) cases submitted for pacing and implantable cardiac defibrillators for period April 16 – Dec 16 Q4 submission is due by 30/06/2017</p> <p>1067 / 1067 (100%) EPS cases have been submitted for the reporting period April 16 – Dec 16</p> <p>Q4 submission is due by 30/06/2017.</p>
7	Congenital Heart Disease (Paediatric cardiac surgery) (CHD)	Yes	<p>FY 2016/17</p> <p>64 / 64 (100%) cases submitted for catheter or surgical procedures. 23 / 23 (100%) cases submitted for ICD &amp; Pacing procedures.</p>
8	Coronary Angioplasty	Yes	<p>A total of 2486/2486 (100%) including coronary pressure studies, IVUS and OCT cases (2097 PCI's) submitted for 2016/17</p>
9	National Adult Cardiac Surgery Audit	Yes	<p>Adult cardiac surgery data submissions are undertaken every 12 weeks as required by CCAD.</p> <p>FY 16/17 Q1 x 496 Cases Submitted (100%) Q2 x 556 Cases Submitted (100%) Q3 x 491 Cases Submitted (100%) Q4 due 30/06/2017</p>
10	National Cardiac Arrest Audit (NCAA)	Yes	<p>April 2016 – March 2017. FY 16/17 Q1 x 41 Cases Submitted (100%) Q2 x 27 Cases Submitted (100%) Q3 x 28 Cases Submitted (100%) Q4 due in May 2017</p>
11	National Heart Failure Audit	Yes	<p>Q1 &amp; Q2 2016/17 37 / 37 (100%) cases submitted Q3 submission is due by 31/03/2017. Q4 submission is due by 30/06/2017.</p>

	Long term conditions		
12	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme: pulmonary rehabilitation work stream	Yes	<p>The Trust registered 2 services: Liverpool and Knowsley.</p> <p>The clinical audit is running from 03/01/17 to 31/03/17. Submission of data is open until the end of July 2017.</p> <p>The organisational audit will be open until the end of April 2017. Submitted.</p> <p><u>Liverpool service</u> Recruitment at 3/1/17-21/2/17 47/57 (82%) have consented and to be submitted 1/57 (2%) declined to consent 9/57 (16%) not asked/undecided</p>
			<p><u>Knowsley service</u> 71/83 (86%) have consented and to be submitted 12/83 (14%) declined to consent The organisational audit will be open until the end of April 2017. Submitted</p>
13	UK Cystic Fibrosis Registry	Yes	313/313 (100%) submitted between 01/02/2016-31/01/2017 as per the UK Cystic Fibrosis Registry
14	Sentinel Stroke National Audit programme (SSNAP) - Post-acute provider organisational audit	Yes	<p>Knowsley service provider 2016/17</p> <p>Data provided from 1st April 2016 to 21st Feb 2017</p> <p>Early Supported Discharge: 55 of 63 (87%) patients referred for ESD have been eligible to enter onto SSNAP by acute providers. Some of these patients have completed rehabilitation and some are still on-going with the team.</p> <p>Community Stroke Rehabilitation: 63 of 68 (93%) patients referred for CSR have been eligible to enter onto SSNAP by acute providers. Some of these have completed rehabilitation and some are still on-going with the team.</p> <p>Awaiting 5 patients to be transferred over to the team from acute providers (3 ESD and 2 CSR).</p>
<b>National Confidential Enquiry into Patient Outcome and Death</b>			
15	<p>National Confidential Enquiry into Patient Outcome and Death (NCEPOD)</p> <ul style="list-style-type: none"> <li>Physical and mental health care of mental health patients in acute hospitals</li> </ul>	Yes	<p>Trust invited to participate.</p> <p>LHCH do not meet criteria for submission of patient questionnaires.</p> <p>Organisational Questionnaire was submitted as per NCEPOD criteria</p>
	<b>Total</b>	<b>Yes =15</b>	

The reports of 12 national clinical audits were reviewed by the provider in 2016/17, and Liverpool Heart and Chest Hospital intends to take the following actions to improve the quality of healthcare provided.

*Note: The following national reports have not yet been published at the time of completing the quality account:*

- National Chronic Obstructive Pulmonary Disease (COPD) Pulmonary Rehabilitation workstream - data collection recommenced in January 2017
- National Comparative Audit of Blood Transfusion programme: Audit of Patient Blood Management in Scheduled Surgery Re-audit Sept 2016
- UK Cystic Fibrosis Registry annual report
- Sentinel stroke (SSNAP) Post-acute annual audit report

## Cancer

### Lung Cancer (National Lung Cancer Audit) Published

#### **Lung cancer consultant outcomes publication (for the 2014 audit period)**

##### **Published December 2016**

This is the third national report of outcomes for lung cancer surgery. It is clear (as from previous reports) that LHCH provides a high-volume service for patients with lung cancer. Outcomes are similar to those of other hospitals, although for 30-day survival LHCH has a better outcome (99.2%) for the year published than the rest of the country (97.9%) – i.e. it is a positive outlier. It is important not to attach too much weight to this data, given the absence of a robust risk-stratification model and the relatively small numbers of patients analysed. Nevertheless this must be a reflection of good practice at the Trust which staff should be given credit for.

Length of stay has been published for the first time this year, and the median value for LHCH patients of 7 days (IQ range 5-9) is similar to the national average of 6 (IQ range 5-10). Moving to same-day-admission and enhanced recovery for patients could be expected to reduce this figure, as has happened in other hospitals who have introduced these changes.

#### **National Lung Cancer Audit annual report 2016 (for the audit period 2015)**

##### **Published January 2017**

The dataset for the Liverpool Lung Cancer Unit (LLCU) activity for 2015 has well documented issues. Essentially, activity has been inflated by including cases which belonged to other units, included cases which were proven not to be lung cancer. This has resulted in an underestimation of our performance from the inclusion of cases which did not belong to us.

The national team are aware of this and have promised an improved performance for the next audit period (2016 year data). This is a problem which has also affected some other units in the network.

Because of this, we are unable to draw any conclusions from the dataset or action plan any improvements.

## Heart

### **National Audit of Percutaneous Coronary Intervention (BCIS) (data period Jan 2014 - December 2014) published April 2016**

LHCH provides a very high quality Primary Percutaneous Coronary Intervention (PPCI) and Acute Coronary Syndrome (ACS) service to the region.

Our Major Adverse Cardiac and Cerebrovascular Event (MACE) rates /outcomes for both are lower than the national norm despite high volumes and we are performing better than national average. Good practice includes a streamlined door to balloon protocol for ST Elevation Myocardial Infarction (STEMI) patients, flexible cath lab working to accommodate high numbers of ACS cases and PPCI patients. A state of the art day ward facility to enable day case ACS cases with 85% radial access.

Our Clinical Audit department remains committed to the collection of high quality data returns for STEMI and improving data completion for non-ST Elevation Myocardial Infarction (nSTEMI) patients.

Gaps in service include delays to treatment of ACS cases referred towards the end of the week – this has now been overcome by establishing weekend ACS lists. We will be developing a protocol to enable prompt transfer of v high risk, clinically unstable nSTEMI patients along the lines of STEMI patients.

### **Acute Coronary Syndrome (MINAP) (data period 2014/15) published January 2017**

LHCH provides an excellent PPCI service as demonstrated by our low door to balloon times and high volume activity. We are developing a clearer pathway for direct transfer of survivors out of hospital cardiac arrest with STEMI. The Trust's performance as a centre exceeds national outcomes for PPCI. We fall short when it comes to call to balloon delays for transferred patients. For direct admissions we perform above the national norm.

Underperformance is exclusively around delayed transfer from local hospitals – delays in summoning an ambulance are a significant issue - we are working with the ambulance service to improve this but the service is hard-pressed. Delays in diagnosis remains an issue in some referral centres – pathways of care for STEMI are variable. We are working with Healthy Liverpool partners and STP to improve the pathway through education and greater cardiology team involvement in the process.

For NSTEMI, we are working towards a 72 hour target. Weekend ACS lists have commenced to smooth out patient flow over the whole week and reduce the delays to cath for patients referred on Thursday/Friday. Day case ACS work is the norm at LHCH which improves patient flow and preserves ward bed status. Delays in diagnosis and from diagnosis to referral at referring centres are the main reasons for failure to achieve the 72 hour target. Via STP there is an ambition to improve this with greater involvement of senior cardiologists at referring hospitals and an agreed single pathway of care to improve access to LHCH.

### **Consultant outcomes publications for data period 01/01/2012 - 31/12/2014**

Consultant outcomes publication shows an analysis of each individual consultant PCI

operator's and hospital activity and outcomes. Results are searchable on the British Cardiovascular Intervention Society (BCIS) web site. A link is also available through My NHS - NHS choices website.

### **National Adult Cardiac Surgery Audit**

#### **Consultant outcomes published for data period 01/04/2012 - 31/03/2015**

Consultant outcomes publication shows the number and type of heart operations each consultant and hospital is performing, average patient risk profiles and risk adjusted in-hospital survival rates. All LHCH cardiac surgeons are working within the 'expected' range – this means that there are no outliers and cause for concern about their practice.

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.

### **National Congenital Heart Disease published April 2016**

The Trust has good service provision for percutaneous ASD/PFO closure procedures. Complication rates in line or lower than the national norm. The Trust has high levels of success with longstanding expertise in this area. The Trust does not undertake other ACHD interventional procedures at this centre.

Structural MDT has been established to discuss all cases referred for percutaneous ASD/PFO closure with establishment of guidelines for work-up and assessment of such cases.

Good links with the North West ACHD MDT to refer more complex cases especially those for surgical intervention.

Excellent audit data collection programme – very high completion rate for submitted data. Further improvements in the service are dependent on the outcome of the NHSE review of ACHD services and specifically whether we are to become a level 1 centre for ACHD.

### **National Heart Failure Audit (2014-15 data period) Published July 2016**

This report is only partially representative of the service we provide to the HF patients as a tertiary care hospital without a direct admissions unit. It does not reflect on the large number of patients admitted as day case who have cardiac devices implanted every day.

The Trust is doing very well in comparison with national average and the 30 day mortality (post discharge) is well within the accepted figures.

End of Life care is more standardised particularly for patients with implantable devices. ICD deactivation document is now part of electronic records for better documentation of process.

Pathways are in place for use of new HF medication Sacubitril / Valsartan as per European Society of Cardiology ESC and National Institute for Health and Care Excellence NICE recommendations. This has been ratified at Drugs and Therapeutics Committee and is being incorporated into the local trust wide HF guidelines.

The number of patients being reviewed by the HF team is better however as a tertiary centre it is NOT possible for us to monitor external referrals and these referrals are mandated by patient choice and geographical limitations.

#### **National Audit of Cardiac Rhythm Management 2014-15 (Published August 2016)**

This 10th annual report of the National Audit of Cardiac Rhythm Management Devices (CRM Device Audit) describes cardiac device implants in hospitals in England, Wales, Scotland and Northern Ireland for the period April 2014 to March 2015.

This report details the implant rates of pacemakers (PM) and implantable cardioverter defibrillators (ICDs), including those providing cardiac resynchronization therapy (CRT).

- The Trust performs well in all categories and close to national averages in all types of device.

#### **National Audit of Cardiac Rhythm Management 2015-16 (Published February 2017)**

In terms of activity the Trust is a high volume centre and meets all the BHRS standards. Individual operator activity is not recorded within the current report but we have information on this in the centre. A number of the EP consultants have a lower volume of activity in terms of device implant but maintain central access skills and lead manipulation within the heart thus maintaining skills.

There are four quality standards currently set out.

1. The first one is pacemaker volume greater than 80 which we meet
2. Complex device implant – upgrade volume greater than 60 which we meet
3. Atrially based pacing for sinus node disease being greater than 91% which we meet
4. Fulfilling NICE indications for ICD implantation. Reporting on this is limited by our data quality.

The Trust's data completeness is not in the highest category. These have been classified as greater than 98% and greater than 90% as a second indicator. This has been difficult due to the multiple form filling required between clinical recording of the case and capturing data on TOMCAT (database used for collecting national audit data).

Going forward in 2017, this should be remedied by the fact that the EPR system now has all the data that can be extracted to the NICOR database. This removes the need to enter information onto TOMCAT.

#### **National Emergency Laparotomy Audit (NELA) - Second Patient Report published July 2016**

This is the second patient report to be published. On review, results demonstrate our performance remains largely unchanged and this was expected as no action was necessary following the first report. LHCH has a very close working relationship with Royal Liverpool Hospital general surgical colleagues who provide an on-call service to review any patient that requires a surgical opinion when there is suspicion that an emergency laparotomy is indicated. The Trust is assured from reviewing performance that patients are receiving appropriate care in a timely manner.

### **National Cardiac Arrest Audit (NCAA) Published July 2016**

The NCAA Report covering April 2015 to March 2016 specifically by risk adjusted comparative analyses compared the LHCH with three other cardiothoracic hospitals in this audit period as opposed to five cardiothoracic hospitals the previous period. The whole report in its entirety was presented to the Resuscitation and Quality Patient / Family Experience Committees for its findings to be reviewed.

Again for the second year running compared with all other hospitals (80% of all acute hospitals in this country now participate in this audit), the LHCH is performing better than the national average in both patient survival to hospital discharge by shockable and non-shockable presenting / first documented rhythm.

The Resuscitation Training Officer analysed 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 for the next NCAA annual report:

- Each NCAA quarterly report is 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.



### **Adult critical care (ICNARC) quarterly quality report for specialist cardiothoracic critical care units published February 2017**

LHCH is RAG rated green for all ICNARC Quality Indicators. However although in Green status, there are two indicators where the Trust performed below its comparator Critical Care Units:

- Unit acquired infections in blood
  - The data is currently being analysed to provide assurance that unit acquired blood infections are being reported accurately. The consultant Microbiologist and Intensivists are currently reviewing data submitted.
- Unplanned admissions within 48 hrs
  - A new process has been implemented to ensure all readmissions to Critical Care are reviewed by an Intensivist /Lead Nurse to assess if initial discharge was conducted in a safe manner and also to highlight if optimum care was provided during the ward stay. Information will be fed back into the Critical Care Delivery Group and Divisional Governance Committee meetings.

### **National Confidential Enquiry into Patient Outcome and Death (NCEPOD)**

#### **Physical and mental health care of mental health patients in acute hospitals published January 2017**

The Trust is currently in the process of setting up liaison services with the Royal Liverpool Hospital who deliver liaison services across the region, as there's a desire to fully integrate the service into LHCH.

The Trust had recognised the growing need for people who present to us with a co- existing mental health condition to be treated in an appropriate manner whilst in general services and we welcome this report.

The aim of the Trust is to have developed a Service Level agreement that is approved by the board and meets the needs of our patients based upon the principal recommendations set out within the document.

The Trust currently has a lead nurse for mental health who will lead the trust in the development of these services.

### **The reports of 11 local clinical audits were reviewed by the provider in 2016/17 and Liverpool Heart and Chest intends to take the following actions to improve the quality of healthcare provided:**

Below are some examples of improvement work having audited local practice

#### **Modified Early Warning System (MEWS) Audit**

A MEWS system is a clinical tool used to assist in identifying deteriorating patients. The tool used to alert the critical care outreach and medical teams is an early warning scoring system that promotes early recognition of changes in a patient's condition. Modified Early Warning Scores are designed to alert staff to patients at risk of clinical deterioration. The MEWS system used at the LHCH is an aggregated scoring system. It utilises the parameters of pulse, systolic blood pressure, respirations, saturations, temperature, AVPU scale and urine output. For accuracy all parameters must be assessed and scored. A MEWS audit is

conducted at least monthly and on the day of the audit, the Critical Care Outreach Team will verify immediately the accuracy of all non-compliance results. All examples of confirmed MEWS non-compliance or inaccurate recordings are then communicated monthly directly to the individual Ward Managers concerned.

Appropriate escalation of 'MEWS Triggers', along with the latest 'Mews Compliance', figures are presented at the quarterly Critical Care Delivery Group (CCDG) meeting so that any adverse trends can be highlighted and corrective solutions instigated.

MEWS audit provides assurance that MEWS compliance for all ward patients are comprehensively audited for at least one 24 hour period monthly.

- In July 2016 the flow-sheet for detailing the nurse led response to MEWS triggers was amended and widely circulated and publicised throughout the Trust.
- It is expected that observational machines, which will be able to link directly to EPR, will become operational Trust Wide by May 2017. Upon full implementation, a more detailed audit focusing on timely and effective appropriate clinical response to MEWS triggering patients will be produced.

### **Ward Cardiac Arrests Audit**

The Cardiopulmonary Resuscitation Officer (RTO) undertakes a review of all ward cardiac arrests in accordance with the recommendations set out in 'Quality Standards for CPR practice and training', Acute Care, Resuscitation Council (UK) 2013. A quarterly report incorporating the supporting tool outlined in the Resuscitation Council (UK) guidelines is produced and presented quarterly to the Mortality Review Group.

- From 2016 to the 'Quarterly Quality Patient & Family Experience Divisional Meeting', to determine if there are learning points that can be shared across the organisation.
- Instead of a random sample, all in-patient deaths now have both a separate Consultant medical documented review and a senior nurse documented review. The RTO also reviews the ward cardiac arrests with the junior doctors who were involved.

### **Re-audit of Non-Administered Medicines and Missed Doses at LHCH**

Since the last audit, education has been provided to staff, the EPR system has been updated and ward rounds are completed in some areas with pharmacists to support medication optimisation however this is not a Trust-wide approach. Further work is required to understand how this could be provided. An approved guide to medicines which should be omitted peri-operatively was written earlier in 2016 including information relating to the timing of surgery to ensure medical staff suspend appropriately.

Non-administered medicines remain an issue for the Trust however there are improvements that can be made through some basic education of staff and accurate documenting of patient medication non-administration.

Whilst a high percentage of medicines were omitted appropriately, further work is required as detailed. The audit produced a comprehensive action plan.

- Develop and deliver a medicines management video highlighting key prescribing themes and various administration scenarios with respect to non-administration of medicines

- Develop and deliver training and education highlighting various administration scenarios with respect to non-administration
- Investigate and resolve issues around patients on home leave and recording of key medicines including antibiotics
- Improve documentation and management of perioperative drugs
- Review the education and knowledge of staff concerning the management of pre-operative patients with diabetes.
- Agree roll-out plan for the national e-learning package for diabetes when this will be implemented into LHCH. In Jan 2017, Clinical members of staff are required to access Safe Use of Insulin e-learning. This is now a mandatory e-learning module.
- The EPR team are to lead work on improvement to the viewing pane Work list Manager
- Ward Manager to complete weekly missed doses report and identify key areas / staff of non-compliance.
- Re-audit non-administered/missed doses to assess impact of above changes.

### **Pharmacy Prescribing Audits**

#### **Prescribing and administration of Vitamin K antagonists and NOACs (non-vitamin K oral anticoagulants)**

When a patient is started on a vitamin K antagonist anticoagulant, they are counselled about the medication (side effects, how to take the medicine, how it will be monitored etc.) by one of the pharmacy team and provided with a yellow book which includes lots of information around the use of their anticoagulant. There is now a pharmacy standard operating procedure (SOP) in place which states that when a patient is started on a NOAC at LHCH they should be counselled on its use before discharge (in a similar way to vitamin K antagonists).

#### **Antibiotic Prescribing**

The EPR team is making stop/review dates mandatory on all oral and IV antibiotic prescriptions. This will improve documentation of stop dates on antibiotic prescriptions and antibiotic prescriptions being reviewed within 72 hours.

In addition to this there is currently a trial of antibiotic ward rounds three times a week for an hour each, attended by the new microbiologist and the antimicrobial pharmacist. These ward rounds aim to review patients prescribed broad spectrum antibiotics (ciprofloxacin, meropenem, tazocin, co-amoxiclav) within the 72 hours.

Currently good antimicrobial prescribing is emphasised at all new doctor's induction training. Sepsis training at induction is in place for prescribers and at initial junior doctors teaching. The Trust is establishing ongoing training for prescribers with plans for two sessions a year on the junior doctors training, preferably delivered by the microbiologist if available.

#### **Pressure Ulcers**

A re-audit to monitor compliance with pressure ulcer prevention strategies, including compliance with NICE (2014) pressure ulcer prevention and management clinical guideline has been undertaken in December 2016 by the Tissue Viability Service.

#### **Areas of Good Practice Identified:**

- 100% of patients continue to have a pressure ulcer risk assessment performed on admission and on change of condition.
- Most patients have a skin inspection record in use.
- All 'at risk' patients have a 'Maintaining Skin Integrity and Pressure Ulcer Prevention Care Plan.'

The Service has reinforced the importance of providing a Pressure Ulcer Patient Information Leaflet and recording this on the Care Plan. This has been communicated to staff via screen saver and feedback at forums such as Tissue Viability improvement Group and Divisional Governance and also incorporated into new training sessions.

All aspects of pressure ulcer prevention are included in mandatory training (e-learning) and in all face to face training in pressure ulcer prevention; Tissue Viability Nurses promote best practice in clinical areas.

#### **WHO Safe Procedure Checklist Audit - Catheter Labs**

The WHO safe surgery checklist is monitored on a quarterly basis with an assurance target set at 95%. Cath Lab remains compliant and going forwards to further improve there are plans for:

- Care Cube - the IT solution to improve data capture and support audit requirements with the WHO checklist. This links the cath lab schedule to the WHO checklist intrinsically. It will ensure that the interface is more robust and better structured to assist completion.

#### **WHO Safe Surgery Checklist Audit -Theatre**

The WHO safe surgery checklist is monitored monthly and presented on a quarterly basis with an assurance target set at 90%. Data is generated directly from EPR and allows for a robust method of compliance against the WHO checklist.

Senior staff are continuing to undertake several pieces of work to reach 100% compliance going forward to include:

- Raising awareness at morning safety huddle, ad hoc checks of compliance
- Senior staff speak to staff to remind them of the importance of compliance at daily safety huddle
- Working with the EPR team
- Display of weekly compliance graph outside sisters office
- Designated staff member to check compliance if available
- Staff who have previously received a letter to be spoken to formally and tasked with checking compliance for all patients for an agreed time

#### **Infection Prevention Audits**

##### **Screening programmes**

Audits have been completed by the infection prevention nurses on Trust-wide compliance with screening programmes for highly resistant organisms. Improvements have been demonstrated following further education and changes to the patients' electronic record and further audits are planned to demonstrate on-going compliance.

### **Surgical Site Infection**

A working group has been convened to review all aspects of surgical site infection (SSI) prevention. A number of audits have been performed, further audits are planned and a comprehensive action plan has been developed to be completed in 2017/18.

### **Infection Prevention**

Infection prevention audits have been undertaken across the Trust in conjunction with ward/departmental staff. These audits cover environmental cleanliness, sharps disposal, waste disposal and equipment cleanliness. Action plans have been developed relevant to each ward/department.

## Participation in Clinical Research

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 number of patients receiving relevant health services provided or sub-contracted by Liverpool Heart and Chest Hospital in 2016/17 that were recruited during that period to participate in research approved by a research ethics committee was 1020.

Liverpool Heart and Chest Hospital was involved in actively recruiting to 35 clinical research studies in the cardiovascular specialty, of which 6 clinical research studies are in the cancer speciality, 21 clinical research studies are in the cardiology specialty 2 clinical research studies are in the surgery / critical care specialty, 6 clinical research studies are in the respiratory specialty and 2 clinical research studies are in quality of life / outcomes during 2016/17. In addition the Trust is supporting NHS Transformation across the North West Coast in the delivery of the 100,000 Genomes Project, by recruiting patients with a new diagnosis of lung cancer and also patients with a rare cardiac disease.

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 five years, a total of 198 peer-reviewed publications have resulted from general research activity. The Trust's engagement with clinical research also demonstrates Liverpool Heart and Chest Hospital's commitment to testing and offering the latest medical treatments and techniques.

The following are some examples of the high quality research taking place at the Trust:

- **RIPCORD 2**

The purpose of the study is to compare routine pressure wire assessment with conventional angiography in the management of patients with coronary artery disease.

- **VIOLET**

The purpose of this study is to determine whether open lung cancer surgery or a form of keyhole surgery called VATS (Video-Assisted Thorascopic Surgery) offers the best treatment and post-operative recovery for known or suspected lung cancer.

- **Vertex Studies**

The Trust's collaboration with Vertex in the delivery of high quality clinical research for patients with Cystic Fibrosis has continued into 2016/17. All CF patients are invited to participate in clinical research. In patients with cystic fibrosis, the faulty gene causes the lungs and the gut to become clogged up with thick sticky mucus which increases the risk of infections and prolongs the time spent in hospital. This is an exciting time for research into Cystic Fibrosis as we are now able to offer studies which have the potential to address treatment options which have an impact on the genetic make-up of patients with CF.

### **Innovation at LHCH**

Liverpool Heart and Chest Hospital has been developing innovative ways to improve the quality of our patient's experience in 2016/17. One exciting example of innovation is in the arena of personalised medicine with the introduction of 3D printed models of the patient's heart.

The 3D printed models are actual size models, with the aim of enhancing the patient's understanding of their illness and planned treatment, but also to improve the clinician's approach to the planned treatment.

## Goals Agreed with Commissioners

In 2016/17, the Trust implemented the following CQUIN schemes as directed by the local (including national) and specialised commissioning contracts with commissioners:

### National Schemes:

- Staff Health & Wellbeing
- Sepsis
- Anti-microbial resistance

### Local:

- Learning disabilities
- Cancer treatment summaries and holistic needs assessments
- 62 Day Cancer pathway delivery
- Digital Maturity

### Specialised Commissioning:

- Clinical Utilisation Review
- Patient activation for patients with Long Term Conditions (COPD)
- Right device, right time for patients with heart failure and / or arrhythmia
- Inter hospital transfer times for urgent Coronary Artery Bypass patients
- Delayed discharges from critical care

Further details are available upon request from Dr Mark Jackson, Director of Research & Informatics (e-mail [mark.jackson@lhch.nhs.uk](mailto:mark.jackson@lhch.nhs.uk) or telephone 0151 600 1332).

## What Others Say about the Provider

Liverpool Heart and Chest Hospital NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is Registered without condition.

The Care Quality Commission has not taken enforcement action against Liverpool Heart and Chest Hospital NHS Foundation Trust during 2016/17

Liverpool Heart and Chest Hospital NHS Foundation Trust has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period 2016/17.

In 2016/17, the Trust was inspected by the Care Quality Commission and was rated as **‘Outstanding’**.



## Data Quality

### NHS Number and General Medical Practice Code Validity

Liverpool Heart and Chest Hospital submitted records during 2016/2017 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%	99.9%
Valid General Medical Practice Code was:	99.9%	99.9%

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 2016/17 was submitted with an overall score of 75% 'green-satisfactory' achieving level 2 or above for all requirements. The Trust also received independent assurance from the Mersey Internal Audit Agency in March 2017 obtaining a 'significant' assurance opinion.

*\*NB – the above is subject to approval of Digital Healthcare Committee with the final submission based on completion of outstanding actions (perceived all to be completed by submission).*

### Clinical Coding Error Rate

Liverpool Heart and Chest Hospital has not been subject to a Payment by Results clinical coding audit during 2016/17.

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 undertaken a clinical coding audit in 2016/17, which was carried out by external auditors that found the following error rates:

- Primary diagnoses incorrect – 0%
- Secondary diagnoses incorrect – 1.45%
- Primary procedures incorrect – 0%
- Secondary procedures incorrect – 1.42%

Results should not be extrapolated further than the actual sample audited.

### **Data Quality**

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

Continuation of delivering the Trust's 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 which is already in place.

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
<b>Accuracy</b>	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.
<b>Validity</b>	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.
<b>Reliability</b>	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.
<b>Timeliness</b>	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.
<b>Relevance</b>	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.
<b>Completeness</b>	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 continued application 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 Trust's 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 Systems Data Quality Group which oversees key working groups designed to tackle key data quality issues.

For 2017/18 new emphasis is being placed on the Systems Data Quality Group and key areas of focus have been identified to improve the quality of data captured across the Trust. These include the following:

- Ensuring SOPs are embedded regarding system data collection and that these are adhered to.
- Improving Patient Demographics data held in PAS, specifically patient address, GP address, next of kin, ethnicity, and mobile numbers.
- Improving detail on PAS regarding Consultant Responsible
- Improving detail on PAS regarding patient ward movements
- Addressing inefficient processes such as recording TCIs on PAS for non-electives which was introduced as a work around for functionality in EPR
- Addressing the use of EPRs Problem List
- Discuss and action 18-weeks and commissioner related queries; would involve co-opting 18-week validators and members of Finance when needed. Other performance issues such as cancer waiting times may also be discussed at this forum with relevant co-opting of staff members
- General forum for raising other data quality issues related to PAS, EPR, and RIS. Other systems will be adopted into the group in the future
- Discuss and action relevant Information Standard Notices (ISNs) as delegated by the Business Intelligence Committee

A new Data Quality Team has also been established and will work alongside the Systems Data Quality Group, Systems Staff and Operational Staff to deliver improvements.

## 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, Liverpool Heart and Chest Hospital uses information provided by Dr Foster Intelligence in the form of Hospital Standardised Mortality ratios that is updated each month as part of its performance management arrangements and reported to the Trust's Quality Committee.

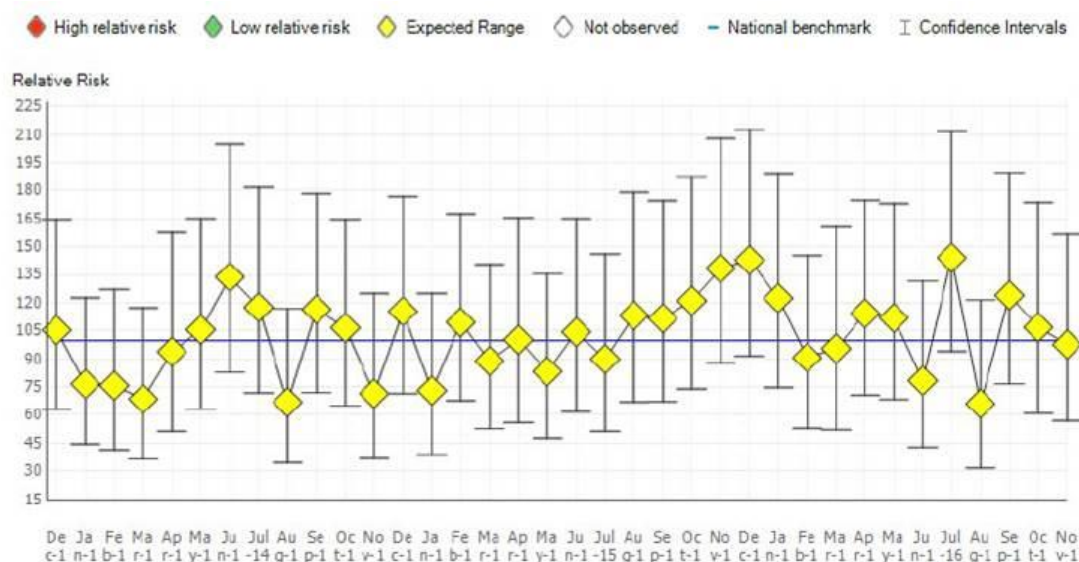
To achieve statistical significance using confidence intervals:

- 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'.

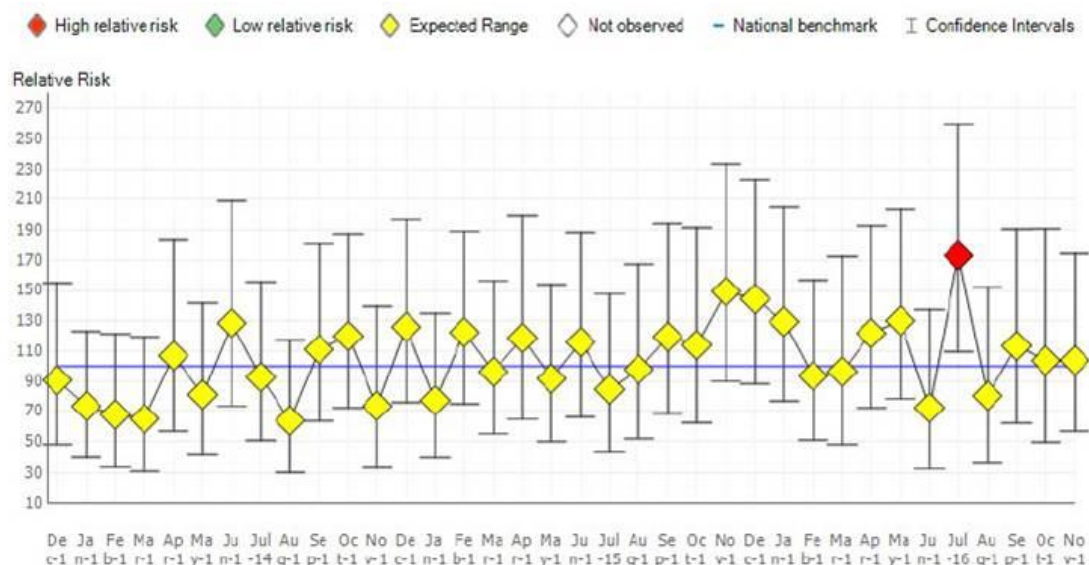
Liverpool Heart and Chest Hospital intends to take the following actions to continue to improve this rate and so the quality of its services by:

- Continuing to support the broadened remit of the mortality review group and ensuring all deaths in the hospital are subject to a mortality review screening process and any lessons learnt shared accordingly.

### HSMR for all diagnoses



## HSMR for 56-diagnosis groups as determined by Dr Foster Intelligence



## 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 directly to our Trust. We have seen an increase from last year and are above target for the year-to-date to January 2017, although rates are overall very low.

	Target 15/16	Performance 15/16	Target 16/17	Performance 16/17
Percentage of patients aged 16 or over, readmitted to a hospital which forms part of the trust within 30 days of being discharged from a hospital which forms part of the trust	0.70%	0.76%	0.70%	1.15%

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:

- introducing 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 15/16	Performance 15/16	Target 16/17	Performance 16/17
Trust's responsiveness to the personal needs of its patients	none*	80.9%	none*	

*NB 16/17 Performance Information will be available from May 31<sup>st</sup> 2017*

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

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

	Target 15/16	Performance 15/16	Target 16/17	Performance 16/17
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.	94%	92%	94%	96%

The percentage of staff either extremely likely or likely happy to recommend the Trust has improved to 95% compared to the previous year.

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:

- increasing communication of results through internal systems, such as directorate meetings, team briefs, listening events, and 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 has been consistently high this year and is an improvement on last year's performance. The data are taken directly from each patient's electronic record of care.

	Target 15/16	Performance 15/16	Target 16/17	Performance 16/17
Percentage of patients who were admitted to hospital and who were risk assessed for venous thromboembolism	95.0%	95.9%	95.0%	96.5%

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

- establishing 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.

### Clostridium 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 Clostridium difficile cases in 2016/17 was three, with none of these infections being due to a lapse in care.

	Target 15/16	Performance 15/16	Target 16/17	Performance 16/17
Rate per 100,000 bed days of cases of C.difficile infection reported within the trust amongst patients aged 2 or over	<=16.9	8.43	<=16.9	4.68



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

	Target 15/16	Performance 15/16	Target 16/17	Performance 16/17
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.	1326	1417 patient incidents 10.7 per 100 admissions (13,207 admissions) 1 (0.07%) resulted in severe harm or death	1378	<b>Data up to end February 17:</b>  1410 patient incidents 11.77 per 100 admissions (11,981 admissions) 0 (0%) resulted in severe harm or death

NB 16/17 Figures are available end of March 17

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

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

- implementing the Trust's vision for safety – Safe from Harm
- implementing the Speak up Safely campaign
- developing the new Quality Strategy which is patient focused.

Please note that there is no national comparison, however the Trust receives a comparative report by the NRLS (National Reporting and Learning System).

## Part 3: Other information

### Performance Review

This section of the Quality Account presents an overview of performance in areas not selected as priorities for 2016/17.

Presented are:

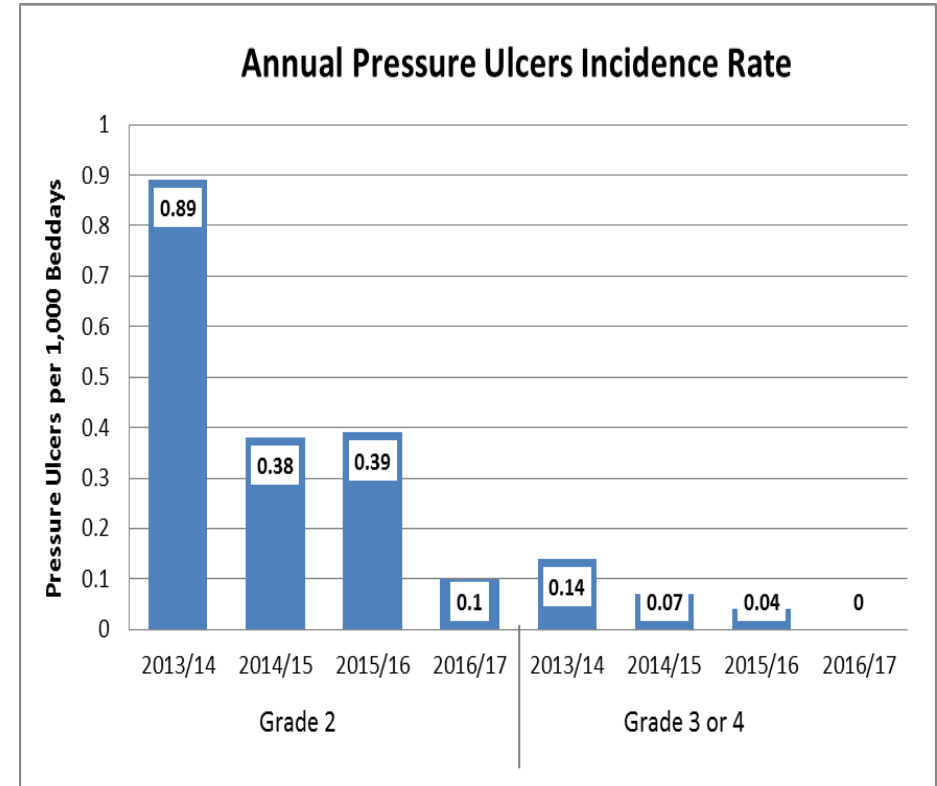
- Quantitative metrics, that is, aspects of safety, effectiveness and patient experience which we measure routinely to prove to ourselves the quality of care we provide.

Performance against relevant indicators which are present in both the Risk Assessment Framework and Single Oversight Framework.

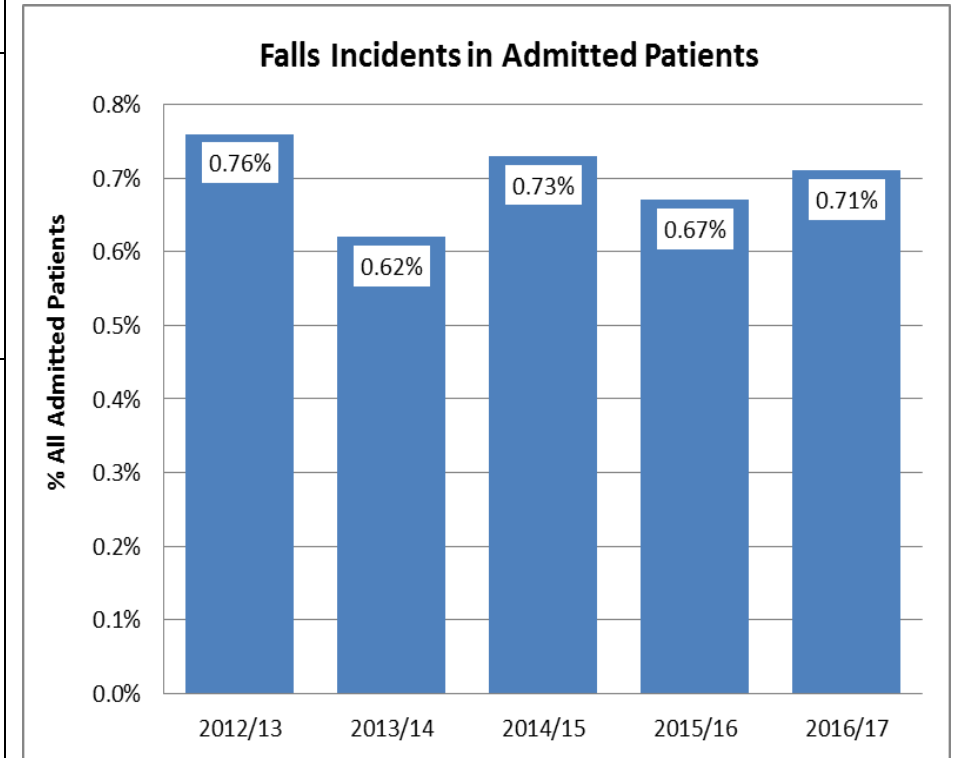


## Quantitative Metrics

Safety			
<b>Metric</b>	Pressure ulcer incidence	<b>Organisation Wide or Service Specific</b>	Organisation Wide
<b>Derived From</b>	Referrals to the Tissue Viability Specialist Nurse	<b>Why metric chosen</b>	Pressure ulcers are painful for patients and contribute to a negative patient experience. Nursing high impact action
<b>How is data collected</b>	Staff who observe a pressure ulcer report this to the Trust's Tissue Viability Service for treatment	<b>Improvements planned</b>	1. Continued staff education  2. Establishment of the Pressure Ulcer Bundle with a focus on pressure ulcer prevention
<b>LHCH Performance 2016/17</b>	Grade 2 = 0.1 (< 1 ulcers per month) Grade 3+ = 0 (= 0 ulcers per year)	<b>LHCH Performance 2015/16</b>	Grade 2 = 0.39 (< 2 ulcers per month) Grade 3+ = 0.04 (= 2 ulcers per year)
<b>Interpretation of Results</b>	A large reduction in pressure ulcers occurring in our patients has been observed during 2016/17. The number of Grade 3 and above pressure ulcers is reported as none for our patients. 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			
<b>Metric</b>	No. patient falls	Organisation Wide or Service Specific	Organisation wide
<b>Derived From</b>	Incident reporting	<b>Why metric chosen</b>	Falls have the potential to cause significant harm. Nursing high impact action
<b>How is data collected</b>	Staff who witness or become aware of a fall report this via the Trust's risk management processes	<b>Improvements planned</b>	Embedding of Comfort Checks in wards- Call don't fall initiative, scoping meetings to prevent falls RCA for all sever harm falls-
<b>LHCH Performance 2016/17</b>	0.71% (98 falls in 11,981 admissions)	<b>LHCH Performance 2015/16</b>	0.67% (89 falls in 13,207 admissions)
<b>Interpretation of Results</b>	The rate of falls occurring in 2016/17 is slightly higher than last year. None of the falls resulted in anything more than minor harm. The risk profile of our inpatients continues to 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><caption>InPatients with LHCH-Acquired MRSA Bacteraemia</caption><thead><tr><th>Financial 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><tr><td>2015/16</td><td>0</td></tr><tr><td>2016/17</td><td>0</td></tr></tbody></table><p>*NB 2016/2017 Figures to be updated when full FY 16/17 data is available</p></div>	Financial 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	2015/16	0	2016/17	0
Financial Year	Number of Patients																															
2004/05	9																															
2005/06	5																															
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2012/13	0																															
2013/14	1																															
2014/15	0																															
2015/16	0																															
2016/17	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: Surgical site infection check MRSA screening audits Central lines bundle																													
LHCH Performance 2016/17	0 patients	LHCH Performance 2015/16	0 patients																													
Interpretation of Results	The Trust has achieved an excellent result with no cases of MRSA in 2016/17.																															

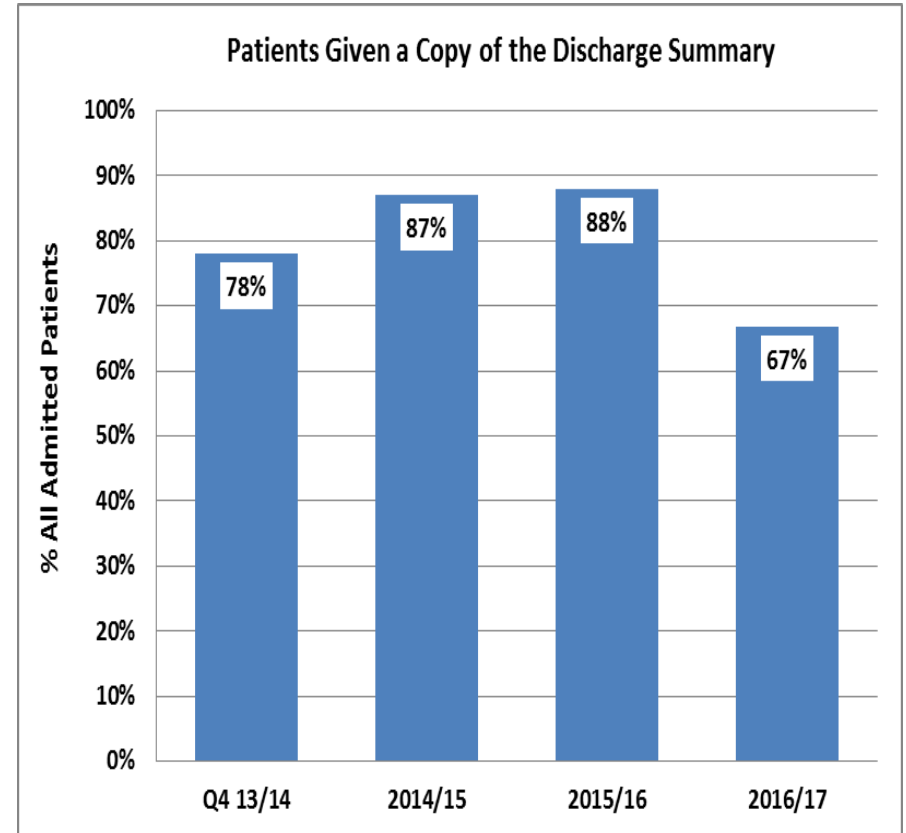
\*NB 2016/2017 Figures to be updated when full FY 16/17 data is available

Effectiveness																				
Metric	% patients completing phase one cardiac rehabilitation	Organisation Wide or Service Specific	Organisation wide – phase 1;	<div><h3>Inpatients Completing Phase 1 Cardiac Rehabilitation</h3><table><caption>Inpatients Completing Phase 1 Cardiac Rehabilitation</caption><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>86.4%</td></tr><tr><td>2012/13</td><td>92.4%</td></tr><tr><td>2013/14</td><td>91.6%</td></tr><tr><td>2014/15</td><td>93.5%</td></tr><tr><td>2015/16</td><td>94.3%</td></tr><tr><td>2016/17</td><td>93.7%</td></tr></tbody></table></div>	Year	% of Eligible InPatients	2010/11	77.0%	2011/12	86.4%	2012/13	92.4%	2013/14	91.6%	2014/15	93.5%	2015/16	94.3%	2016/17	93.7%
Year	% of Eligible InPatients																			
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2012/13	92.4%																			
2013/14	91.6%																			
2014/15	93.5%																			
2015/16	94.3%																			
2016/17	93.7%																			
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, Eligible patients for cardiac rehab receive a comprehensive educational session highlighting their personal lifestyle /medical risks and how they can make any changes to improve their health outcomes and prevent further disease and re-admissions to hospital This data is sent to the Clinical Quality	Improvements planned	Increase the number of staff with relevant competencies. Current training delivery methods by CR nurse and Knowsley CVD nurse ineffective due to increased competing initiatives for staff. Review and modify the competency tool agreed at CR steering group Jan 2016 that competencies will be delivered as E learning package. We are awaiting confirmation for mandatory status. This will form part of planned CR KPI for training /competency confirmed plans to redesign CR referral –start April 2016 have a PCB setting of service KPIs.																	
LHCH Performance 2016/17	93.72%	LHCH Performance 2015/16	94.31%																	
Interpretation of Results	We have exceeded the 2016/17 NSF target of 85%, set for this indicator. We will continue the excellent service provided by having ward specific Cardiac Rehabilitation trainers with relevant competencies.																			

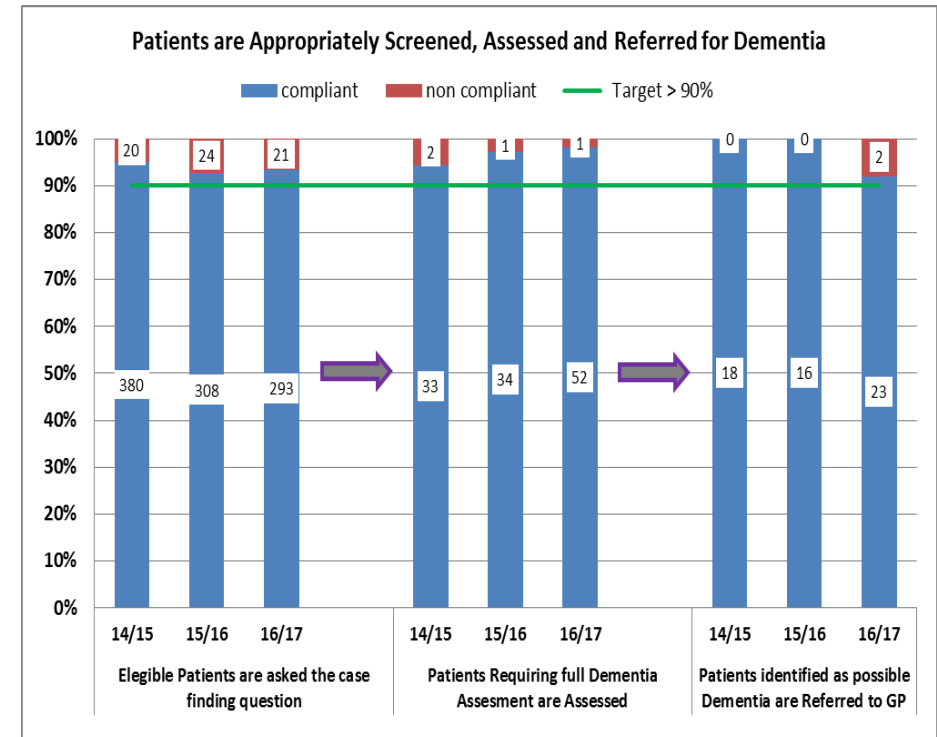
Effectiveness																
Metric	% patients with heart attack receiving treatment within 90 minutes of arrival (door to balloon time)	Organisation Wide or Service Specific	Service specific - Cardiology	<div><p>90 minute Door-to-Balloon Success in primary PCI for Acute Heart Attacks</p><table><caption>90 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>2012/13</td><td>98.6%</td></tr><tr><td>2013/14</td><td>98.2%</td></tr><tr><td>2014/15</td><td>98.7%</td></tr><tr><td>2015/16</td><td>98.9%</td></tr><tr><td>2016/17</td><td>98.0%</td></tr></tbody></table><p>— National Average 13-14 , 92.1%</p></div>	Year	Success Rate	2012/13	98.6%	2013/14	98.2%	2014/15	98.7%	2015/16	98.9%	2016/17	98.0%
Year	Success Rate															
2012/13	98.6%															
2013/14	98.2%															
2014/15	98.7%															
2015/16	98.9%															
2016/17	98.0%															
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 2016/17	98.0%	LHCH Performance 2015/16	98.9%													
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.															



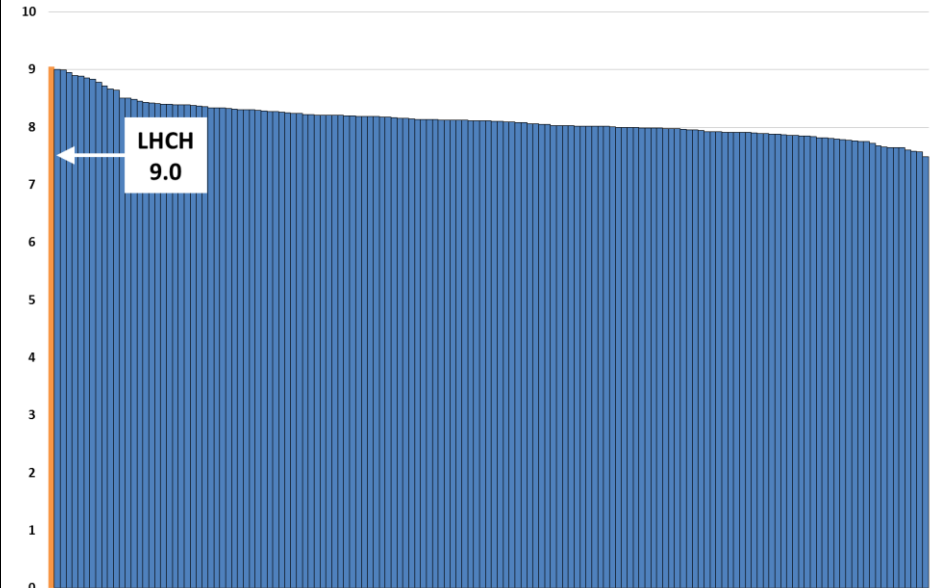
Effectiveness			
<b>Metric</b>	% of patients who received a copy of their discharge summary to the GP	<b>Organisation Wide or Service Specific</b>	Service specific – Support Services
<b>Derived From</b>	Nursing Discharge Checklist in the Electronic Patient Record	<b>Why metric chosen</b>	Patients should 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 on-going care.
<b>How is data collected</b>	Nursing staff confirm whether or not the patient has received a copy of their discharge summary at the point of discharge.	<b>Improvements planned</b>	Our Electronic Patient Record (EPR) system includes a module for generating patient correspondence. Development of standard documentation across the health economy
<b>LHCH Performance 2016/17</b>	67%	<b>LHCH Performance 2015/16</b>	88%
<b>Interpretation of Results</b>	The proportion of patients receiving a copy of the discharge summary has decreased during 2016/17.		



Patient Experience			
<b>Metric</b>	Dementia screening, assessment and referral	<b>Organisation Wide or Service Specific</b>	Organisation wide
<b>Derived From</b>	Data submitted to NHS England as part of national programme	<b>Why metric chosen</b>	Patients assessed and identified with dementia need to be referred for specialist care
<b>How is data collected</b>	By nursing staff in ward at assessment and entered into Electronic Patient Record	<b>Improvements planned</b>	Dementia awareness training
<b>LHCH 2016/17</b>	356 of 385 Patients treated appropriately (92%)	<b>LHCH 2015/16</b>	307 of 332 patients treated appropriately (92%)
<b>Interpretation of Results</b>	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.		



\*NB Figures up to and including 16/17 M10 , figures to be updated when full FY 16/17 data is

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 May/June 2017 2015/16 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	1250 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 2016/17	Performance available in June 2017	LHCH Performance 2015/16	9.0 (90%)	
Interpretation of Results				

Patient Experience																																																																																								
Metric	Responsiveness to patients needs	Organisation Wide or Service Specific	Organisation wide	<div>National data not available until May/June 2017</div> <div>2015/16 graph below:</div> <div><table><caption>LHCH Performance 2015/16</caption><thead><tr><th>Metric</th><th>2005</th><th>2006</th><th>2007</th><th>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th><th>2013</th><th>2014</th><th>2015</th></tr></thead><tbody><tr><td>Were you Involved as much as you wanted to be in decisions about your care and treatment?</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td></tr><tr><td>Did you find someone on the hospital staff to talk to about your worries and fears?</td><td>75.5</td><td>75.5</td><td>75.5</td><td>75.5</td><td>75.5</td><td>75.5</td><td>75.5</td><td>75.5</td><td>75.5</td><td>75.5</td><td>75.5</td></tr><tr><td>Were you given enough privacy when discussing your condition or treatment?</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td></tr><tr><td>Did a member of staff tell you about medication side effects to watch for when you went home?</td><td>58.5</td><td>58.5</td><td>58.5</td><td>58.5</td><td>58.5</td><td>58.5</td><td>58.5</td><td>58.5</td><td>58.5</td><td>58.5</td><td>58.5</td></tr><tr><td>Did hospital staff tell you who to contact if you were worried about your condition or treatment after you left hospital?</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td><td>89.5</td></tr><tr><td>Overall Average</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td><td>80.9</td></tr></tbody></table></div>	Metric	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Were you Involved as much as you wanted to be in decisions about your care and treatment?	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	Did you find someone on the hospital staff to talk to about your worries and fears?	75.5	75.5	75.5	75.5	75.5	75.5	75.5	75.5	75.5	75.5	75.5	Were you given enough privacy when discussing your condition or treatment?	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	Did a member of staff tell you about medication side effects to watch for when you went home?	58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5	58.5	Did hospital staff tell you who to contact if you were worried about your condition or treatment after you left hospital?	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	Overall Average	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9
Metric	2005	2006	2007		2008	2009	2010	2011	2012	2013	2014	2015																																																																												
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Overall Average	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9	80.9																																																																													
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	1250 LHCH patients are invited to complete a questionnaire about their in-patient stay. Results are benchmarked with other Trusts in England.	Improvements planned	<div>Embedding Teach back, to make sure patients know exactly what their discharge summary means, and what to expect from their medication</div> <div>Embed a generic discharge summary with clear instructions and information</div>																																																																																					
LHCH Performance 2016/17	Performance available in June 2017	LHCH Performance 2015/16	80.9%																																																																																					
Interpretation of Results																																																																																								

# Mandatory Indicators from Risk Assessment Framework to M12

Indicator	Target 2016/17	Performance 2015/16	Performance 2016/17
Maximum time of 18 weeks from point of referral to treatment in aggregate- patients on an incomplete pathway	92%	92.28%*	92.25%
All cancers: 62 day wait for first treatment from:			
● Urgent GP referral for suspected cancer	85%	91.57%	92.1%
● NHS cancer screening service referral	90%	N/A	N/A
All cancers: 31 day wait for second or subsequent treatment comprising:			
● Surgery	94%	100%	96.97%
● Anti-cancer drug treatments	98%	N/A	N/A
● Radiotherapy	94%	N/A	N/A
All cancers: 31 day wait from diagnosis to first treatment	96%	99.45%	99.15%
Cancer: two week wait from referral to date first seen, comprising:			
● All urgent referrals (cancer suspected)	93%	100%	99.49%
Data completeness: community services comprising:			
● Referral to treatment information	50%	N/A	N/A
● Referral information	50%	99.99%	99.99%
● Treatment activity information	50%	100%	100%

**\*Average for the year**

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

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

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

Please note that there is no national comparison, however the Trust receives a comparative report by the NRLS (National Reporting and Learning System).

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

### Statement from Healthwatch

*Healthwatch Liverpool is pleased to take this opportunity to comment on the 2016/17 Quality Account of Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH).*

*As has been the case with previous Quality Accounts from the Trust, this Quality Account is relatively clear and easy to understand from the perspective of a layperson given the complex nature of the Trust's work it provides useful information on how well the organisation is serving its patients.*

*Having participated in a priority setting stakeholder event at LHCH with a broad range of participants, including patient representatives, Healthwatch Liverpool is satisfied that LHCH has engaged with stakeholders in choosing the priorities set out in the Quality Account.*

*Healthwatch Liverpool is pleased to note that the priority targets set last year were largely met. The ambitious 95% plus target for improving patient experience was only just missed at 94%, however, the targets for the other three priorities were surpassed.*

*We welcome the new priorities chosen for the coming year, with their emphasis on initial assessment and follow-up post treatment, including:*

- post-operative delirium (both pre-screening and post-discharge needs)*
- assessment of patients who have been identified on admission as having a complex mental health condition.*
- GP referral for patients who have been identified as needing further support due to frailty.*

*Collectively these show that the Trust is taking account of its patients' needs both in the early stages of their care and after discharge. Identification of needs on admission can provide patients a more joined up experience of care with health services working together to keep people well after discharge from the Trust. This can only be of benefit.*

*LHCH has continued to be proactive in its engagement with Healthwatch Liverpool throughout 2016 and the first part of 2017. Healthwatch Liverpool has a place on the Trust's Equality and Inclusion Steering Group which provides Healthwatch Liverpool with an understanding of the Trust's actions regarding its implementation of the NHS Equality Delivery System 2, and the opportunity to assure the progress that the Trust is making in regard to continuing to provide a high quality service to all sections of our diverse community.*

*As with previous Quality Accounts produced by LHCH this Quality Account sets out clearly how well the Trust is performing in terms of the quality of the service it delivers, however, Healthwatch Liverpool feels that future Quality Accounts from the Trust would be enhanced by the inclusion of some information setting out how the organisation is ensuring that it is delivering a quality service to all patients, including those with Protected Characteristic.*

*In February 2016 Healthwatch Liverpool held a successful Listening Event that was jointly organised with LHCH. We received highly positive feedback about the Trust's patient care; Healthwatch Liverpool is planning to hold another such event in June 2017.*

*Healthwatch Liverpool looks forward to further engagement and joint work with LHCH in the coming year, focusing mainly on its quality, equality and patient experience performance.*

## Statement from Commissioners

*NHS England, Specialised Commissioning Team, Northwest Hub wishes to thank Liverpool Heart and Chest Hospital for the opportunity to comment on their Draft Quality Account for 2016/17. The quality account has been developed with thorough stakeholder engagement.*

*We are committed to working in partnership with Liverpool Heart and Chest Hospital to support the provision of safe and high quality services.*

*The Quality Account accurately reflects the performance of the trust during 2016/17 and clearly outlines the priority areas, with rationale and monitoring for each priority for the coming year. Of particular note is the engagement of frontline staff, patients and families in quality improvement initiatives within the trust and this should be commended.*

*Commissioners would like to congratulate the staff and teams on their achievement of significant awards throughout the year and also on the CQC 'outstanding' rating, we see this as a reflection of the hard work and dedication of the teams at Liverpool Heart and Chest Hospital in providing safe and effective quality services.*

*Evident within the accounts is the robust governance surrounding quality within the organisation. It is clear that there is board oversight and of particular note is the team 'safety huddles' which are led by the Chief Executive, promoting openness within the organisation.*

*Trust involvement in audit is evident, as is learning and embedding new practice as a result of audit. The quality metric outcomes and patient safety incidents are well detailed and the low rates for C.difficile cases during 2016/17 should be highlighted.*

*Staff recommending the trust to Friends and Family has improved year on year and is currently at 95%, there are also demonstrable improvements in the staff survey.*

*The trust is proactive in their delivery of quality improvements and engages with commissioners via quality meetings throughout the year. Specialised Commissioners look forward to seeing the progress against priorities over the coming year.*

**Sue McGorry**

*Head of Quality, Specialised Commissioning, Northwest Hub*

## Statement from the Trust's Council of Governors Quality Account Task and Finish Group

*This Committee met throughout the year. We have reviewed the Quality Accounts for 2016/17 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, foundation trust members, staff, patients and family members, as well as members of the public attended from Merseyside, Cheshire, and North Wales.*

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

*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.

NHS Improvement 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 2016/17 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 2016 to March 2017
  - papers relating to Quality reported to the board over the period April 2016 to March 2017
  - feedback from commissioners dated 10/05/17
  - feedback from governors dated 25/04/17
  - feedback from local Healthwatch organisation, dated 8/5/17
  - feedback from Overview and Scrutiny Committee (not received)
  - the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 30/5/17
  - the 2015 national patient survey – 8/6/16
  - the 2016 national staff survey - 8/3/17
  - the Head of Internal Audit's annual opinion over the Trust's control environment dated 30/05/17
  - CQC Inspection report dated 16/09/16
- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered
- the performance information reported in the Quality Report is reliable and accurate
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

By order of the board



**Neil Large**

Chairman

30<sup>th</sup> May 2017



**Jane Tomkinson**

Chief Executive

30<sup>th</sup> May 2017

## How to Provide Feedback on the Quality Account

Liverpool Heart and Chest Hospital NHS Foundation Trust 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](mailto:sue.pemberton@lhch.nhs.uk) or telephone 0151 600 1339).


## PART 4: ACCOUNTS

### Annual Accounts for the year ended 31<sup>st</sup> March 2017

#### Foreword to the accounts

#### Liverpool Heart and Chest Hospital NHS Foundation Trust

These accounts, for the year ended 31 March 2017, have been prepared by Liverpool Heart and Chest Hospital NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed 

Name Jane Tomkinson

Job title Chief Executive

Date 30-May-17

# Consolidated Statement of Comprehensive Income

	Note	Group		Trust	
		2016/17	2015/16 Restated	2016/17	2015/16 Restated
		£000	£000	£000	£000
Operating income from patient care activities	3	117,702	114,802	117,702	114,802
Other operating income *	4	11,120	8,324	10,851	8,102
<b>Total operating income from continuing operations</b>		<b>128,822</b>	<b>123,126</b>	<b>128,553</b>	<b>122,904</b>
Operating expenses *	5	(125,428)	(122,461)	(125,095)	(121,999)
<b>Operating surplus from continuing operations</b>		<b>3,394</b>	<b>665</b>	<b>3,458</b>	<b>905</b>
Finance income	10	39	59	18	36
Finance expenses	11	(28)	(36)	(28)	(36)
PDC dividends payable		(2,264)	(2,193)	(2,264)	(2,193)
<b>Net finance costs</b>		<b>(2,253)</b>	<b>(2,170)</b>	<b>(2,274)</b>	<b>(2,193)</b>
Gains/ (losses) on disposal of non-current assets *	12	(20)	(3)	(20)	(3)
Share of profit of associates/joint arrangements	18	19	(6)	19	(6)
<b>Surplus for the year from continuing operations</b>		<b>1,140</b>	<b>(1,514)</b>	<b>1,183</b>	<b>(1,297)</b>
<b>Other comprehensive income</b>					
<b>Will not be reclassified to income and expenditure:</b>					
Impairments	6	(1,403)	(1,579)	(1,403)	(1,579)
Revaluations	17	1,648	2,259	1,648	2,259
<b>May be reclassified to income and expenditure when certain conditions are met:</b>					
Fair value gains/(losses) on available-for-sale financial investments	18	80	(23)	-	-
<b>Total comprehensive income/(expense) for the period</b>		<b>1,465</b>	<b>(857)</b>	<b>1,428</b>	<b>(617)</b>
<b>Surplus / (deficit) for the period attributable to:</b>					
non-controlling interests; and the Foundation Trust		1,140	(1,514)	1,183	(1,297)
<b>Total comprehensive income / (expense) for the period attributable to:</b>					
non-controlling interests; and the Foundation Trust		1,465	(857)	1,428	(617)

\* Prior year comparatives have been restated. Please refer to notes 4 and 5 for details

## Statement of Financial Position

	Note	Group		Trust	
		31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
<b>Non-current assets</b>					
Intangible assets	14	665	707	665	707
Property, plant and equipment	15	78,666	75,460	78,666	75,460
Investments in associates and joint ventures	18	37	18	37	18
Other investments	18	607	527	-	-
<b>Total non-current assets</b>		<b>79,975</b>	<b>76,712</b>	<b>79,368</b>	<b>76,185</b>
<b>Current assets</b>					
Inventories	21	3,746	3,004	3,746	3,004
Trade and other receivables	22	7,717	6,543	7,831	6,715
Non-current assets for sale	24	5	37	5	37
Cash and cash equivalents	25	5,123	8,216	4,868	7,856
<b>Total current assets</b>		<b>16,591</b>	<b>17,800</b>	<b>16,450</b>	<b>17,612</b>
<b>Current liabilities</b>					
Trade and other payables	26	(16,938)	(16,134)	(16,925)	(16,117)
Other liabilities	27	(789)	(393)	(789)	(393)
Borrowings	28	(394)	(142)	(394)	(142)
Provisions	31	(582)	(1,273)	(582)	(1,273)
<b>Total current liabilities</b>		<b>(18,703)</b>	<b>(17,942)</b>	<b>(18,690)</b>	<b>(17,925)</b>
<b>Total assets less current liabilities</b>		<b>77,863</b>	<b>76,570</b>	<b>77,128</b>	<b>75,872</b>
<b>Non-current liabilities</b>					
Other liabilities	27	-	(608)	-	(608)
Borrowings	28	(653)	(261)	(653)	(261)
Provisions	31	(125)	(81)	(125)	(81)
<b>Total non-current liabilities</b>		<b>(778)</b>	<b>(950)</b>	<b>(778)</b>	<b>(950)</b>
<b>Total assets employed</b>		<b>77,085</b>	<b>75,620</b>	<b>76,350</b>	<b>74,922</b>
<b>Financed by</b>					
Public dividend capital		63,322	63,322	63,322	63,322
Revaluation reserve		14,167	14,497	14,167	14,497
Income and expenditure reserve		(1,139)	(2,897)	(1,139)	(2,897)
Charitable fund reserves	19	735	698	-	-
<b>Total taxpayers' and others' equity</b>		<b>77,085</b>	<b>75,620</b>	<b>76,350</b>	<b>74,922</b>

Notes 1 to 49 form part of these accounts.

Signed:

Name

Position

Date



Jane Tomkinson

Chief Executive

30-May-17

## Statement of Changes in Equity for the year ended 31 March 2017

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	NHS charitable funds reserves £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2016 - brought forward</b>	<b>63,322</b>	<b>14,497</b>	<b>(2,897)</b>	<b>698</b>	<b>75,620</b>
Surplus for the year	-	-	897	243	1,140
Other transfers between reserves	-	(575)	575	-	-
Impairments	-	(1,403)	-	-	(1,403)
Revaluations	-	1,648	-	-	1,648
Fair value gains/(losses) on available-for-sale financial investments	-	-	-	80	80
Other reserve movements	-	-	286	(286)	-
<b>Taxpayers' and others' equity at 31 March 2017</b>	<b>63,322</b>	<b>14,167</b>	<b>(1,139)</b>	<b>735</b>	<b>77,085</b>

## Statement of Changes in Equity for the year ended 31 March 2016

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	NHS charitable funds reserves £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2015 - brought forward</b>	<b>63,322</b>	<b>13,886</b>	<b>(1,669)</b>	<b>938</b>	<b>76,477</b>
Surplus/(deficit) for the year	-	-	(1,732)	218	(1,514)
Other transfers between reserves	-	(63)	63	-	-
Impairments	-	(1,579)	-	-	(1,579)
Revaluations	-	2,259	-	-	2,259
Transfer to retained earnings on disposal of assets	-	(6)	6	-	-
Fair value gains/(losses) on available-for-sale financial investments	-	-	-	(23)	(23)
Other reserve movements	-	-	435	(435)	-
<b>Taxpayers' and others' equity at 31 March 2016</b>	<b>63,322</b>	<b>14,497</b>	<b>(2,897)</b>	<b>698</b>	<b>75,620</b>

## Statement of Changes in Equity for the year ended 31 March 2017

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2016 - brought forward	63,322	14,497	(2,897)	74,922
Surplus for the year	-	-	1,183	1,183
Other transfers between reserves	-	(575)	575	-
Impairments	-	(1,403)	-	(1,403)
Revaluations	-	1,648	-	1,648
Taxpayers' and others' equity at 31 March 2017	63,322	14,167	(1,139)	76,350

## Statement of Changes in Equity for the year ended 31 March 2016

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2015 - brought forward	63,322	13,886	(1,669)	75,539
Deficit for the year	-	-	(1,297)	(1,297)
Impairments	-	(1,579)	-	(1,579)
Revaluations	-	2,259	-	2,259
Transfer to retained earnings on disposal of assets	-	(6)	6	-
Other reserve movements	-	(63)	63	-
Taxpayers' and others' equity at 31 March 2016	63,322	14,497	(2,897)	74,922

## Information on reserves

### NHS charitable funds reserves

This balance represents the ring-fenced funds held by the NHS charitable funds consolidated within these accounts. These reserves are classified as restricted or unrestricted.

### 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. Additional PDC may also be issued to NHS foundation trusts by the Department of Health. A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable to the Department of Health as the public dividend capital dividend.

### Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

### Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS foundation trust.



## Statement of Cash Flows

	Note	Group		Trust	
		2016/17	2015/16	2016/17	2015/16
		£000	Restated £000	£000	Restated £000
<b>Cash flows from operating activities</b>					
Operating surplus *		3,394	665	3,458	905
<b>Non-cash income and expense:</b>					
Depreciation and amortisation	5.1	4,383	5,125	4,383	5,125
Net impairments and reversals of impairments	6	(1,573)	105	(1,573)	105
(Increase)/decrease in receivables and other assets		(1,246)	(984)	(1,178)	(977)
(Increase)/decrease in inventories		(742)	(624)	(742)	(623)
Increase/(decrease) in payables and other liabilities		489	(630)	489	(165)
Increase/(decrease) in provisions		(647)	57	(647)	57
NHS charitable funds - net movements in working capital, non-cash transactions and non-operating cash flows		7	2	-	-
Other movements in operating cash flows		(1)	-	-	-
<b>Net cash generated from/(used in) operating activities</b>		<b>4,064</b>	<b>3,716</b>	<b>4,190</b>	<b>4,427</b>
<b>Cash flows from investing activities</b>					
Interest received	10	18	36	18	36
Purchase of intangible assets	14	(86)	(73)	(86)	(73)
Purchase of property, plant, equipment and investment property		(4,918)	(6,360)	(4,918)	(6,360)
Sales of property, plant, equipment and investment property		239	12	239	12
Investing cash flows of NHS charitable funds		21	23	-	-
<b>Net cash generated from/(used in) investing activities</b>		<b>(4,726)</b>	<b>(6,362)</b>	<b>(4,747)</b>	<b>(6,385)</b>
<b>Cash flows from financing activities</b>					
Movement on other loans		32	-	32	-
Capital element of finance lease rental payments		(233)	(135)	(233)	(135)
Interest paid on finance lease liabilities		(28)	(36)	(28)	(36)
PDC dividend paid		(2,202)	(2,348)	(2,202)	(2,348)
<b>Net cash generated from/(used in) financing activities</b>		<b>(2,431)</b>	<b>(2,519)</b>	<b>(2,431)</b>	<b>(2,519)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(3,093)</b>	<b>(5,165)</b>	<b>(2,988)</b>	<b>(4,477)</b>
<b>Cash and cash equivalents at 1 April</b>		<b>8,216</b>	<b>13,381</b>	<b>7,856</b>	<b>12,333</b>
<b>Cash and cash equivalents at 31 March</b>		<b>5,123</b>	<b>8,216</b>	<b>4,868</b>	<b>7,856</b>

\* The prior year comparative for the operating surplus has been restated by £3K due to presentation of gains/losses on disposals which are no longer treated as part of the operating surplus/(deficit).

The line (Gain)/loss on disposal of non-current assets showing a movement of £3k in the 2015/16 accounts is therefore no longer applicable.

## Notes to the Accounts

### **Note 1 Accounting policies and other information**

#### **Basis of preparation**

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the DH GAM 2016/17 issued by the Department of Health. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### **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.

#### **Going concern**

These accounts have been prepared on a going concern basis.

The going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the foundation trust to continue as a going concern.

### **Note 1.1 Consolidation**

#### **NHS Charitable Fund**

The NHS foundation trust is the corporate trustee to the Liverpool Heart and Chest Hospital NHS charitable fund. The foundation trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the foundation trust is exposed to, or has rights to, variable returns and 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 charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the foundation trust's accounting policies and
- eliminate intra-group transactions, balances, gains and losses.

#### **Joint ventures**

Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. 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 2017 and the results are reflected in the accounts of the group in this financial year.

### **Note 1.2 Income**

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the trust is contracts with commissioners in respect of health care services.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

### **Note 1.3 Expenditure on employee benefits**

#### **Short-term employee benefits**

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

#### **Pension costs**

##### *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 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.

Employer's 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 the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

#### **Note 1.4 Expenditure on other goods and services**

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of 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.

#### **Note 1.5 Property, plant and equipment**

##### **Recognition**

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year and
- the cost of the item can be measured reliably.
- the item has a cost of at least £5,000.
- collectively the 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, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

##### **Measurement**

###### **Valuation**

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at valuation. 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 2017. This was undertaken on a desktop review basis.

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.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.



### **Subsequent expenditure**

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

### **Depreciation**

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

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

### **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 netted off the any impairment charge in operating expenditure.

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

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

### **Impairments**

In accordance with the *DH GAM*, 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 of 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 expenses to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

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

### De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

### Donated, government grant and other grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

### Useful Economic lives of property, plant and equipment

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	Min life Years	Max life Years
Land	n/a	n/a
Buildings, excluding dwellings	11	55
Dwellings	30	32
Plant & machinery	7	10
Information technology	4	8
Furniture & fittings	7	10

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term, unless the FT expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

### Note 1.6 Intangible assets

#### Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably.

#### Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

#### Software

Software which is integral to the operation of hardware, eg 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, eg 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 current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

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.

### Useful economic life of intangible assets

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	Min life Years	Max life Years
Software	2	10



**Note 1.7 Revenue government and other grants**

Government grants are grants from government bodies other than income from commissioners or NHS trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Consolidated Statement of Comprehensive Income to match that expenditure.

**Note 1.8 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method. This is considered to be a reasonable approximation to fair value due to the high turnover of inventories.

**Note 1.9 Financial instruments and financial liabilities**

**Recognition**

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

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

Regular way purchases or sales are recognised and de-recognised, as applicable, using the Trade date.

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

**De-recognition**

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

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

**Classification and measurement**

Financial assets are categorised as "fair value through income and expenditure", loans and receivables or "available-for-sale financial assets".

Financial liabilities are classified as "fair value through income and expenditure" or as "other financial liabilities".

**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 trust's loans and receivables comprise: current investments, cash and cash equivalents, NHS receivables, accrued income and "other receivables".

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

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

### **Other financial liabilities**

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

### **Determination of fair value**

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from quoted market prices where possible otherwise by discounted cash flow analysis.

### **Impairment of financial assets**

At the Statement of Financial Position date, the trust 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 are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly.

## **Note 1.10 Leases**

### **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.

### **Operating leases**

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

## **Note 1.11 Provisions**

The NHS foundation trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

### **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. 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 31.2 but is not recognised in the NHS foundation trust's accounts.

### **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 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.

#### **Note 1.12 Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 32 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 32, 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.

#### **Note 1.13 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 Loans 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 the audit of the annual accounts.

#### **Note 1.14 Value added tax**

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

#### **Note 1.15 Corporation tax**

Liverpool Heart & Chest Hospital NHS Foundation Trust is a Health Service body within the meaning of the S519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the treasury to dis-apply the exemption in relation to the specified activities of a Foundation Trust (S159A (3) to (8) ICTA 1988). Accordingly, the trust is potentially within the scope of Corporation Tax, but there is no tax liability arising in respect of the current financial year.



#### **Note 1.16 Foreign exchange**

The functional and presentational currencies of the trust 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 trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at “fair value through income and expenditure”) are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

#### **Note 1.17 Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS foundation trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

#### **Note 1.18 Losses and special payments**

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

#### **Note 1.19 Early adoption of standards, amendments and interpretations (TBC)**

No new accounting standards or revisions to existing standards have been early adopted in 2016/17.

#### **Note 1.20 Standards, amendments and interpretations in issue but not yet effective or adopted**

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC but are not yet required to be adopted.

**IFRS 9 Financial Instruments** - Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM; early adoption is not therefore permitted.

**IFRS 15 Revenue from contracts with customers** - Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM; early adoption is not therefore permitted.

**IFRS 16 Leases** - Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM; early adoption is not therefore permitted.

The Trust has considered the above new standards, interpretations and amendments to the published standards that are not yet effective and concluded that they are not relevant to the Trust, or that they would not have a significant impact to the Trust's financial statements, apart from additional disclosures.

### **Note 1.21 Critical accounting estimates and judgements**

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates of the underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical Judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### **Asset lives and residual values**

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual values assessments consider issues such as the remaining life of the asset and projected disposal value.

#### **Impairment of Assets**

At each balance sheet date, the 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. The impairment value recognised in the year ending 31st March 2017 is disclosed at note 6.

#### **Recoverability of receivables**

Provision for non-payment is made against all non-NHS receivables that are greater than 180 days old unless recoverability is certain. Provision is made against more recent receivables when there is some doubt concerning recoverability. The provision for impaired receivables at 31st March 2017 was £908k.

#### **Short term employee benefits**

The foundation trust calculated a provision for untaken holiday pay in 2012/13 which was based on a sample of circa 200 staff at a value of £275k. An updated exercise has been completed in 2016/17, which decreases the value to £204k.

#### **Provisions**

The Trust regularly monitors the position regarding provisions, including legal claims and restructuring, to ensure that it accurately reflects at each balance sheet date the current position in providing for potential future costs from past events, including board resolutions. The total provision for liabilities and charges at 31st March 2017 was £707k

#### **Key sources of estimation uncertainty**

There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**Note 2 Operating Segments**

The Group has one segment for the provision of healthcare which generated income of £123,313K (2015/16, £123,153K)

	2016/17	2015/16
	£000	Restated £000
<b>The main sources of income received were:-</b>		
North West Specialist Commissioning Team	74,793	73,032
Health Commission Wales	14,621	14,939
North West Secondary Contract	16,690	16,061

	<b><u>Healthcare Segment</u></b>	
	2016/17	2015/16
	£000	£000
Income*	123,313	123,153
Surplus/(Deficit)	1,140	(1,514)
Net Assets	77,085	75,620

\* Prior year comparatives have been restated. Please refer to notes 4 and 5 for details.

**Note 3 Operating income from patient care activities**

**Note 3.1 Income from patient care activities (by nature)**

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
<b>Acute services</b>				
Elective income	57,898	56,148	57,898	56,148
Non elective income	31,752	32,930	31,752	32,930
Outpatient income	13,634	12,861	13,634	12,861
Other NHS clinical income*	6,890	5,225	6,890	5,225
<b>Community services</b>				
Community services income from CCGs and NHS England	3,622	3,452	3,622	3,452
<b>All services</b>				
Private patient income	3,363	3,343	3,363	3,343
Other clinical income	543	843	543	843
<b>Total income from activities</b>	<b>117,702</b>	<b>114,802</b>	<b>117,702</b>	<b>114,802</b>

	2016/17	2015/16
	£000	£000
<b>*Analysis of Other NHS clinical income Group &amp; Trust</b>		
Cystic Fibrosis Inpatients	5,445	5,169
CQUIN	1,384	-
Various - Non Contracted Income	61	56
	<b>6,890</b>	<b>5,225</b>

**Note 3.2 Income from patient care activities (by source)**

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
<b>Income from patient care activities received from:</b>				
CCGs and NHS England	94,379	93,242	94,379	93,242
NHS other	45	75	45	75
Non-NHS: private patients	3,359	3,343	3,359	3,343
Non-NHS: overseas patients (chargeable to patient)	310	15	310	15
Non NHS: other	19,608	18,127	19,608	18,127
<b>Total income from activities</b>	<b>117,702</b>	<b>114,802</b>	<b>117,702</b>	<b>114,802</b>
<b>Of which:</b>				
Related to continuing operations	117,702	114,802	117,702	114,802



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## Note 3.3 Overseas visitors (relating to patients charged directly by the NHS foundation trust)

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Income recognised this year	310	15	310	15
Cash payments received in-year	48	15	48	15

## Note 4 Other operating income

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Research and development	1,277	1,195	1,327	1,250
Education and training	2,766	2,788	2,766	2,788
Received from NHS charities : Receipt of grants / donations for capital acquisitions	-	-	87	244
Non-patient care services to other bodies	-	185	-	185
Sustainability and Transformation Fund income	2,728	-	2,728	-
Incoming resources received by NHS charitable funds	406	521	-	-
Other income*	3,943	3,635	3,943	3,635
<b>Total other operating income *</b>	<b>11,120</b>	<b>8,324</b>	<b>10,851</b>	<b>8,102</b>
<b>Of which:</b>				
Related to continuing operations	11,120	8,324	10,851	8,102

### **\*Analysis of Other Operating Income - Other Income - Group & Trust**

	2016/17	2015/16
	£000	£000
Clinical excellence awards	208	254
Staff contributions to employee benefit schemes	20	75
Estates recharges	37	31
IT recharges	-	17
Pharmacy sales	7	2
Other	3,671	3,256
	<b>3,943</b>	<b>3,635</b>

### **\* Total other operating income**

Prior year comparatives have been restated downward (£27k) due to presentation of reversals of impairments formally shown within total other operating income but now net-off against total impairments within operating expenditure.

## Note 4.1 Income from activities arising from commissioner requested services

Under the terms of its provider license, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Income from services designated (or grandfathered) as commissioner requested services	113,105	111,006	113,105	111,006
Income from services not designated as commissioner requested services	4,597	3,796	4,597	3,796
<b>Total</b>	<b>117,702</b>	<b>114,802</b>	<b>117,702</b>	<b>114,802</b>

## Note 4.2 Profits and losses on disposal of property, plant and equipment

Assets held for sale with a carrying value of £32k were sold during the year for £12k resulting in a loss of £20k on disposal. The 12 items sold were superfluous, relatively low value items of medical equipment.

**Note 5.1 Operating expenses**

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	Restated £000	£000	Restated £000
Services from NHS trusts	-	11	-	11
Employee expenses - executive directors	767	750	767	750
Remuneration of non-executive directors	116	115	116	115
Employee expenses - staff	68,803	64,879	68,654	64,743
Supplies and services - clinical	34,708	32,188	34,708	32,188
Supplies and services - general	1,824	2,851	1,824	2,851
Establishment	1,214	1,006	1,214	1,006
Research and development (included in employee expenses)	953	890	953	890
Transport	333	361	333	361
Premises	4,052	3,986	4,052	3,986
Increase/(decrease) in provision for impairment of receivables	24	(336)	24	(336)
Increase/(decrease) in other provisions	(308)	307	(308)	307
Change in provisions discount rate(s)	12	(10)	12	(10)
Drug costs	7,929	7,465	7,929	7,465
Rentals under operating leases	54	58	54	58
Depreciation on property, plant and equipment	4,255	4,970	4,255	4,970
Amortisation on intangible assets	128	155	128	155
Net impairments*	(1,573)	105	(1,573)	105
<b>Audit fees payable to the external auditor:</b>				
audit services- statutory audit	60	62	59	61
other auditor remuneration (external auditor only)	8	7	8	7
Clinical negligence	1,009	722	1,009	722
Legal fees	13	53	13	53
Consultancy costs	294	566	294	566
Internal audit costs	80	80	80	80
Training, courses and conferences	254	205	254	205
Patient travel	11	14	11	14
Car parking & security	24	31	24	31
Hospitality	2	-	2	-
Insurance	143	135	143	135
Losses, ex gratia & special payments	8	43	8	43
Other resources expended by NHS charitable funds	183	325	-	-
Other	48	467	48	467
<b>Total</b>	<b>125,428</b>	<b>122,461</b>	<b>125,095</b>	<b>121,999</b>
<b>Of which:</b>				
Related to continuing operations	125,428	122,461	125,095	121,999

\* Prior year comparatives have been restated downward (£27k) due to presentation of impairment reversals formally shown within other operating income but now but are now net-off against normal impairments.

**Additional Note:**

The total prior year comparative also differs by £3K due to presentation of loss on disposal of non-current assets. These are now shown on the face of the Statement of Comprehensive Income (SOCl).

**Note 5.2 Other auditor remuneration**

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Other auditor remuneration paid to the external auditor:				
2. Audit-related assurance services	8	7	8	7
<b>Total</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>7</b>

**Note 5.3 Limitation on auditor's liability**

The limitation on auditors' liability for external audit work is £2m (2015/16: £2m).

**Note 6 Impairment of assets**

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
<b>Net impairments charged to operating (surplus) / deficit resulting from:</b>				
Changes in market price	(1,573)	105	(1,573)	105
Other	-	-	-	-
<b>Total net impairments charged to operating surplus / deficit</b>	<b>(1,573)</b>	<b>105</b>	<b>(1,573)</b>	<b>105</b>
Impairments charged to the revaluation reserve	1,403	1,579	1,403	1,579
<b>Total net impairments</b>	<b>(170)</b>	<b>1,684</b>	<b>(170)</b>	<b>1,684</b>

Net impairments charged to the operating surplus in 2016/17 includes an in-year £919k adjustment relating to reversals of impairments in previous periods which was erroneously charged to the Revaluation Reserve. This has increased the figure for impairment reversals from (£654k) to (£1,573k).

A compensating adjustment has also therefore been made to the amount charged to the Revaluation Reserve in 2016/17 increasing the positive figure from £484k to £1,403k.

**Note 7 Employee benefits**

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Salaries and wages	58,276	53,900	58,127	53,764
Social security costs	5,193	4,061	5,193	4,061
Employer's contributions to NHS pensions	5,816	5,505	5,816	5,505
Temporary staff (including agency)	1,594	3,407	1,594	3,407
<b>Total gross staff costs</b>	<b>70,879</b>	<b>66,873</b>	<b>70,730</b>	<b>66,737</b>
Recoveries in respect of seconded staff	(265)	(289)	(265)	(289)
<b>Total staff costs</b>	<b>70,614</b>	<b>66,584</b>	<b>70,465</b>	<b>66,448</b>
<b>Of which</b>				
Costs capitalised as part of assets	91	65	91	65

**Note 7.1 Retirements due to ill-health**

During 2016/17 there was 1 early retirement from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2016). The estimated additional pension liabilities of these ill-health retirements is £184k (£54k in 2015/16).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

## **Note 8 Pension costs**

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

### **Accounting Valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### **b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

**Note 9 Operating leases**

**Note 9.1 Liverpool Heart and Chest NHS Foundation Trust as a lessor**

The Foundation Trust does not have operating leases as a lessor.

**Note 9.2 Liverpool Heart and Chest NHS Foundation Trust as a lessee**

The Foundation Trust has 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.

	<b>Group &amp; Trust</b>	
	<b>2016/17</b>	<b>2015/16</b>
	<b>£000</b>	<b>£000</b>
<b>Operating lease expense</b>		
Minimum lease payments	54	58
<b>Total</b>	<b>54</b>	<b>58</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Future minimum lease payments due:</b>		
- not later than one year;	41	47
- later than one year and not later than five years;	89	131
<b>Total</b>	<b>130</b>	<b>178</b>

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## Note 10 Finance income

Finance income represents interest received on assets and investments in the period.

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Interest on bank accounts	18	36	18	36
Investment income on NHS charitable funds financial assets	21	23	-	-
<b>Total</b>	<b>39</b>	<b>59</b>	<b>18</b>	<b>36</b>

## Note 11.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money.

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Interest expense:				
Finance leases	28	36	28	36
<b>Total interest expense</b>	<b>28</b>	<b>36</b>	<b>28</b>	<b>36</b>

## Note 11.2 The late payment of commercial debts (interest) Act 1998

The Trust paid no interest on late payment of commercial debt.

## Note 12 Gains/losses on disposal/derecognition of non-current assets

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Loss on disposal of non-current assets *	(20)	(3)	(20)	(3)
<b>Net profit/(loss) on disposal of non-current assets</b>	<b>(20)</b>	<b>(3)</b>	<b>(20)</b>	<b>(3)</b>

\* See note 4.2

**Note 13 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.



**Note 14.1 Intangible assets - 2016/17**

Group & Trust	Software licences £000	Total £000
Valuation/gross cost at 1 April 2016 - brought forward	1,460	1,460
Additions	86	86
Gross cost at 31 March 2017	<b>1,546</b>	<b>1,546</b>
Amortisation at 1 April 2016 - brought forward	753	753
Provided during the year	128	128
Amortisation at 31 March 2017	<b>881</b>	<b>881</b>
Net book value at 31 March 2017	665	665
Net book value at 1 April 2016	707	707

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.

**Note 14.2 Intangible assets - 2015/16**

Group & Trust	Software licences £000	Total £000
Valuation/gross cost at 1 April 2015 - as previously stated	1,396	1,396
Additions	73	73
Disposals / derecognition	(9)	(9)
Valuation/gross cost at 31 March 2016	<b>1,460</b>	<b>1,460</b>
Amortisation at 1 April 2015 - as previously stated	607	607
Provided during the year	155	155
Disposals / derecognition	(9)	(9)
Amortisation at 31 March 2016	<b>753</b>	<b>753</b>
Net book value at 31 March 2016	707	707
Net book value at 1 April 2015	789	789

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## Note 15.1 Property, plant and equipment - 2016/17

Group & Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	NHS charitable fund assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2016 - brought forward	2,750	55,499	1,054	1,911	24,554	14,627	2,438	-	102,833
Additions	-	2,118	-	1,494	1,227	1,024	7	-	5,870
Impairments	-	(3,126)	-	-	-	-	-	-	(3,126)
Reversals of impairments	-	2,244	-	-	-	-	-	-	2,244
Reclassifications	-	1,391	-	(1,684)	34	259	-	-	-
Revaluations	-	910	69	-	-	-	-	-	979
Transfers to/ from assets held for sale	-	-	-	-	(25)	-	-	-	(25)
Disposals / derecognition	-	-	-	(227)	-	-	-	-	(227)
Valuation/gross cost at 31 March 2017	2,750	59,036	1,123	1,494	25,790	15,910	2,445	-	108,548
Accumulated depreciation at 1 April 2016 - brought forward	-	-	-	-	17,692	7,507	2,174	-	27,373
Provided during the year	-	1,686	35	-	1,249	1,217	68	-	4,255
Impairments	-	(284)	-	-	-	-	-	-	(284)
Reversals of impairments	-	(768)	-	-	-	-	-	-	(768)
Revaluations	-	(634)	(35)	-	-	-	-	-	(669)
Transfers to/ from assets held for sale	-	-	-	-	(25)	-	-	-	(25)
Accumulated depreciation at 31 March 2017	-	-	-	-	18,916	8,724	2,242	-	29,882
Net book value at 31 March 2017	2,750	59,036	1,123	1,494	6,874	7,186	203	-	78,666
Net book value at 1 April 2016	2,750	55,499	1,054	1,911	6,862	7,120	264	-	75,460

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## Note 15.2 Property, plant and equipment - 2015/16

Group & Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	NHS charitable fund assets £000	Total £000
Valuation/gross cost at 1 April 2015 - as previously stated	3,300	53,665	1,026	1,912	23,523	13,948	2,413	-	99,787
Additions - purchased/ leased/ grants/ donations	-	1,609	132	1,376	1,270	478	6	-	4,871
Impairments	(550)	(848)	(313)	-	-	-	-	-	(1,711)
Reversals of impairments	-	27	-	-	-	-	-	-	27
Reclassifications	-	435	236	(1,377)	486	201	19	-	-
Revaluations	-	611	(27)	-	-	-	-	-	584
Transfers to/ from assets held for sale	-	-	-	-	(607)	-	-	-	(607)
Disposals / derecognition	-	-	-	-	(118)	-	-	-	(118)
Valuation/gross cost at 31 March 2016	2,750	55,499	1,054	1,911	24,554	14,627	2,438	-	102,833
Accumulated depreciation at 1 April 2015 - as previously stated	-	-	-	-	16,566	6,161	2,030	-	24,757
Provided during the year	-	1,630	45	-	1,805	1,346	144	-	4,970
Revaluations	-	(1,630)	(45)	-	-	-	-	-	(1,675)
Transfers to/ from assets held for sale	-	-	-	-	(561)	-	-	-	(561)
Disposals / derecognition	-	-	-	-	(118)	-	-	-	(118)
Accumulated depreciation at 31 March 2016	-	-	-	-	17,692	7,507	2,174	-	27,373
Net book value at 31 March 2016	2,750	55,499	1,054	1,911	6,862	7,120	264	-	75,460
Net book value at 1 April 2015	3,300	53,665	1,026	1,912	6,957	7,787	383	-	75,030

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## Note 15.3 Property, plant and equipment financing - 2016/17

Group & Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	NHS charitable fund assets £000	Total £000
<b>Net book value at 31 March 2017</b>									
Owned	2,750	58,045	639	1,494	6,472	6,364	186	-	75,950
Finance leased	-	-	-	-	290	815	-	-	1,105
Donated	-	991	484	-	112	7	17	-	1,611
<b>NBV total at 31 March 2017</b>	<b>2,750</b>	<b>59,036</b>	<b>1,123</b>	<b>1,494</b>	<b>6,874</b>	<b>7,186</b>	<b>203</b>	<b>-</b>	<b>78,666</b>

## Note 15.4 Property, plant and equipment financing - 2015/16

Group & Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	NHS charitable fund assets £000	Total £000
<b>Net book value at 31 March 2016</b>									
Owned	2,750	54,666	601	1,866	6,270	7,111	244	-	73,508
Finance leased	-	-	-	-	458	-	-	-	458
Donated	-	833	453	45	134	9	20	-	1,494
<b>NBV total at 31 March 2016</b>	<b>2,750</b>	<b>55,499</b>	<b>1,054</b>	<b>1,911</b>	<b>6,862</b>	<b>7,120</b>	<b>264</b>	<b>-</b>	<b>75,460</b>

**Note 16 Donations of property, plant and equipment**

During the year there were donations of £87k in cash from the Liverpool Heart and Chest Hospital charity to fund the specific purchase of capital property, plant and equipment. This was spent on improvements in the Out-Patients Department Tea Bar (£71k) and refurbishment of the Birch Ward Staff Room (£16k).

**Note 17 Revaluations of 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 2017.

Non-current assets held for sale include a few small items of medical equipment currently being marketed on behalf of the Trust by Avensys Medical Limited with a book value of £5k

All assets held for sale are held at the lower of their carrying value at the time of transfer, and their estimated realisable value. Depreciation is no longer charged following reclassification to AHFS.

**Note 18.1 Investments in associates (and joint ventures)**

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Carrying value at 1 April	18	24	18	24
Share of profit/(loss)	19	(6)	19	(6)
Carrying value at 31 March	<u>37</u>	<u>18</u>	<u>37</u>	<u>18</u>

**Note 18.2 Other investments**

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Carrying value at 1 April	527	550	-	-
Movement in fair value	80	(23)	-	-
Carrying value at 31 March	<u>607</u>	<u>527</u>	<u>-</u>	<u>-</u>

**Note 19 Analysis of charitable fund reserves**

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.

	31 March 2017 £000	31 March 2016 £000
<b>Unrestricted funds:</b>		
Unrestricted income funds	735	698
	<b>735</b>	<b>698</b>

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

**Note 20 Disclosure of interests in other entities**

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 2017 and the results are reflected in the accounts of the group in this financial year.

**Note 21 Inventories**

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Drugs	609	538	609	538
Consumables	3,137	2,466	3,137	2,466
<b>Total inventories</b>	<b>3,746</b>	<b>3,004</b>	<b>3,746</b>	<b>3,004</b>

Inventories recognised in expenses for the year were £29,159k (2015/16: £31,549k). Write-down of inventories recognised as expenses for the year were £0k (2015/16: £0k).



**Note 22.1 Trade receivables and other receivables**

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
<b>Current</b>				
Trade receivables due from NHS bodies	2,914	2,672	2,914	2,672
Other receivables due from related parties	73	1,947	223	2,165
Provision for impaired receivables	(908)	(884)	(908)	(884)
Prepayments (non-PFI)	464	536	464	536
Accrued income	2,791	1,385	2,791	1,385
PDC dividend receivable	13	75	13	75
VAT receivable	136	245	136	245
Other receivables	2,198	521	2,198	521
Trade and other receivables held by NHS charitable funds	36	46	-	-
<b>Total current trade and other receivables</b>	<b>7,717</b>	<b>6,543</b>	<b>7,831</b>	<b>6,715</b>

Non-current trade and other receivables are £nil (31st March 2016 - £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.

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.

**Note 22.2 Provision for impairment of receivables**

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
At 1 April as previously stated	884	1,220	884	1,220
Increase in provision	243	207	243	207
Amounts utilised	-	-	-	-
Unused amounts reversed	(219)	(543)	(219)	(543)
At 31 March	<u>908</u>	<u>884</u>	<u>908</u>	<u>884</u>

**Note 22.3 Analysis of impaired receivables, investments and other financial assets**

Group & Trust	31 March 2017		31 March 2016	
	Trade and other receivables	Investments & Other financial assets	Trade and other receivables	Investments & Other financial assets
	£000	£000	£000	£000
<b>Ageing of impaired financial assets</b>				
0 - 30 days	2	-	1	-
30-60 Days	-	-	3	-
60-90 days	28	-	12	-
90- 180 days	14	-	137	-
Over 180 days	864	-	732	-
<b>Total</b>	<u>908</u>	<u>-</u>	<u>885</u>	<u>-</u>
<b>Ageing of non-impaired financial assets past their due date</b>				
0 - 30 days	1,340	-	770	-
30-60 Days	218	-	505	-
60-90 days	97	-	123	-
90- 180 days	380	-	955	-
Over 180 days	1,077	-	516	-
<b>Total</b>	<u>3,112</u>	<u>-</u>	<u>2,869</u>	<u>-</u>

Other financial assets that are neither past due or impaired are considered to be of good credit quality. These consist of:

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Cash	4,868	7,856	4,868	7,856
Other receivables (mainly NHS)	3,048	2,179	3,048	2,179
Cash held by the charity	255	360	-	-
Receivables payable to the charity	36	46	-	-
Investments held by the charity in a COIF	607	527	-	-
Other investments held by the Trust	37	18	37	18
	<u>8,851</u>	<u>10,986</u>	<u>7,953</u>	<u>10,053</u>

**Note 23 Other assets**

The Foundation Trust has no other Financial Assets.

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## Note 24.1 Non-current assets for sale and assets in disposal groups

	2016/17					2015/16	
	Most recently held as:						
Group & Trust	Intangible assets £000	Property, plant & equipment £000	Investments in associates & joint ventures £000	Investment properties £000	NHS charitable fund assets £000	Total £000	Total £000
<b>NBV of non-current assets for sale and assets in disposal groups at 1 April</b>	-	37	-	-	-	37	6
Plus assets classified as available for sale in the year	-	-	-	-	-	-	46
Less assets sold in year	-	(32)	-	-	-	(32)	(15)
<b>NBV of non-current assets for sale and assets in disposal groups at 31 March</b>	-	5	-	-	-	5	37

Non-current assets held for sale include several items of medical equipment currently being marketed on behalf of the Trust by Avensys Medical Ltd.

All AHFS are held at the lower of their carrying value at the time of transfer, and their estimated realisable value. Depreciation is no longer charged following reclassification to AHFS.

The value of Non-Current Assets Held For Sale at 31st March 2017 is £5k.

**Note 24.2 Liabilities in disposal groups**

The foundation trust has no liabilities in disposal groups

**Note 25.1 Cash and cash equivalents movements**

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
<b>At 1 April</b>	<b>8,216</b>	<b>13,381</b>	<b>7,856</b>	<b>12,333</b>
Net change in year	(3,093)	(5,165)	(2,988)	(4,477)
<b>At 31 March</b>	<b>5,123</b>	<b>8,216</b>	<b>4,868</b>	<b>7,856</b>
<b>Broken down into:</b>				
Cash at commercial banks and in hand	6	2	6	2
Cash with the Government Banking Service	5,117	8,214	4,862	7,854
<b>Total cash and cash equivalents as in SoCF</b>	<b>5,123</b>	<b>8,216</b>	<b>4,868</b>	<b>7,856</b>

**Note 25.2 Third party assets held by the NHS foundation trust**

Liverpool Heart and Chest Hospital NHS Foundation Trust held cash and cash equivalents which relate to monies held by the the foundation trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

The value of cash and cash equivalents held on behalf of patients at 31st March 2017 is £725 (31st March 2016 £356).

**Note 26.1 Trade and other payables**

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
<b>Current</b>				
NHS trade payables	1,537	1,985	1,537	1,985
Amounts due to other related parties	810	779	810	779
Other trade payables	5,263	5,343	5,263	5,343
Capital payables	1,154	1,047	1,154	1,047
Social security costs	840	609	840	609
Other taxes payable	743	681	743	681
Other payables	45	100	45	100
Accruals	6,533	5,573	6,533	5,573
Trade and other payables held by NHS charitable funds	13	17	-	-
<b>Total current trade and other payables</b>	<b>16,938</b>	<b>16,134</b>	<b>16,925</b>	<b>16,117</b>

Non-current trade and other payables are £nil (31st March 2016 - £nil).

The foundation trust has no early retirements included in NHS payables.

**Note 27 Other liabilities**

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
<b>Current</b>				
Other deferred income	789	393	789	393
<b>Total other current liabilities</b>	<b>789</b>	<b>393</b>	<b>789</b>	<b>393</b>
<b>Non-current</b>				
Other deferred income	-	608	-	608
<b>Total other non-current liabilities</b>	<b>-</b>	<b>608</b>	<b>-</b>	<b>608</b>

**Note 28 Borrowings**

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
<b>Current</b>				
Other loans	3	-	3	-
Obligations under finance leases	391	142	391	142
<b>Total current borrowings</b>	<b>394</b>	<b>142</b>	<b>394</b>	<b>142</b>
<b>Non-current</b>				
Other loans	29	-	29	-
Obligations under finance leases	624	261	624	261
<b>Total non-current borrowings</b>	<b>653</b>	<b>261</b>	<b>653</b>	<b>261</b>

**Note 29 Other financial liabilities**

The foundation trust has no other financial liabilities.

### Note 30 Finance leases

#### Foundation Trust as a lessor

The Foundation Trust does not have finance leases as a lessor.

#### Foundation Trust as a lessee

Obligations under finance leases where Liverpool Heart and Chest Hospital NHS Foundation Trust is the lessee.

	Group		Trust	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
<b>Gross lease liabilities</b>	<b>1,066</b>	<b>435</b>	<b>1,066</b>	<b>435</b>
of which liabilities are due:				
- not later than one year;	424	162	424	162
- later than one year and not later than five years;	642	273	642	273
Finance charges allocated to future periods	(51)	(32)	(51)	(32)
<b>Net lease liabilities</b>	<b>1,015</b>	<b>403</b>	<b>1,015</b>	<b>403</b>
of which payable:				
- not later than one year;	391	142	391	142
- later than one year and not later than five years;	624	261	624	261

In 2016/17 the Trust entered into a finance lease arrangement with CISCO Finance Ltd in order to secure an updated IT Network system at a capital cost of £845k. The lease term is for three years and at the end of the period ownership of the asset will be transferred to the Trust.

Older finance leases include lease arrangements the at Trust entered into in 2011/12 for a period of 7 years, for CT scanner equipment.

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.

There are no contingent rent arrangements within any of these lease agreements

The difference between the future minimum lease payments and their present value is the interest rate implicit in the lease which is £51k at 31st March 2017.

**Note 31.1 Provisions for liabilities and charges analysis**

Group & Trust	Other legal claims £000	Other £000	Total £000
<b>At 1 April 2016</b>	<b>26</b>	<b>1,328</b>	<b>1,354</b>
Change in the discount rate	-	12	12
Arising during the year	8	153	161
Utilised during the year	(9)	(54)	(63)
Reversed unused	(2)	(755)	(757)
<b>At 31 March 2017</b>	<b>23</b>	<b>684</b>	<b>707</b>
<b>Expected timing of cash flows:</b>			
- not later than one year;	23	559	582
- later than one year and not later than five years;	-	30	30
- later than five years.	-	95	95
<b>Total</b>	<b>23</b>	<b>684</b>	<b>707</b>

The foundation trust has total provisions as at 31st March 2017 of £707k . Other provisions of £684k includes £225k for undercharge against lease of land; potential employee claims under agenda for change £202k, £132k for ill health retirement benefits, £83k provision for the underachievement of CQUIN funding and £42k other.

**Note 31.2 Clinical negligence liabilities**

At 31 March 2017, £1,178k was included in provisions of the NHSLA in respect of clinical negligence liabilities of Liverpool Heart and Chest Hospital NHS Foundation Trust (31 March 2016: £2,007k).



**Note 32 Contingent assets and liabilities**

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Value of contingent liabilities				
NHS Litigation Authority legal claims	(2)	(12)	(2)	(12)
Value of contingent liabilities	<u>(2)</u>	<u>(12)</u>	<u>(2)</u>	<u>(12)</u>

The Trust has no contingent assets to report

**Note 33 Contractual capital commitments**

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Property, plant and equipment	512	1,149	512	1,149
Total	<u>512</u>	<u>1,149</u>	<u>512</u>	<u>1,149</u>

**Note 34 Financial instruments****Note 34.1 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 2017 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.

**Note 34.2 Financial assets**

Group	Assets at fair value				Total £000
	Loans and receivables	through the I&E	Held to maturity	Available-for-sale	
	£000	£000	£000	£000	
Assets as per SoFP as at 31 March 2017					
Trade and other receivables excluding non financial assets	7,068	-	-	-	7,068
Other investments	37	-	-	-	37
Cash and cash equivalents at bank and in hand	4,868	-	-	-	4,868
Financial assets held in NHS charitable funds	291	-	-	607	898
Total at 31 March 2017	12,264	-	-	607	12,871

Group	Assets at fair value				Total £000
	Loans and receivables	through the I&E	Held to maturity	Available-for-sale	
	£000	£000	£000	£000	
<b>Assets as per SoFP as at 31 March 2016</b>					
Trade and other receivables excluding non financial assets	5,933	-	-	-	5,933
Other investments	18	-	-	-	18
Cash and cash equivalents at bank and in hand	7,856	-	-	-	7,856
Financial assets held in NHS charitable funds	406	-	-	527	933
<b>Total at 31 March 2016</b>	<b>14,213</b>	<b>-</b>	<b>-</b>	<b>527</b>	<b>14,740</b>

Trust	Assets at fair value				Total £000
	Loans and receivables	through the I&E	Held to maturity	Available-for-sale	
	£000	£000	£000	£000	
Assets as per SoFP as at 31 March 2017					
Trade and other receivables excluding non financial assets	7,068	-	-	-	7,068
Other investments	37	-	-	-	37
Cash and cash equivalents at bank and in hand	4,868	-	-	-	4,868
Total at 31 March 2017	11,973	-	-	-	11,973

Trust	Loans and	Assets at fair value through the	Held to	Available-	Total
	receivables	I&E	maturity	for-sale	
	£000	£000	£000	£000	£000
<b>Assets as per SoFP as at 31 March 2016</b>					
Trade and other receivables excluding non financial assets	5,933	-	-	-	5,933
Other investments	18	-	-	-	18
Cash and cash equivalents at bank and in hand	7,856	-	-	-	7,856
<b>Total at 31 March 2016</b>	<b>13,807</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,807</b>

**Note 34.3 Financial liabilities**

Group	Other	Liabilities at	Total
	financial liabilities	fair value through the I&E	
	£000	£000	£000
<b>Liabilities as per SoFP as at 31 March 2017</b>			
Borrowings excluding finance lease and PFI liabilities	32	-	32
Obligations under finance leases	1,015	-	1,015
Trade and other payables excluding non financial liabilities	15,342	-	15,342
Provisions under contract	575	-	575
Financial liabilities held in NHS charitable funds	13	-	13
<b>Total at 31 March 2017</b>	<b>16,977</b>	<b>-</b>	<b>16,977</b>

Group	Liabilities at		Total
	Other	fair value	
	financial	through the	
	liabilities	I&E	
	£000	£000	£000
<b>Liabilities as per SoFP as at 31 March 2016</b>			
Obligations under finance leases	403	-	403
Trade and other payables excluding non financial liabilities	13,870	-	13,870
Provisions under contract	1,354	-	1,354
Financial liabilities held in NHS charitable funds	17	-	17
<b>Total at 31 March 2016</b>	<b>15,644</b>	<b>-</b>	<b>15,644</b>

Trust	Other financial liabilities	Liabilities at fair value through the I&E	Total
	£000	£000	£000
<b>Liabilities as per SoFP as at 31 March 2017</b>			
Borrowings excluding finance lease and PFI liabilities	32	-	32
Obligations under finance leases	1,015	-	1,015
Trade and other payables excluding non financial liabilities	15,342	-	15,342
Provisions under contract	575	-	575
<b>Total at 31 March 2017</b>	<b>16,964</b>	<b>-</b>	<b>16,964</b>

Trust	Other financial liabilities	Liabilities at fair value through the I&E	Total
	£000	£000	£000
<b>Liabilities as per SoFP as at 31 March 2016</b>			
Obligations under finance leases	403	-	403
Trade and other payables excluding non financial liabilities	13,870	-	13,870
Provisions under contract	1,354	-	1,354
<b>Total at 31 March 2016</b>	<b>15,627</b>	<b>-</b>	<b>15,627</b>

**Note 34.4 Maturity of financial liabilities**

	Group		Trust	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
In one year or less	16,311	15,302	16,298	15,285
In more than one year but not more than two years	394	153	394	153
In more than two years but not more than five years	248	135	248	135
In more than five years	24	54	24	54
<b>Total</b>	<b>16,977</b>	<b>15,644</b>	<b>16,964</b>	<b>15,627</b>

**Note 34.5 Fair values of financial assets at 31 March 2017**

	Group		Trust	
	Book value	Fair value	Book value	Fair value
	£000	£000	£000	£000
Other investments	37	37	37	37
Non-current financial assets held in NHS charitable funds	-	-	-	-
<b>Total</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>

**Note 34.6 Fair values of financial liabilities at 31 March 2017**

	Group		Trust	
	Book value	Fair value	Book value	Fair value
	£000	£000	£000	£000
Loans	26	26	26	26
Other	624	624	624	624
<b>Total</b>	<b>650</b>	<b>650</b>	<b>650</b>	<b>650</b>

**Note 35 Losses and special payments**

Group and Trust	2016/17		2015/16	
	Total	Total value	Total	Total value
	number of cases Number	of cases £000	number of cases Number	of cases £000
<b>Total losses</b>	-	-	-	-
<b>Special payments</b>				
Ex-gratia payments	10	8	13	43
<b>Total special payments</b>	<b>10</b>	<b>8</b>	<b>13</b>	<b>43</b>
<b>Total losses and special payments</b>	<b>10</b>	<b>8</b>	<b>13</b>	<b>43</b>
Compensation payments received				

**Note 36 Gifts**

The Foundation Trust received no material gifts during 2016/17 or 2015/16.

**Note 37 Prior period adjustments**

There have been no material prior period adjustments during the reporting period.

**Note 38 Events after the reporting date**

The Foundation Trust has had no material events after the end of the reporting period.

### Note 39 Related parties

#### **Related Party Transactions**

Liverpool Heart and Chest Hospital NHS Foundation Trust is a public interest body authorised by NHS Improvement (formally Monitor), the Independent Regulator for NHS Foundation Trusts.

During the period to 31st March 2017 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.

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, expenditure, receivables or payables is greater than £100k), these entities are listed below:

	<b>Receivables</b>		<b>Payables</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
University Hospital Southampton NHS Foundation Trust	195	7	-	-
Wirral University Teaching Hospital NHS Foundation Trust	142	103	46	23
Mersey Care NHS Foundation Trust	3	1	143	162
Royal Liverpool and Broadgreen University Hospitals NHS Trust	1,774	1,906	1,825	1,619
St Helens and Knowsley Hospitals NHS Trust	262	69	92	155
Southport and Ormskirk Hospital NHS Trust	253	133	7	-
NHS Knowsley CCG	43	118	291	70
NHS Liverpool CCG	182	661	-	-
NHS Wirral CCG	113	-	-	85
NHS England	1,078	-	-	-
NHS England - North West Specialised Commissioning Hub	848	-	-	-
<b>Total</b>	<b>4,893</b>	<b>2,998</b>	<b>2,404</b>	<b>2,114</b>

	<b>Income</b>		<b>Expenditure</b>	
	<b>2016/17</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Aintree University Hospital NHS Foundation Trust	4	41	231	216
Warrington and Halton Hospitals NHS Foundation Trust	246	332	6	41
Liverpool Community Health NHS Trust	172	224	-	14
Mersey Care NHS Foundation Trust	-	2	594	682
Royal Liverpool and Broadgreen University Hospitals NHS Trust	1,981	1,982	5,222	5,198
Southport and Ormskirk Hospital NHS Trust	147	99	7	4
St Helens and Knowsley Hospitals NHS Trust	194	165	129	149
University Hospital Southampton NHS Foundation Trust	465	7	1	-
Wirral University Teaching Hospital NHS Foundation Trust	191	92	38	47
NHS Halton CCG	577	633	-	-
NHS Knowsley CCG	5,414	5,319	-	70
NHS Liverpool CCG	6,543	6,646	-	-
NHS South Sefton CCG	776	799	-	-
NHS Southport and Formby CCG	1,486	1,505	-	-
NHS St Helens CCG	1,081	1,007	-	-
NHS Warrington CCG	676	833	-	-
NHS West Cheshire CCG	1,216	1,106	1	-
NHS West Lancashire CCG	749	949	-	-
NHS Wirral CCG	1,517	1,340	-	-
Health Education England	2,668	2,782	8	-
NHS Litigation Authority	-	35	1,107	814
Care Quality Commission	2	-	108	-
NHS England	2,765	-	-	-
NHS England - Cheshire and Merseyside Local Office	295	324	-	-
NHS England - North West Commissioning Hub	73,951	72,963	-	-
	<b>103,116</b>	<b>99,185</b>	<b>7,452</b>	<b>7,235</b>



**Other Government Departments and other Central and Local Government Bodies**

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:

	<b>Receivables</b>		<b>Payables</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
HM Revenue & Customs - VAT	136	245	-	-
HM Revenue & Customs - Other taxes and duties and NI contributions	-	-	1,583	1,290
NHS Pension Scheme	-	-	810	779
Welsh Health Bodies - Betsi Cadwaladr University Local Health Board	-	173	59	245
<b>Total</b>	<b>136</b>	<b>418</b>	<b>2,452</b>	<b>2,314</b>

	<b>Income</b>		<b>Expenditure</b>	
	<b>2016/17</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Liverpool City Council	-	-	338	93
HM Revenue & Customs - Other taxes and duties and NI contributions	-	-	5,193	4,061
NHS Pension Scheme	-	-	5,816	5,505
Welsh Health Bodies - Betsi Cadwaladr University Local Health Board	13,907	14,988	-	-
<b>Total</b>	<b>13,907</b>	<b>14,988</b>	<b>11,347</b>	<b>9,659</b>

## **FTC Summarisation Schedules for Liverpool Heart and Chest Hospital NHS Foundation Trust**

Summarisation schedules numbers FTC01 to FTC40 and accompanying WGA sheets for **2016/17** are attached.

### **Finance Director Certificate**

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

- accounting standards and policies which comply with the Department of Health Group Accounting Manual issued by the Department of Health and
- the template accounting policies for NHS foundation trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the FTC.

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.



Claire Wilson, Chief Finance Officer  
**30<sup>th</sup> May 2017**

### **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 NHS Improvement.

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



Jane Tomkinson, Chief Executive  
**30<sup>th</sup> May 2017**



## 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 financial position of the Liverpool Heart and Chest Hospital NHS Foundation Trust (the Trust) and group as at 31 March 2017 and of the Trust's and group's expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2016/2017 and the requirements of the National Health Service Act 2006.

### Who we are reporting to

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 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 for the year ended 31 March 2017 which comprise the group and Trust statement of comprehensive income, the group and Trust statement of financial position, the group and Trust statement of changes in equity, the group and Trust statement of cash flows and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the NHS foundation trust annual reporting manual 2016/17.



### Overview of our audit approach

- Overall group materiality: £2,400,000 which represents 2% of the group's gross revenue expenditure;
- We performed a full-scope audit of Liverpool Heart and Chest Hospital NHS Foundation Trust and analytical audit procedures at its component, The Liverpool Heart and Chest Hospital Charity;
- Key audit risks were identified as:
  - Occurrence of income from patient care activities and the existence of associated receivables
  - Occurrence of other operating income from non-patient care services and the existence of associated receivables

## Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit and how we tailored our procedures to address these risks in order to provide an opinion on the financial statements as a whole. This is not a complete list of all the risks we identified:

Audit risk	How we responded to the risk
<p><b>Occurrence of income from patient care activities</b></p> <p>97% of the group's income from patient care activities is derived from contracts with NHS commissioners. 80% of the group's income from patient care activities is derived from contracts with the Trust's 10 main commissioners. These contracts include the rates for and level of patient care activity to be undertaken by the Trust.</p> <p>The Trust recognises income from patient care activity during the year based on the completion of these activities. Patient care activities provided, that are additional to those incorporated in the contracts with NHS commissioners, are subject to verification and agreement by the NHS commissioners. As such, there is the risk that income is recognised for these additional services that is not subsequently agreed to by the NHS commissioners.</p> <p>We therefore identified occurrence of income from patient care activities and the existence of associated receivables as a significant risk requiring special audit consideration.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>evaluating the group's accounting policy for recognition of income from patient care activities for compliance with relevant accounting standards and guidance;</li> <li>gaining an understanding of the Trust's system for accounting for income from patient care activities and evaluating the design of the associated controls;</li> <li>agreeing, on a sample basis, amounts recognised as income from patient care activities in the financial statements to signed contracts, contract variations and invoices or supporting documentation, and associated receivables at year end to subsequent cash receipts or alternative evidence;</li> <li>obtaining an exception report from the Department of Health (DoH) that details differences in reported income and expenditure; and receivables and payables between NHS bodies; agreeing the figures in the exception report on a sample basis to the Trust's financial records; and for differences calculated by the DoH as being in excess of £250,000, obtaining corroborating evidence to support the amount recorded in the financial statements by the Trust.</li> </ul> <p>The group's accounting policy for income, including its recognition, is shown in note 1.2 to the financial statements and related disclosures are included in notes 3 and 22.</p>
<p><b>Occurrence of other operating income from non-patient care services</b></p> <p>9% of the group's other operating income is from non-patient care sources.</p> <p>The Trust's other non-patient care services income includes £2,728,000 from the national Sustainability and Transformation Fund (the 'Fund').</p> <p>Eligibility for income from the Fund is determined based on the Trust meeting quarterly financial targets agreed with NHS England. Income is paid quarterly</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>evaluating the group's accounting policy for recognition of other operating income for compliance with relevant accounting standards and guidance;</li> <li>gaining an understanding of the Trust's system of accounting for other non-patient care services income, and evaluating the design of the associated controls;</li> <li>agreeing income for the first three quarters of the year from the Fund recognised in the financial statements to cash receipts;</li> <li>assessing the validity of the income and associated receivables relating to the fourth quarter;</li> <li>agreeing the total income from the Fund, (including incentive and bonus payments, and additional income</li> </ul>



Audit risk	How we responded to the risk
<p>in arrears, when the Government bodies (including the Department of Health, HM Treasury, NHS Improvement and NHS England) verify the Trust's achievement of these financial targets. At the year-end, income from the Fund for the final quarter is accrued before the achievement of the financial target has been verified. As such, there is the risk that income recognised in the final quarter of the year may be misstated.</p> <p>We identified the occurrence of non-patient care services income and existence of associated receivables as a significant risk requiring special audit consideration.</p>	<p>from the final distribution) to communications from NHS England;</p> <ul style="list-style-type: none"> <li>• agreeing for the remaining population of other operating income, on a sample basis, amounts recognised in income in the financial statements to supporting evidence and associated receivable balances to cash receipts and other appropriate evidence.</li> </ul> <p>The group's accounting policy for other operating income, including its recognition, is shown in note 1.2 to the financial statements and related disclosures are included in notes 4 and 22.</p>

## 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 economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the group financial statements as a whole to be £2,400,000 which is 2% of the group's gross revenue expenditure. This benchmark is considered the most appropriate because we consider users of the group's financial statements to be most interested in how it has expended its revenue and other funding.

Materiality for the current year is at the same percentage level of gross revenue expenditure as we determined for the year ended 31 March 2016 as we did not identify any significant changes in the group or the environment in which it operates.

We also determined a lower level of specific materiality for certain areas such as related party transactions and disclosures of senior manager remuneration in the Remuneration Report.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £122,000. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

### Overview of the scope of our audit

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 Trust's and group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Chief Executive as Accounting Officer, 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 incorrect based on, or 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.

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 sector bodies in the United Kingdom'. Our responsibilities under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code) and those standards 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 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, and in particular included:

- evaluation of the identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality;
- performance of analytical audit procedures on the financial statements of the component, The Liverpool Heart and Chest Hospital Charity; and
- evaluation of, and performance of audit procedures on, the consolidation process.

#### Overview of the scope of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary.

#### Other reporting required by regulations

##### **Our opinion on other matters required by the Code is unmodified**

In our opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2016/17 and the requirements of the National Health Service Act 2006; and
- the other information published together with the audited financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the audited financial statements.



## **Matters on which we are required to report by exception**

Under the ISAs (UK and Ireland), we are 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 we communicated to the Audit Committee which we consider should have been disclosed.

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 2016/17 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls; or
- we have reported a matter in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we have referred a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- 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 for the year ended 31 March 2017.

We have nothing to report in respect of the above matters.

## **Responsibilities for the financial statements and the audit**

What the Chief Executive, as Accounting Officer, is responsible for:

As explained more fully in the Statement of Accounting Officer responsibilities, 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 Directions included in the NHS foundation trust annual reporting manual 2016/17 and for being satisfied that they give a true and fair view. The Accounting Officer is also responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We are required under Section 1 of Schedule 10 of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **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 Code.

*Mike Thomas*

Mike Thomas  
Director  
for and on behalf of Grant Thornton UK LLP  
Royal Liver Building  
Liverpool  
L3 1PS

30 May 2017





## **Independent Practitioner's Limited Assurance Report to the Council of Governors of Liverpool Heart and Chest Hospital NHS Foundation Trust on the Quality Report**

We have been engaged by the Council of Governors of Liverpool Heart and Chest Hospital NHS Foundation Trust to perform an independent limited assurance engagement in respect of Liverpool Heart and Chest Hospital NHS Foundation Trust's Quality Report for the year ended 31 March 2017 (the "Quality Report") and certain performance indicators contained therein against the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and additional supporting guidance in the 'Detailed requirements for quality reports for foundation trusts 2016/17' (the 'Criteria').

### **Scope and subject matter**

The indicators for the year ended 31 March 2017 subject to the limited assurance engagement consist of the national priority indicators as mandated by NHS Improvement:

- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period: selected from the subset of mandated indicators following discussion with management.
- Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers: selected from the subset of mandated indicators following discussion with management

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

### **Respective responsibilities of the directors and Practitioner**

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

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

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

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

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

- Board minutes for the period 1 April 2016 to 30 May 2017



- papers relating to quality reported to the Board over the period 1 April 2016 to 30 May 2017;
- feedback from Commissioners dated 10 May 2017;
- feedback from Governors dated 25 April 2017;
- feedback from local Healthwatch organisations dated 8 May 2017;
- feedback from Overview and Scrutiny Committee dated (not received);
- the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 30 May 2017;
- the national patient survey dated 8 June 2016;
- the national staff survey dated 8 March 2017;
- the Care Quality Commission inspection report dated 16 September 2016; and
- the Head of Internal Audit's annual opinion over the Trust's control environment dated 30 May 2017.

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

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

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

This report, including the conclusion, has been prepared solely for the Council of Governors of Liverpool Heart and Chest Hospital NHS Foundation Trust as a body, to assist the Council of Governors in reporting 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 2017, to enable the 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 Council of Governors as a body, and 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;
- limited testing, on a selective basis, of the data used to calculate the indicators tested back to supporting documentation;
- comparing the content requirements of the ‘NHS foundation trust annual reporting manual 2016/17’ and supporting guidance to the categories reported in the Quality Report; and
- reading the documents.

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

### Limitations

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

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

The scope of our limited assurance work has not included governance over quality or non-mandated indicators which have been determined locally by Liverpool Heart and Chest Hospital NHS Foundation Trust.

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



Trust's members as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of those audits.

### **Conclusion**

Based on the work described in this report, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2017:

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

Grant Thornton

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30 May 2017





