NHS
Liverpool Heart and Chest Hospital
NHS Foundation Trust

Annual Report & Accounts 2021/22

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

CONTENTS

SECTION 1: PERFORMANCE REPORT

This report is prepared in accordance with:

- *sections 414A, 414C and 414D[5] 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.

Chair and Chief Executive's Foreword

Welcome to our Annual Report and Accounts for 2021/22.

When we wrote the welcome to our Annual Report back in 2020, highlighting issues posed by a new virus, little did we realise that Covid-19 and the global pandemic would still be creating significant challenges for patients and staff across the NHS in 2022. Although we have learned so much over the past two years about living and working with Covid-19, many challenges remain.

As well as continuing to deliver world-class specialist cardiothoracic services and ensuring patients do not wait longer than necessary for treatment, some of the challenges linked to Covid-19 for our team at LHCH have included:

- maintaining a safe and Covid-free hospital environment for patients to receive care with the highest standards of infection prevention
- facilitating regular communication between patients and their loved ones during visiting restrictions
- working collaboratively with NHS partners to provide clinical leadership and mutual aid wherever possible
- delivering a comprehensive vaccination programme to staff, members of the public and other NHS colleagues.

It is no surprise that the team at LHCH has risen to each of these challenges and delivered exceptional levels of care and service throughout the year. We are exceptionally proud of them all.

This pride was highlighted in October 2021 with the results of the National Inpatient Survey. The findings showed that LHCH had been rated as one of the best hospitals in the country and the best hospital in the North West for inpatient experience. This was supported by the views of our staff in the NHS Staff Survey in March 2022. They rated LHCH as the top trust in the country in two categories: for 'care of patients is my organisation's top priority' and for 'staff engagement'. The results also showed LHCH was in the top four NHS organisations in the country for 'recommended as a place to receive care' and 'recommended as a place to work'.

It's also pleasing to note areas of progress made at LHCH in 2021/22. We have continued to develop services and improve the facilities from which we provide care to our patients and families. Great strides have been made on our major project to upgrade our catheter laboratories. In October 2021, phase 1 of the project was completed successfully with two brand new labs becoming fully operational. Phase 2 of the project is now also underway. We were delighted to welcome Lady Anne Dodd, in November 2021, to formally open the Sir Ken Dodd Knowledge and Education Centre. The centre, named after the world-famous Liverpool entertainer thanks to generous ongoing support, features brand new facilities for staff and students to study, research and stay up to date with the latest clinical knowledge, as well as dedicated training areas.

We also know that Digital Excellence must be the cornerstone if we are to continually improve the care that we provide for our patients in the years ahead. Therefore, we were delighted to achieve HIMSS Analytics Electronic Medical Record Adoption Model (EMRAM) Stage 6 rating in December 2021. This international quality standard means LHCH has established clear goals for improving safety, minimising errors, and recognising the importance of healthcare IT. The rating is testament to the incredible digital vision here at LHCH and the professionalism of all our teams who have embraced new digital ways of working and adopted new technology.

We know that 2022/23 will bring many more challenges, and yet we also know we have an outstanding team at LHCH who will ensure we continue to be the best and deliver the highest quality of care. This team includes our Council of Governors who give their time voluntarily to raise awareness of the work of the hospital in their constituencies and to assist the Board of Directors on a range of issues. It also includes our many volunteers, who we were thrilled to be able to welcome back on to the hospital site.

Finally on a personal note, I retire as LHCH Chair at the end of March 2022 and extend a very warm welcome to our new Chair, Val Davies, who joins the Trust in April. I am indebted to the dedication and commitment of every member of the LHCH Team, no matter what the role, for constantly supporting each other to deliver 'Outstanding' care. I am extremely proud of what you all have achieved during my 16 years.

Neil Large
Former Chair, MBE

Jane Tomkinson
Chief Executive, OBE

Val Davies
Chair

1.1 Performance Overview

Liverpool Heart and Chest Hospital (LHCH) 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

To provide excellent, compassionate and safe care for our patients and our populations, 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 aortic surgery, among others.

The Trust has 195 beds.

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, aortic and thoracic surgery and the provision of community-based care services for chronic long term conditions and screening programmes.

In 2021/22, there were 67,872 outpatient appointment attendances, including 28,761 'virtual' attendances, plus 13,139 inpatient spells. These included:

- 2,150 cardiac surgery inpatients
- 8,168 cardiology inpatients
- 593 respiratory medicine inpatients
- 1,620 thoracic surgery inpatients

As at 31st March 2022, the Trust employed 1,897 staff of whom 515 were male and 1,382 were female. This includes 38 senior managers – being those persons in in senior positions having authority or responsibility for directing or controlling the major activities of the NHS foundation trust - of whom 10 were male and 28 were female. This also includes the Board of Directors which comprised 8 males and 8 females, of whom 6 were Associate Directors (non-voting).

The Trust aims to provide 'e*xcellent, compassionate and safe care for its patients and populations, every day*' and has firmly embedded the values and behaviours expected of all its staff and volunteers, through IMPACT:

- Inclusivity
- Making a difference
- People centred
- Accountability
- Continuous improvement
- Teamwork

The vision, '***to be the best***', is underpinned by six strategic objective themes:

1. **Delivering world class care**
2. **Advancing quality and outcomes**
3. **Increasing value**
4. **Developing people**
5. **Leading through collaboration**
6. **Improving population health**

Furthermore, the Trust's vision, strategic objectives and all key activities are supported by its safety culture, model of Patient and Family Centred Care and its People Strategy – *Team LHCH at its Best*.

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, innovation and improvement 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 in the ongoing development of its catheter laboratories and also to the estates infrastructure.

The Trust recognises the challenges it is facing but sees opportunities to strengthen its position via extending integrated models of care through collaborative and partnership 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 streamline patient pathways.

Equality of Service Delivery

As an NHS organisation, Liverpool Heart and Chest Hospital NHS Foundation Trust has both a legal and a moral duty to demonstrate fairness and equality to its patients, service users, their carers and families, and to its employees and volunteers. The Trust aims to promote inclusion and diversity for both staff and patients, tackling all forms of discrimination and removing inequality in the provision of both health services and employment.

The Trust has an Equality and Inclusion Strategy which explains and responds to the Trust's statutory duties to promote equality for all groups of. It charts the progress the Trust has made towards meeting the requirements of the general equality duty.

This strategy identifies the Trust's priorities and objectives and addresses the national requirements that are embedded in the Equality Act 2010 (Public Sector Equality Duty), Human Rights Act 1998, Workforce Race Equality Scheme (WRES) and from 2019 Workforce Disability Equality Scheme (WDES) and identifies how the Trust will deliver improved outcomes, based on the Equality Delivery System (EDS2). The strategy is underpinned by an integrated action plan which brings together themed actions that are not only aligned to the Trust's new People Plan and our national requirements, but it reflects direct feedback from staff following our staff inclusion events and follow-up engagement events. Timescales for completion have been built into the plan and ongoing implementation is driven by the E&I Steering Group and updates on progress will be provided to both the People Delivery Group and People Committee.

In determining equality objectives, the Trust reviewed local and national data, patient feedback, complaints analysis, staff survey results and aspects for service delivery that present a local challenge. It must be noted that the Covid-19 global pandemic has completely changed the way that we have all had to operate since March 20. Alongside adapting to new ways of working, the Trust has had to respond to changing and complex national guidance and therefore the traditional approach to the inclusion agenda and strategy outcomes continues to evolve to respond to the challenges. The Trust has been extremely pro-active in its approach to supporting staff during the pandemic, specifically for staff in vulnerable groups and good strides have been made to promote and harness inclusion for all.

The Trust recognises that good inclusive practice is central to the provision of high quality health services that meet people's individual needs. The Trust is committed to fulfilling its General Duty under the Equality Act 2010 to promote equality and demonstrate that it has given due regard to the need to eliminate unlawful discrimination, harassment and victimisation.

A new Equality, Diversity, Inclusion and Belonging (EDIB) Strategy is being developed in 2022.

For further information, please see: https://www.lhch.nhs.uk/media/6594/ei-strategy-may-2019.pdf or the EDS2 Summary Report 2021.

Quality Priorities

Due to the cessation of the approved quality priorities, agreed in February 2020, the Trust's Council of Governors were asked if the same quality priorities agreed could be rolled over to 2021/22.

The Trust's quality priorities remain:

- **Priority One: Pre-habilitation booklet for patients**
  This will mean to establish an enhanced recovery pathway which incorporates pre-operative education to promote optimisation of patients undergoing cardiac, and potentially thoracic, surgery.

- **Priority Two: Sepsis risk assessment**
  All patients who trigger for a sepsis screening tool will receive an assessment immediately following these criteria.

- **Priority Three: Post-discharge follow up telephone calls to patients**
  All inpatients who have an overnight stay in the hospital will receive a follow up (welfare) call within 7-10 post discharge for patients who have left the hospital following surgery.

- **Priority Four: Delirium risk assessments for inpatients**
  All patients are screened for delirium within 8 hours of admission and have a risk assessment on every shift throughout their stay (3 times in 24 hours). Those patients who score positive on assessment, will have a delirium assessment and management tool added and will be reviewed once per day.

Key achievements in 2021/22

- LHCH was rated as one of the best hospitals in the country and the best in the North West according to the NHS Inpatient Survey, published in October 2021.

- LHCH was rated the top Trust in the country for ‘care is our organisation’s top priority’ and ‘staff engagement’ in the NHS Staff Survey 2021, published in March 2021.

- LHCH successfully achieved the HIMSS Analytics Electronic Medical Record Adoption Model (EMRAM) Stage 6 rating in December 2021.

- LHCH became the first heart centre in the UK and EU to acquire the world's first and only fully autonomous artificial intelligence (AI) driven robotic transcranial doppler (TCD) ultrasound system for use in open aortic arch surgery, in December 2021.

- LHCH won the NHS England-sponsored Commitment to Carers category of the RCN Nursing Awards 2021, for establishing a support group for colleagues who are unpaid carers outside work.

- LHCH played a pivotal role as part of the collaborative Cheshire and Merseyside Covid-19 vaccination programme, helping to deliver more than 51,000 vaccinations.

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

- LHCH delivered strong performance against financial and operational targets for 2021/22.

Going concern

After making enquiries, the Board of Directors has a reasonable expectation that the services provided by the NHS foundation trust will continue to be provided by the public sector for the foreseeable future. For this reason, the Board of Directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

1.2 Performance Analysis

Summary

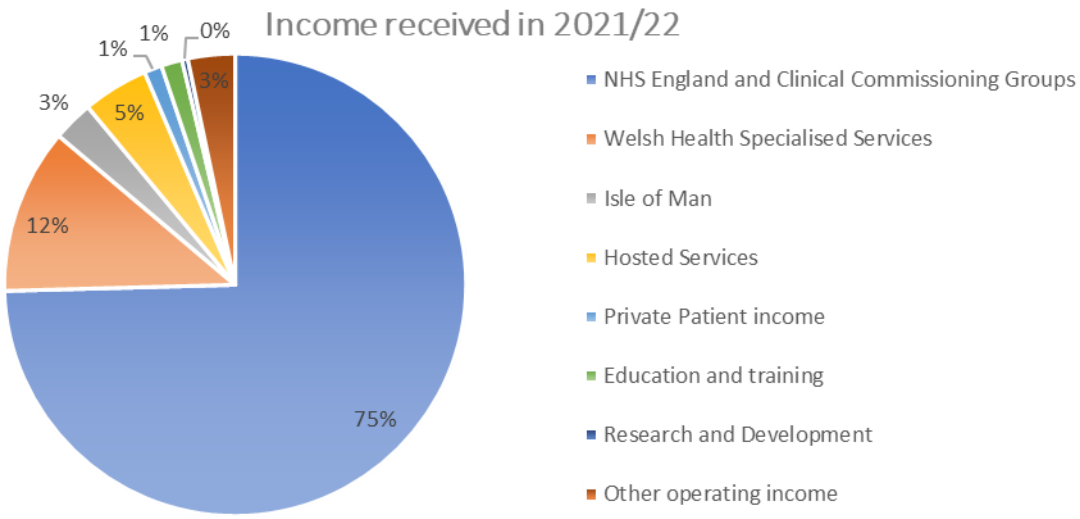
The main headlines for the financial framework and financial performance for the Trust in 2021/22:

- With the ongoing impact of the Covid-19 pandemic, elements of the simplified financial framework were maintained in 2021/22, most notably the retention of fixed contract sums from English commissioners.
- This core income was supplemented with Elective Recovery Funding (ERF), which incentivised providers to maximise planned care and address the growth in patient waiting lists.
- The operating surplus (after adjusting for impairment charges and non-operating transactions) was a small surplus of £33k.
- During 2021/22 the Trust continued to host a number of organisations, including the Innovation Agency and Liverpool Health Partners.
- The Trust identified and delivered £3.1m of recurrent cost improvements during the year. Although, this was lower than the initial plan, the Trust was able to achieve its financial targets due to non-recurrent funding received in the year.

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

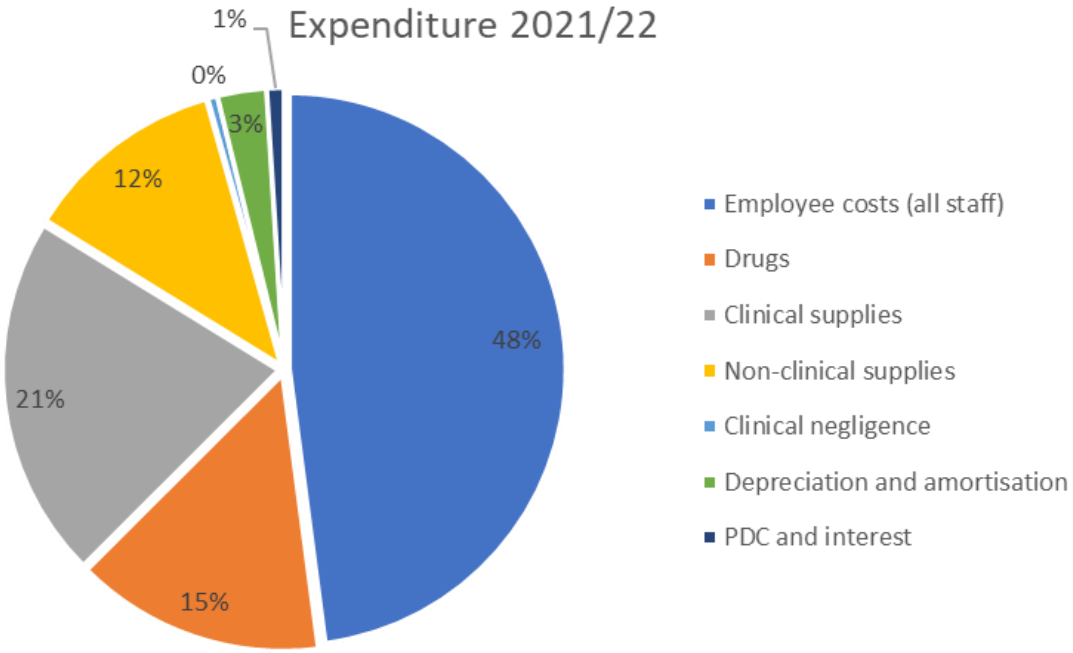
	£m	
	2021/22	2020/21
Income from patient care activities	192.2	154.2
Other income	23.4	24.1
Total income	**215.6**	**178.3**
Employee expenses	-102.7	-98.1
Non-pay expenses	-101.3	-72.3
Total expenditure	**-204.0**	**-170.4**
EBITDA	11.6	7.9
Depreciation and Amortisation	-6.1	-5.8
Total interest receivable/(payable)	-0.1	-0.1
PDC dividends	-2.1	-1.8
Other gains / (losses)	-0.2	0.0
Net surplus (as per annual accounts)	3.1	0.2
Normalising adjustments (incl. net impairments)	-3.1	0.2
Adjusted financial performance	0.0	0.4

The following pie chart sets out the income received by Liverpool Heart and Chest Hospital during the financial year:



In accordance with Section 43 (2A) of the NHS Act 2006 income from the provision of goods and services for the purposes of the health service in England is greater than the income received from the provision of goods and services for any other purpose.

The following pie chart sets out how Liverpool Heart and Chest Hospital spent its resources:



Cost Improvement Programme

The Trust's Cost Improvement Programme (CIP) target was put in place to allow the Trust to meet national savings targets and provide sufficient resource to make important investments. The target was £4.2m. The actual delivery against this target is set out in the table below:

	Plan (£m)	Delivered during the year (£m)	Full year recurrent impact (£m)
Cost Improvement Programme	4.2	3.0	3.1

CIP schemes are identified by Trust Divisions and Corporate departments and are subject to review via the Trust Senior Management Team and the Finance and Performance Group. Further oversight and assurance is achieved 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.

Capital investments and cash flow

During the 2021/22 financial year, the total capital investment in improving hospital facilities was £14,391k. The main investments are highlighted below.

- Stage 2 of the Cath Lab refurbishment programme - £5.2m
- £0.7m on Electrical Infrastructure
- Estates investment of £2.9m incorporating general maintenance and improvements
- IT investment and network upgrades - £2.9m
- £2.6m on Medical Equipment

After funding the capital programme outlined above, the Trust had a closing cash balance of £43m as at 31st March 2022.

Financing

Under its licence conditions, the Trust's ability to service borrowings is measured through the capital service capacity risk rating, currently a 1. The Capital programme in 2021/22 was funded through internally generated funds and Public Dividend Capital.

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 this is monitored on a monthly basis and can be seen below.

Year to Date BPCC	21/22	
	Number	£'000
Non NHS		
Total bills paid in the year	28,415	131,039
Total bills paid within target	27,576	129,160
Percentage of bills paid within target	97.0%	98.6%
NHS		
Total bills paid in the year	1,741	21,042
Total bills paid within target	1,681	20,801
Percentage of bills paid within target	96.6%	98.9%
Total		
Total bills paid in the year	30,156	152,081
Total bills paid within target	29,257	149,961
Percentage of bills paid within target	97.0%	98.6%

Conclusion

The Covid-19 pandemic continued to impact on the financial framework and performance of the Trust. The Trust continued to operate with fiscal discipline and was able to deliver recurrent savings, make planned investments and achieve the breakeven financial performance planned at the beginning of the year.

The focus continues to be on increasing activity levels and addressing the growth in both the numbers of patients waiting for treatment, and the length of time they have waited. Additional investment is in place nationally to address the growth in waiting lists, and the Trust has plans in place to increase patient numbers and seek the funding available for this purpose.

The Trust has completed the year in a strong financial position. Significant uncertainty remains because the impact of the Covid-19 pandemic will be felt for a number of years. However, the Trust continues to be well placed to continue to rise to the financial challenges ahead.

Jane Tomkinson
Chief Executive
22nd June 2022

SECTION 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, the NHS Litigation Authority and other relevant bodies. The Board has a formal Schedule of Matters Reserved for Board Decisions and a Scheme of Delegation.

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

During the period 1st April 2021 to 31st March 2022, the following were members of the Trust's Board of Directors:

Name / Profile Overview	Title	Notes
Neil Large *Qualified accountant and diverse NHS career spanning 40 years.*	**Chair**	Served until 31st March 2022.
Julian Farmer *Qualified accountant with senior level experience as an auditor within the health and local government sectors.*	**Deputy Chair / Senior Independent Director / Non Executive Director / Chair of Audit Committee**	
Dr Nicholas Brooks *Consultant Cardiologist and former president of the British Cardiovascular Society and served on the Council of the Royal College of Physicians*	**Non Executive Director**	
Professor Bob Burgoyne *Emeritus Professor at University of Liverpool with a long career in academia pursuing research in biomedical sciences.*	**Non Executive Director**	
Margaret Carney *Senior executive with a long career in local government, spending time as CEO at Sefton Council and Director of Finance and Corporate Resources at Warrington Council.*	**Non Executive Director**	Took up post from 1st September 2021.
Mark Jones *Senior executive with international career in pharmaceutical industry.*	**Non Executive Director**	Served until 31st August 2021.
Karen O'Hagan *Senior executive with a successful career in international medical products and technologies. Previous experience as Vice Chair with Liverpool Community Health Trust.*	**Non Executive Director**	
Jane Tomkinson *Qualified accountant and former Director of Finance positions – NHS England and Countess of Chester NHS Foundation Trust.*	**Chief Executive**	
Dr Raphael Perry *Consultant Interventional Cardiologist of national standing.*	**Medical Director / Deputy Chief Executive**	
Sue Pemberton *BSc Hons, Diploma in Professional Nursing Practice; previous nurse leadership roles at LHCH and Salford Royal NHSFT.*	**Director of Nursing and Quality**	
Karen Edge *Previously Deputy Director of Finance at Wirral University Teaching Hospitals NHS Foundation Trust, and Deputy Director of Finance at Mid Cheshire Hospitals NHS Foundation Trust.*	**Chief Finance Officer**	
Hayley Kendall *Senior level operational management experience, including roles at Wirral University Teaching Hospitals NHS Foundation Trust and Countess of Chester NHS Foundation Trust.*	**Chief Operating Officer**	Served until 31st December 2021.

How the Board operates

During the year there were some changes to the Non Executive Directors (NEDs) with one NED leaving and one NED joining. There was also a change to the Executive Directors with the Chief Operating Officer leaving. Furthermore, Neil Large retired from his position as Chair at the end of the financial year with the Trust welcoming Val Davies as Chair from 1st April 2022.

As at 31st March 2022, the Board comprised the Chair, Chief Executive, five independent Non Executive Directors (one of whom is designated Senior Independent Director) and three Executive Directors. The Board is supported by five additional non-voting directors – the Director of Corporate Affairs (also the Company Secretary), the Chief People Officer, the Director of Strategic Partnerships, the Chief Digital and Information Officer (joint appointment with Alder Hey Children's Hospital NHS Foundation Trust), and the Chief Operating Officer.

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 10 serving members of the Board (voting) at 31st March 2022, five are female and five 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 eight times during the year and at each meeting Directors received reports on quality and safety, patient experience and care, key performance information, operational activity, financial performance, key risks and strategy. As part of robust plans to keep Trust staff and the public safe due to the ongoing Covid-19 pandemic, Board meetings in 2021/22 have been held via video conference. The Trust remains committed to conducting its business in an open and transparent way and therefore, members of the public have been able to attend virtually to observe the meeting. The minutes of these meetings along with agendas and papers are published on the Trust's public website.

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.

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 Chair and the Chief Executive.

The Chair is responsible for the leadership of the Board of Directors and Council of Governors, ensuring their effectiveness individually, collectively and mutually. The Chair ensures that members of the Board and Council receive accurate and timely information that is relevant and appropriate to their respective needs and responsibilities, whilst also ensuring effective communication with patients, members, staff and other stakeholders. It is the Chair'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 Chair. 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 biographical details of Directors, 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 Board 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 below.

Director	27th April 2021	11th June 2021	29th June 2021	27th July 2021	28th Sept 2021	30th Nov 2021	25th Jan 2022	29th March 2022
Chair								
Neil Large	✓	✓	✓	✓	✓	✓	✓	✓
Chief Executive								
Jane Tomkinson	✓	✓	✓	✓	✓	✓	✓	✓
Non Executive Directors								
Nicholas Brooks	✓	✓	✓	x	✓	✓	✓	✓
Bob Burgoyne	✓	✓	✓	✓	✓	✓	✓	✓
Margaret Carney					✓	✓	✓	✓
Julian Farmer	✓	✓	✓	✓	✓	✓	✓	✓
Mark Jones	✓	✓	✓	✓	✓			
Karen O'Hagan	✓	x	✓	✓	✓	✓	✓	✓
Executive Directors								
Karen Edge	✓	✓	✓	✓	✓	✓	✓	x
Hayley Kendall	✓	✓	✓	✓	✓	✓		
Sue Pemberton	✓	✓	✓	✓	✓	✓	✓	✓
Raphael Perry	✓	x	✓	✓	x	✓	✓	✓

**In order to limit the spread of Covid-19, all Board Meetings in 2021/22 have taken place as e-meetings. All papers were sent to members electronically with a record of individual contribution sent for completion by each Board attendee and returned to the Director of Corporate Affairs. The Board meeting was then held by video conference, and as a result, members of the public were not able to attend, although the agenda and meeting papers were available from the Trust website.*

Evaluation of Board and Committees

The Chair has led an annual assessment of the performance of the Board and for 2021/22; this comprised five elements:

i) **Regular evaluation of Board meetings** – for the majority of the year the Board operated via MS Teams due to the coronavirus pandemic; with virtual access provided for meetings in public. Evaluation of the Board meeting is a standing agenda item on every agenda. The quality of Board papers and contribution from members and officers has been positive.

ii) **Evaluation of Board Assurance Committees** - the Audit Committee completed its annual evaluation of each of the Assurance Committees and concluded that all had met their key objectives for 2021/22. All Terms of Reference had been reviewed and an assurance report provided to the Board of Directors in April 2021. The Audit Committee

also evaluated its' performance through review of the Audit Committee checklist and a workshop session to confirm full compliance with its' terms of reference.

iii) **Individual Performance Reviews and Personal Development Planning** - there is an established process in place for individual performance review and objective setting for each Director on at least an annual basis. Each Director also has a personal development plan. The outputs of annual appraisals are reported to the Council of Governors (for the Chair and Non Executive Directors) and to the Nominations and Remuneration Committee (Executive) for the Executive Directors. The appraisal process for the Chair and Non Executive Directors was approved by the Council of Governors and is aligned to NHSE/I guidance. Governors were actively involved in the Chair's appraisal process. All Director appraisals for 2021/22 will be completed by June 2022.Throughout 2021/22 the Chair has maintained regular one-to-one discussions with each Non Executive Director as has the Chief Executive with each member of the executive team.

iv) **Well Led and Board succession planning -** The Trust was last re-inspected and rated by the CQC in 2019/20 achieving a rating of 'outstanding' overall and for Well Led. During 2020/21 the Board decided not to commission an independent well led review (due March 2020) given the context of prevailing circumstances and the limited value that this might offer at the present time. The Board has continued to routinely evaluate the effectiveness of the Board and to review and implement a Board development plan. In particular, much consideration continues to be given to the diversity of the Board in the context of the succession plan and recruitment campaigns. The Board succession plan has been reviewed in 2021/22 and there have been a number of changes to Non Executive Director and Executive Directors. A new Chair and two Non Executive Directors will join the Board in early 2022/23 and a focus placed on their induction and ongoing development.

v) **2021/22 Board Development Plan -** All Board directors participated in the 2021/22 Board Development Plan with dedicated time scheduled throughout the year. In addition to the collective programme, individual Board members have throughout the year participated in numerous online webinars and reviewed briefing papers and guidance issued by NHSE/I, NHS Providers, NHS Northwest, Cheshire and Merseyside ICS, NHS Confederation, Good Governance Institute, alongside the regular emergency response communications and NHSE leadership webinars. Topic areas included the White Paper reforms and ICS development, collaborative working, health inequalities, digital and information, clinical strategy and operational planning. This engagement has provided significant personal development and has supported Board members in keeping abreast of key issues, challenges and policy direction along with the Trust's response. The 2022/23 Board development plan will continue to build on these themes.

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 a 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.

Due to the ongoing Covid-19 restrictions, there have not been the usual opportunities for Governors to participate in organised walkabouts led by the Chair, prior to Council of Governors' meetings. However, virtual opportunities have been available during 2021/22 for Governors to meet informally with the Chair and Director of Corporate Affairs. In addition, Governors also receive a fortnightly electronic briefing from the Chair.

At the start of each Council meeting, the Governors receive a patient story and 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 regular informal lunch meetings, at which Governors are updated on Trust news and have opportunity to network and feedback on any matters they wish to raise. A fortnightly Chair's Bulletin is also sent to all Governors, ensuring that they are 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 Chair 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.

The Trust's Register of Interests is accessible to the public via the Trust's website - www.lhch.nhs.uk/about-lhch/performance-plans-and-publications/

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 Chair.

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 Chair (or the Deputy Chair when matters pertaining to the tenure or remuneration of the Chair 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

Audit Committee

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

The Chair of the Audit Committee reports on the Audit Committee's work to the Council of Governors at each quarterly meeting.

The Committee met on five occasions during 2021/22.

Member	11th June 2021	6th July 2021	19th October 2021	11th Jan 2022	22nd March 2022
Nicholas Brooks	✓	x	✓	✓	✓
Bob Burgoyne	✓	✓	✓	✓	x
Margaret Carney			x	✓	✓
Julian Farmer	✓	✓	✓	✓	✓
Mark Jones	✓	x			
Karen O'Hagan	✓	✓	✓	✓	✓

**In order to limit the spread of Covid-19, all Audit Committee Meetings in 2021/22 have taken place as e-meetings. All papers were sent to members electronically with a record of individual contribution sent for completion by each Audit Committee attendee and returned to the Director of Corporate Affairs. All those participating in the e-meeting are recorded as present.*

Role of the Audit Committee

The Audit Committee critically reviews the governance and assurance processes upon which the Board of Directors places reliance. All 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 way in which the Committee has functioned and supported the Board of Directors at LHCH during 2021/22, by critically reviewing governance and assurance processes on which the Board of Directors place reliance is set out below.

During 2021/22 the Committee has discharged its responsibilities for scrutinising the risks and controls which affect all aspects of the organisation's business.

Principal review areas in 2021/22

The narrative below sets out the principal areas of review and significant issues considered by the Audit Committee during 2021/22, reflecting the key objectives as set out with the Committee terms of reference.

Integrated governance, risk management and internal control

The Committee has reviewed relevant disclosure statements for 2021/22 and other appropriate independent assurances together with the anticipated receipt of the final Head of Internal Audit Opinion and external audit opinion at its June 2022 meeting. The Committee considers that the draft 2021/22 Annual Governance Statement (AGS) is consistent with the Committee's view on the Trust's system of internal control and accordingly supports the recommendation that the Board of Directors approve of the 2021/22 AGS.

The Trust has a Board Assurance Framework (BAF) which sets out the principal risks to the achievement of the Trust's objectives, along with controls, assurances, gaps and actions. Following the strategic risk review, the Trust has embedded the refreshed risk appetite, and BAF reporting through the Board of Directors. The Audit Committee has received the BAF opinion from MIAA which confirms "*The organisation's Assurance Framework is structured to meet the NHS requirements, is visibly used by the Board and clearly reflects the risks discussed by the Board".*

The Audit Committee continues to receive risk management KPIs with the majority of indicators rated green. The Committee are aware of the risk reporting developments and actions to improve KPI performance for both the risk register and incident reporting closure timeframes and will continue to focus on this for 2022/23.

The Committee has received Digital updates as well as assurance on cyber security which is now built into the Committee workplan.

Regulatory action plans continue to be a standing item but regulatory visits and formal reviews have been limited (risk-based) in 2021/22 and therefore there have been no significant regulatory issues this year for the Audit Committee to consider. The Trust has retained its CQC rating of outstanding and CQC engagement meetings have taken place but without formal reports.

It is anticipated that the area of governance arrangements and risk management processes in respect of wider systems / partnership working/ ICS will more formally evolve in 2022/23 and this will be a focus for Audit Committee assurance.

The Audit Committee has received and reviewed annual reports for 2021/22 from each assurance committee of the Board of Directors (March 2022); these enabled the Audit Committee to test the effectiveness of the Assurance Committees and be satisfied that the assurance mechanisms are fit for purpose in terms of discharging the responsibilities delegated by the Board of Directors.

The Committee has continued to reinforce the importance of management follow up in respect of audit work and the Chief Finance Officer has continued to utilise the tracking system to support this process. The Audit Committee has received assurance on progress against agreed actions through the regular MIAA follow up reports.

The Committee has undertaken an annual comprehensive review of compliance with the provider licence and reviews a quarterly checklist of key provisions to identify any new or emerging licencing risks. Licence conditions relating to access – waiting times and

diagnostics – were breached throughout the year due to the pandemic, albeit recognising that the Trust's performance against recovery trajectories has been strong when benchmarked nationally. The changes to the financial framework and contract arrangements were also noted against the licence requirements.

The Committee has received management assurance in respect of data quality during 2021/22.

Internal audit

Throughout the year, the Committee has worked effectively with internal audit to ensure the risk-based focus and delivery of the internal audit plan to test the design and operation of the Trust's internal control processes.

A comprehensive risk-based programme of internal audits was planned and delivered during 2021/22. The Committee has considered all major findings of internal audit reviews, with high and substantial assurance received across a wide range of areas. There were no reviews assigned limited assurance. The Trust continues to use internal audit proactively, and the reviews of patient consent and secure health messaging received moderate assurance, with robust actions plans established to enhance the systems in place.

Following an internal survey, the Committee received positive stakeholder feedback on the effectiveness of internal audit.

Anti-fraud

The Committee reviewed and approved the anti-fraud work plan for 2021/22 and has monitored delivery against the plan across the year. Assurance has been received that coverage is across all mandated areas of strategic governance, inform and involve, prevent and deter and hold to account. The Committee received a briefing on the Bribery Act, and this was also provided to the Board of Directors to ensure full Board awareness.

Two investigations carry forward from the previous year were closed in the 21/22 with no case to answer. The anti-fraud specialist (AFS) assisted the Trust in three fraud related queries, with two being closed and one carried forward to 22/23. The AFS has worked with the Trust to promote fraud awareness and re-assess fraud risk in line with NHSCFA counter fraud functional standards.

External audit

In consultation with the Council of Governors and taking account of the external market position, the external audit contract with Grant Thornton was further extended for 2021/22 with market testing planned for 2022/23.

The Committee routinely receives a progress report from the external auditor, including annual accounts audit timetable and programme of work. Updates are provided 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 Committee discussed a number of significant accounting issues for the year ended 31st March 2022. These included the following matters:

- Revenue recognition
- Management override of controls
- Fraud in expenditure recognition
- Valuation of Land and Buildings
- Value for money
- Going Concern

The first two items represent audit risks, which are inherent to most, if not all, reporting organisations and the Committee was content to rely on the reports of auditors, with no adverse findings arising in relation to the 2021/22 financial statements.

The Committee noted the introduction of IFRS 16 which had been delayed would go ahead for 2022/23. Preparatory work had been completed.

The Trust's land and buildings (including dwellings) at 31st March 2022 are valued at £71.45m representing a significant balance on the Statement of Financial Position. As discussed in note 1 to the accounts, valuation is an area of critical judgement and estimation uncertainty. The Audit Committee noted the valuation policy when considering the accounting policies adopted and approved the cycle of revaluation, with a full revaluation every 5 years and a desktop valuation in between. The Committee was content to rely on the workplan set out by the external auditors, which identified additional work required to provide the necessary level of assurance.

Financial assurance – specific significant issues in relation to the financial statements considered by the Audit Committee during 2021/22

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.

During the year, and in addition to the above, the Committee critically addressed the appropriateness of the accounting policies adopted and were satisfied that the policies were reasonable and appropriate.

Going concern was considered at the March Board of Directors meeting. The Board confirmed its support to prepare the financial statements on a going concern basis.

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 attendance as required throughout the year. These have included progress updates on data quality, reviews of the clinical audit programme and compliance with NICE guidelines and updates on research governance.

Other assurance

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

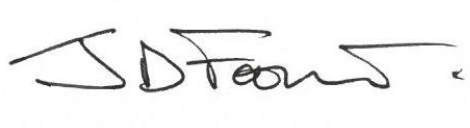
The Committee has reviewed and updated the Governance Manual including Standing Financial Instructions and Schemes of Delegation and has formally adopted the revised manual. It has considered any variations requested by hosted organisations and made recommendations to the Board of Directors.

The Committee has also periodically reviewed the Trust's register of external visits and received 3rd party assurances in respect of ESR and NHS SBS.

Members of the Committee have met privately with the internal and external auditors, without the presence of any Trust officer. This is planned annually and there is also an ongoing understanding with the auditors that they can request a private meeting at any time.

Review of the effectiveness and impact of the Audit Committee

The Audit Committee has undertaken its annual review by self-assessing compliance with the Audit Committee checklist, as set out in the Audit Committee handbook. This included a workshop to explore key areas of the Terms of Reference. This confirmed full compliance with the requirements as well as a strong assessment of the effectiveness and impact of the Committee.



Julian Farmer
Chair of Audit Committee
22nd June 2022

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 Chair with membership comprising the Deputy Chair and not less than three elected governors from the public constituency.

For discussions regarding the Chair appointment, the Committee comprised 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 seven occasions and conducted the following business.

- Review of Non Executive Director succession plan.
- Chair recruitment and appointment, with Val Davies commencing in the Trust from 1st April 2022.
- Re-appointment of Bob Burgoyne, Non Executive Director, for a further 3 year term and extension of Julian Farmer, Non Executive Director, for a further year to November 2022.
- Non Executive Director recruitment and appointment of Margaret Carney, Non Executive Director, who joined in October 2021, and two Non Executive Directors to commence in the Trust from May 2022.
- Review of the proposed Chair Induction process.

There was no review of Non Executive Directors or Chair remuneration in 2021/22. This was in keeping with a decision made by the Council of Governors in 2019/20 when the new national pay framework for NHS Provider Chairs and Non Executive Directors was published. In accordance with the guidance and the Council of Governors decision, no inflationary pay awards were applied in 2021/22.

Nominations and Remuneration Committee (Executive)

Membership: Chaired by the Trust Chair with all other Non Executive Directors as members.

The Committee met on six occasions in 2021/22 and conducted the following business.

- Review of Chief Executive and executive team member appraisals.
- Review of Board succession plan.
- Review of Chief Executive, Chief Finance Officer and Chief People Officer remuneration.
- Approval of interim arrangements for the cover of the Director of Corporate Affairs role.
- Appointment of Chief Operating Officer and Director of Risk and Improvement.
- Review of executive portfolios to meet the changing needs of the Trust, including designation of voting Executive Directors.

Attendance at Nominations and Remuneration Committee (Executive) in 2021/22:

Member	29th June 2021	27th July 2021	11th Oct 2021	11th Jan 2022	1st March 2022	17th March 2022
Neil Large (Chair)	✓	✓	✓	✓	✓	✓
Nicholas Brooks	✓	x	✓	✓	✓	✓
Bob Burgoyne	✓	✓	✓	✓	x	✓
Margaret Carney			✓	✓	✓	✓
Mark Jones	✓	✓				
Julian Farmer	✓	✓	✓	✓	✓	✓
Karen O'Hagan	✓	✓	x	✓	✓	✓

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.
- It is a Non Executive Committee.

NHS Improvement's 'Well Led' Framework

The Trust has arrangements in place to ensure that its services are well-led. Examples include:

- excellent, efficient, compassionate and safe (EECS) programme of continuous assessment
- action plans linked to national inpatient survey and annual NHS staff survey
- mock CQC well-led self-assessment process
- annual Board evaluation and Board Development Plan

The Trust's approach is outlined in more detail in the Code of Governance (section 2.4, pp64) and in the Annual Governance Statement (section 2.7, pp78).

Directors' responsibility for preparing financial statements

The Directors of the Trust are responsible for the preparation of the annual report and accounts. It is their consideration that 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 2.2; Remuneration Report (page 37).
- Details of future developments and strategic direction of the Trust can be found in Part 1; Performance Report (page 7).
- Trust policies on employment and training of disabled persons can be found in the Staff Report within the Accountability Report – Part 2.3 (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 2.3 (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

This report to stakeholders:

- sets out The Trust's remuneration policy
- explains the policy under which the chair, executive directors, and non- executive directors were remunerated for the financial period 1 April 2021 to 31 March 2022
- sets out tables of information showing details of the salary and pension interests of all directors for the financial period 1 April 2021 to 31 March 2022.

The Nominations and Remuneration Committee (Executive) is a committee of the Board of Directors. The membership of the Committee comprises the Chair and all Non-Executive Directors. Committee meetings are considered to be quorate when three Non-Executive Directors are present.

All executive directors hold permanent contracts of employment and are subject to six months' notice. All directors participate in an annual appraisal process to set and evaluate performance against agreed objectives.

Salaries for all directors are considered carefully on appointment and approved by the Trust's Nominations and Remuneration Committee. In the case of those salaries greater than £150,000 (pro rata for part time), the Trust takes steps to ensure such remuneration is reasonable and commensurate with the individual's experience and remuneration by way of reference to benchmarking data, and ensuring any inflationary pay awards are consistent with those applicable to all NHS staff.

Salaries and allowances paid for the period ending 31 March 2022 are detailed below:

Single total figure table (Audited)

Year ended 31st March 2022							
Name	Title	Salary (Bands of £5,000)	Expenses payments (taxable) to nearest £100	Performance Pay and Bonuses (Bands of £5,000)	Long term Performance Pay and Bonuses (Bands of £5,000)	All Pension Related Benefits (Bands of £2,500)	Total (Bands of £5,000)
		£000's	£'s	£000's	£000's	£000's	£000's
Jane Tomkinson	Chief Executive	160 - 165	7,400	15 - 20	0	0	185 - 190
Raphael Perry	Medical Director/Deputy Chief Executive	175 - 180	0	0	0	0	175 - 180
Karen Edge	Chief Finance Officer	115 - 120	0	0	0	37.5 - 40	155 - 160
Susan Pemberton	Director of Nursing	125 - 130	0	0	0	0	125 - 130
Marga Perez-Casal	Director of Research & Innovation	30 - 35	0	0	0	17.5 - 20	50 - 55
Hayley Kendall	Chief Operating Officer	65 - 70	0	0	0	0	65 - 70
Lucy Lavan	Associate Director of Corporate Affairs	85 - 90	0	0	0	27.5 - 30	115 - 120
Karan Wheatcroft	Interim Chief Governance Officer	25 - 30	0	0	0	25 - 27.5	50 - 55
Karen Nightingall	Chief People Officer	100 - 105	400	0	0	22.5 - 25	120 - 125
Kate Warriner	Chief Digital & Information Officer	45 - 50	0	0	0	15 - 17.5	65 - 70
Jonathan Mathews	Interim Chief Operating Officer	20 - 25	0	0	0	5 - 7.5	30 - 35
Neil Large	Chairman	40 - 45	1,000	0	0	0	40 - 45
Bob Burgoyne	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Julian Farmer	Non Executive Director	15 - 20	0	0	0	0	15 - 20
Karen O'Hagan	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Margaret Carney	Non Executive Director	5 - 10	0	0	0	0	5 - 10
Mark Jones	Non Executive Director	5 - 10	0	0	0	0	5 - 10
Nicholas Brooks	Non Executive Director	10 - 15	100	0	0	0	10 - 15

- *70% of R Perry's salary is for his work as a director. The other 30% relates to his medical role.*
- *M Perez-Casal ceased to be an Executive Director on 31/07/2021.*
- *H Kendall ceased to be an Executive Director on 31/12/2021.*
- *M Jones ceased to be a Non-Executive Director on 30/09/2021.*
- *M Carney was appointed to the position of Non-Executive Director on 01/09/2021.*
- *K Wheatcroft was appointed to the position of interim Chief Governance Officer on 01/07/2021.*
- *J Mathews was appointed to the position of interim Chief Operating Officer on 01/01/2022.*

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

The pension benefit table provides further information on the pension benefits accruing to the individual.

Year ended 31st March 2021							
Name	Title	Salary (Bands of £5,000)	Expenses payments (taxable) to nearest £100	Performance Pay and Bonuses (Bands of £5,000)	Long term Performance Pay and Bonuses (Bands of £5,000)	All Pension Related Benefits (Bands of £2,500)	Total (Bands of £5,000)
		£000's	£'s	£000's	£000's	£000's	£000's
Jane Tomkinson	Chief Executive	165 - 170	8,400	0	0	0	175 - 180
Raphael Perry	Medical Director/Deputy Chief Executive	170 - 175	0	0	0	0	170 - 175
Karen Edge	Chief Finance Officer	115 - 120	0	0	0	47.5 - 50	165 - 170
Susan Pemberton	Director of Nursing	125 - 130	0	0	0	12.5 - 15	140 - 145
Marga Perez-Casal	Director of Research & Innovation	85 - 90	0	0	0	80 - 82.5	170 - 175
Hayley Kendall	Chief Operating Officer	100 - 105	0	0	0	0	100 - 105
Jonathan Develing	Director of Stratergy	100 - 105	0	0	0	0	100 - 105
Lucy Lavan	Associate Director of Corporate Affairs	90 - 95	0	0	0	20 - 22.5	115 - 120
Karen Nightingall	Chief People Officer	40 - 45	0	0	0	7.5 - 10	50 - 55
Kate Warriner	Chief Digital & Information Officer	35 - 40	0	0	0	32.5 - 35	70 - 75
Sue Hodkinson	Interim Director of People & Culture	45 - 50	0	0	0	0	35 - 40
Neil Large	Chairman	40 - 45	300	0	0	0	40 - 45
Mark Jones	Non Executive Director	10 - 15	300	0	0	0	10 - 15
Julian Farmer	Non Executive Director	15 - 20	0	0	0	0	15 - 20
Nicholas Brooks	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Bob Burgoyne	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Karen O'Hagan	Non Executive Director	10 - 15	0	0	0	0	10 - 15

- *70% of R Perry's salary is for his work as a Director. The other 30% relates to his medical role.*
- *S Hodkinson was appointed to the position of Interim Director of People and Culture on 07/10/2019 and left 30/09/2020.*
- *Karen Edge was appointed to the position of Chief Finance Officer on 01/04/2021.*
- *Kate Warriner was appointed to the position of Chief Digital & Information Officer on 01/07/2020.*
- *Karen Nightingall was appointed to the position of Chief People Officer 02/11/2020.*

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

The pension benefit table provides further information on the pension benefits accruing to the individual.

Pension Benefits (Audited)

Note: Due to a change in indexation methodology for public sector pension schemes, from August 2019 the method used by NHS Pensions to calculate CETV values was updated.

The benefits and related CETVs do not allow for any potential adjustment arising from the McCloud judgement.

2021/22								
Name and Title	Real increase in Pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at age at 31st March 2022 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31st March 2022 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2021	Real Increase /(decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2022	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
K Edge - Chief Finance Officer	2.5 - 5	0 - 2.5	25 - 30	40 - 45	470	36	525	0
M Perez-Casal - Director of Research and Innovation	0 - 2.5	0	30 - 35	70 - 75	638	27	672	0
L Lavan - Associate Director of Corporate Affairs	0 - 2.5	0 - 2.5	35 - 40	85 - 90	771	36	823	0
J Mathews - Interim Chief Operating Officer	0 - 2.5	0	10 - 15	0	68	1	86	0
K Nightingall - Chief People Officer	0 - 2.5	0	0 - 5	0	11	15	40	0
K Warriner - Chief Digital & Information Officer	0 - 2.5	0 - 2.5	10 - 15	20 - 25	140	9	155	0
K Wheatcroft - Interim Chief Governance Officer	0 - 2.5	0 - 2.5	25 - 30	50 - 55	366	19	404	0

- *M Perez-Casal ceased to be an Executive Director on 31/07/2021.*
- *K Wheatcroft was appointed to the position of interim Chief Governance Officer on 01/07/2021.*
- *J Mathews was appointed to the position of interim Chief Operating Officer on 01/01/2022.*
- *In accordance with the GAM, negative values are substituted with a zero*
- *Where members left the scheme on or before 31/3/2021 there will be no in-scheme revalued benefits*
- *Where members have reached retirement age, there will be no in-scheme revalued benefits*

2020/21

Name and Title	Real increase in Pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at age at 31st March 2020 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31st March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2020	Real Increase /(decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2021	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
K Edge - Chief Finance Officer	2.5 - 5	2.5 - 5	25 - 30	40 - 45	409	61	470	0
S Pemberton - Director of Nursing	0 - 2.5	2.5 - 5	45 - 50	145 - 150	1,037	54	1,091	0
M Perez-Casal - Director of Research and Innovation	2.5 - 5	7.5 - 10	30 - 35	70 - 75	542	95	638	0
S Hodkinson - Interim Director of People and Culture	0	0	20 - 25	35 - 40	356	0	350	0
L Lavan - Associate Director of Corporate Affairs	0 - 2.5	0	35 - 40	85 - 90	731	40	771	0
K Nightingall - Chief People Officer	0 - 2.5	0 - 2.5	0 - 5	0 - 5	0	11	11	0
K Warriner - Chief Digital & Information Officer	0 - 2.5	0 - 2.5	10 - 15	15 - 20	117	22	140	0

- *S Hodkinson was appointed to the position of Interim Director of People and Culture on 07/10/2019 and left 30/09/2020.*
- *Karen Edge was appointed to the position of Chief Finance Officer on 01/04/2021.*
- *Kate Warriner was appointed to the position of Chief Digital & Information Officer on 01/07/2020.*
- *Karen Nightingall was appointed to the position of Chief People Officer on 02/11/2020.*
- *In accordance with the GAM, negative values are substituted with a zero*
- *Where members left the scheme on or before 31/3/2020 there will be no in-scheme revalued benefits*
- *Where members have reached retirement age, there will be no in-scheme revalued benefits*

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

Pay Multiples (audited)

The HM Treasury FReM requires disclosure pay ratio information and detail concerning percentage change in remuneration concerning the highest paid director (as defined as a Senior Manager in paragraph 2.32 and paragraphs 2.49 to 2.53), whether or not this is the Accounting Officer or Chief Executive, and employees as a whole. The calculation is based on full-time equivalent staff of the reporting entity at the reporting period end date on an annualised basis.

	2021/22	
	Percentage change for highest paid director	**Percentage change for employees as a whole**
Salary and allowances	0.00%	3.60%
Performance pay/bonuses	100.00%	0.00%

The remuneration of the median, lower quartile, upper quartile salary and multiple to the highest paid employee of the Trust for 2021/22 and the prior year comparative is provided below:

Pay ratio information

	2021/22	2020/21
	Ratio between highest pay director employee remunerations	**Ratio between highest pay director employee remunerations**
Lower Quartile Ratio	8:1	7:1
Median Pay Ratio	6:1	6:1
Upper Quartile Ratio	4:1	4:1

	2021/22	2020/21
Band of Highest Paid Directors' total remuneration (£'000)	190	173
Median total (£)	32,306	31,394
Ratio	6	6
Lower Quartile (£)	24,074	23,607
Upper Quartile (£)	45,368	43,435

Reporting bodies are required to disclose the relationship between the total remuneration of the highest-paid director / member in their organisation against the 25th percentile, median and 75th percentile of remuneration of the organisation's workforce. Total remuneration of the employee at the 25th percentile, median and 75th percentile is further broken down to disclose the salary component.

The banded remuneration of the highest paid director in the Trust in the financial year 2021/22 was £190k (2020/21 £172.5k). This was 6 times (2020/21, 6 times) the median remuneration of the workforce, which was £32k (2020/21 £31k). The median remuneration of the workforce for 2021/22 has increased by 3% comparing to 2020/21. This is consistent with the 3% pay award introduced in 21/22. The lower quartile remuneration of the workforce for 21/22 (£24.1k) has increased by 2% comparing to 20/21 (£23.6k), and the upper quartile remuneration of the workforce for 21/22 (£45k) has increased by 4% comparing to 20/21 (£43k). The 25th percentile, median and 75th percentile of total remuneration and the salary component are the same. The relationship to the remuneration of the organisation's workforce is disclosed in the table below.

	2021/22	2020/21
Highest Paid Director's total remuneration (£)	190,000	173,000
Salary component of total remuneration (£)	173,000	173,000
Lower Quartile Ratio	8:1	7:1
Median Pay Ratio	6:1	6:1
Upper Quartile Ratio	4:1	4:1

In 2021/22, 0 (2020/21, 0) employees received remuneration in excess of the highest paid director. Remuneration ranged from £16k to £190k (2020/21 £16k to £177.5k).

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. For 21/22, a review of her remuneration package was completed, and the remuneration committee approved £17k performance related payment for the period of 1st April 2021 to 31st March 2022. 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 years forward view, is a case assessor for the GMC and leads on mortality reduction and infection control and prevention.

Expenses of the Directors

In 2021/22 the total number of directors in office was 18 (2020/21, 17). The number of directors receiving expenses in the reporting period was 3 (2020/21, 10). The aggregate sum of expenses paid to these directors in the reporting period was £1,050 (2020/21, £1,044).

Expenses of the Governors

In 2021/22 the total number of governors in office was 25 (2020/21, 25). The number of governors receiving expenses in the reporting period was 2 (2020/21, 2). The aggregate sum of expenses paid to these governors in the reporting period was £103 (2020/21, £371).

Jane Tomkinson
Chief Executive
22nd June 2022

2.3 Staff Report

At 31st March 2022, the workforce key performance indicators were as follows:

- Sickness absence was 2.63% above target.
- Turnover (all leavers) is 19.42% which is above target by 9.42%.
- Voluntary turnover is 11.08% which is above target by 1.08%.
- Appraisal completions are 92% which is above the Trust target of 90%.
- Mandatory training at 31/03/22 was 94.5% which is 0.5% below the target of 95%.

The Trust continues to work with staff to develop health and wellbeing initiatives and supports managers to engage more effectively with their staff as teams and individuals.

2021/22 data

Key Performance Indicators	Sickness Absence (12 Months)	Turnover (All) (12 Months)	Voluntary Turnover (12 Months)	Mandatory Training	Appraisal
Actual	6.03%	19.42%	11.08%	94.5%	92%
Target	3.4%	10%	10%	95%	90%

2021/22 sickness absence data

The Trust's sickness absence data is reported here:
https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

2021/22 turnover data

The Trust's turnover data is reported here:
https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics

Male and female staffing figures

The table below shows the breakdown of male and female Trust staff as at 31st March 2022:

As at 31st March 2022	Male	Female	Total
Board of Directors:			
Non Executive Directors	4	2	6
Executive Directors (voting)	1	3	4
Associate Directors (non-voting)	3	3	6
Senior Managers	10	28	38
Trust Employees	497	1346	1843
Total Staffing	515	1382	1897

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 Profile				
	31/03/22		31/03/21	
Age Band	Heads	%	Heads	%
16-20	13	0.69%	10	0.55%
21-25	125	6.59%	128	6.99%
26-30	233	12.28%	223	12.19%
31-35	263	13.86%	245	13.39%
36-40	266	14.02%	236	12.90%
41-45	220	11.60%	209	11.42%
46-50	190	10.02%	205	11.20%
51-55	219	11.54%	223	12.19%
56-60	213	11.23%	202	11.04%
61-65	119	6.27%	114	6.23%
66-70	20	1.05%	22	1.20%
71+	16	0.84%	13	0.71%
Total	**1897**	**100%**	**1830**	**100%**

Gender Profile				
	31/03/22		31/03/21	
Gender	Heads	%	Heads	%
Female	1382	72.85%	1316	71.91%
Male	515	27.15%	514	28.09%
Total	**1897**	**100%**	**1830**	**100%**

** Transgender not recorded*

Disability Profile				
	31/03/22		31/03/21	
Disability	Heads	%	Heads	%
No	1340	70.64%	1281	70.00%
Not Declared	101	5.32%	92	5.03%
Undefined	396	20.88%	412	22.51%
Yes	60	3.16%	45	2.46%
Total	**1897**	**100%**	**1830**	**100%**

Religion Profile				
	31/03/22		31/03/21	
Religion	Heads	%	Heads	%
Atheism	205	10.81%	176	9.62%
Buddhism	12	0.63%	15	0.82%
Christianity	920	48.50%	869	47.49%
Hinduism	33	1.74%	24	1.31%
I do not wish to disclose my religion/belief	205	10.81%	187	10.22%
Islam	40	2.11%	33	1.80%
Judaism	2	0.11%	3	0.16%
Other	78	4.11%	81	4.43%
Sikhism	10	0.53%	9	0.49
Undefined	392	20.66%	433	23.66%
Total	**1897**	**100%**	**1830**	**100%**

Sexual Orientation Profile				
	31/03/22		31/03/21	
Sexual Orientation	Heads	%	Heads	%
Bisexual	9	0.47%	8	0.44%
Gay or Lesbian	27	1.42%	22	1.20%
Heterosexual or Straight	1328	70.01%	1206	65.90%
I do not wish to disclose my sexual orientation	162	8.54%	164	8.96%
Other sexual orientation not listed	1	0.05%	0	0.00%
Undecided	1	0.05%	0	0.00%
Undefined	369	19.45%	430	23.50%
Total	**1897**	**100%**	**1830**	**100%**

Ethnicity Profile				
	31/03/22		31/03/21	
Ethnic Origin	Heads	%	Heads	%
A White - British	1491	78.60%	1471	80.38%
B White - Irish	31	1.63%	31	1.69%
C White - Any other White background	48	2.53%	47	2.57%
D Mixed - White & Black Caribbean	4	0.21%	3	0.16%
E Mixed - White & Black African	2	0.11%	4	0.22%
F Mixed - White & Asian	3	0.16%	6	0.33%
G Mixed - Any other mixed background	12	0.63%	8	0.44%
H Asian or Asian British - Indian	173	9.12%	107	5.85%
J Asian or Asian British - Pakistani	13	0.69%	12	0.66%
K Asian or Asian British – Bangladeshi	1	0.05%	0	0.00%
L Asian or Asian British - Any other Asian background	23	1.21%	18	0.98%
M Black or Black British - Caribbean	3	0.16%	2	0.11%
N Black or Black British - African	16	0.84%	15	0.82%
P Black or Black British - Any other Black background	11	0.58%	8	0.44%
R Chinese	7	0.37%	9	0.49%
S Any Other Ethnic Group	15	0.79%	14	0.77%
Undefined	32	1.69%	65	3.55%
Z Not Stated	12	0.63%	10	0.55%
Total	**1897**	**100%**	**1830**	**100%**

Analysis of staffing costs and numbers

Table 1: Staff Costs (Audited)				2021/22		2020/21
		Permanent	Other	Total		Total
		£000	£000	£000		£000
Salaries and wages		80,641	1,709	**82,350**		**78,841**
Social security costs		7,566	-	**7,566**		**7,167**
Apprenticeship levy		374	-	**374**		**366**
Employer's contributions to NHS pension scheme		12,099	-	**12,099**		**11,654**
Pension cost - other		-	-	**-**		**-**
Other post employment benefits		-	-	**-**		**-**
Other employment benefits		-	-	**-**		**-**
Termination benefits		-	-	**-**		**-**
Temporary staff		-	754	**754**		**407**
Total gross staff costs		**100,681**	**2,463**	**103,144**		**98,435**
Recoveries in respect of seconded staff		-	**-**	**-**		**-**
Total staff costs		**100,681**	**2,463**	**103,144**		**98,435**
Of which			-			
Costs capitalised as part of assets		415	-	**415**		**289**

Table 2: Average number of employees (WTE basis) (Audited)			2021/22		2020/21
	Permanent	Other	Total		Total
	Number	Number	Number		Number
Medical and dental	181	2	**183**		**174**
Administration and estates	496	25	**521**		**522**
Healthcare assistants and other support staff	281	26	**307**		**276**
Nursing, midwifery and health visiting staff	534	44	**578**		**547**
Scientific, therapeutic and technical staff	245	-	**245**		**249**
Healthcare science staff	-	-	**-**		**-**
Other	-	-	**-**		**-**
Total average numbers	**1,737**	**97**	**1834**		**1,768**
Of which:					
Number of employees (WTE) engaged on capital projects	7	-	**7**		**7**

Expenditure on consultancy

Total expenditure during 2021/22 on consultancy has totalled £508k.

Off-payroll engagements

Table 3: Highly-paid off-payroll worker engagements as at 31 March 2022

Number of existing engagements as of 31 March 2022	
Of which...	
Number that have existed for less than one year at time of reporting.	10
Number that have existed for between one and two years at time of reporting.	2
Number that have existed for between two and three years at time of reporting.	0
Number that have existed for between three and four years at time of reporting.	0
Number that have existed for four or more years at time of reporting.	0

Table 4: All highly-paid off-payroll workers engaged at any point during the year ended 31 March 2022 earning £245 per day or greater

Number of off-payroll workers engaged during the year ended 31 March 2022	
Not subject to off-payroll legislation *	28
Subject to off-payroll legislation and determined as in-scope of IR35 *	0
Subject to off-payroll legislation and determined as out of-scope of IR35 *	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

Table 5: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements.	10

Table 6: Exit packages (Audited)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	1	£9,952.8
£10,000 – £25,000	-	1	£18,968.49
£25,001 – £50,000	-	1	£30,559.36
£50,001 – £100,000	-	1	£80,000.00
£100,000 – £150,000	-	-	-
£150,001 – £200,000	-	-	-
Total resource cost	-	4	£139,480.65

Table 7: Exit packages: non-compulsory departure payments (Audited)

	Agreements Number	Total Value of Agreements £000
Voluntary redundancies including early retirement contractual costs	-	-
Mutually agreed resignations (MARS) contractual costs	4	£139,480.65
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice	-	-
Exit payments following Employment Tribunals or court orders	-	-
Non-contractual payments requiring HMT approval *	-	-
Total	4	£139,480.65

Equality, diversity, inclusion and belonging

The equality and inclusion agenda remained a key priority in 2021/22 in order to improve the experiences of our patients, our population and the experiences and opportunities for all of our staff. The Trust has had to respond to changing and complex national guidance and therefore the traditional approach to the inclusion agenda and strategy outcomes had to be refocused in order to respond to the challenge ahead.

Progress and achievements in 2021/22

- We successfully applied to be part of the 2021 cohort of the NHS Employers Diversity and Inclusion Programme which supports participating health and social care organisations to progress and develop their equality performance and build and inclusive culture and is closely aligned to the Equality Delivery System (EDS2).

- We have been re-accredited as a disability confident employer, which demonstrates our commitment to successfully employing and retaining disabled people and those with long term health conditions. We welcomed a cohort of five students from Project Search. The new students, who have a range of learning disabilities, will be supported to work in a range of placements including Estates, Portering, Administration and Hygiene services

- Over 800 of our people supported the launch of the NHS Rainbow Badge Scheme, an initiative designed to enable people to demonstrate that they are aware of the issues that LGBT+ people can face and make a positive difference by promoting a message of inclusion.
- The Trust delivered a series of inclusion events with keynote speakers helping promote awareness and education of the inclusion agenda. These were followed by equality and inclusion focus groups, led by the Chief Executive, to understand the experiences of our people of ethnic minority groups in regard to progression and development opportunities.

- The Trust has established a staff carers forum, which meets monthly and has more than 90 staff registered. We self-assessed as Carer Confident Active level 1 and have been actively working towards level 2.

- Completed our 2021 Workforce Race Equality/Disability Standard (WRES/WDES) submissions and Equality Delivery System 2 (EDS2) review, designed to help improve the working environment and experience of our people from ethnic minorities.

- Continued to support staff during Covid-19, particularly staff in vulnerable groups. The Trust has taken a pro-active approach to undertaking risk assessments for all staff identified in vulnerable groups for Covid-19 with black, asian and minority ethnic (BAME) staff being prioritised.

- Successfully implemented an international recruitment programme and also led the way in developing an implemented a Refugee Support Programme

- Completed and published our 2020-21 Gender Gap Reporting in line with our statutory requirements.

- Developed an integrated EDI action plan which brings together themed actions that are not only aligned to the People Plan and our national requirements

The monitoring and review of equality related activities will take place for both our patients and workforce is undertaken through the Trust's established Equality and Inclusion Steering Group. Assurance on activity and progress against plan is provided to the People Committee which is provided on a quarterly basis.

Gender pay gap

Information on the Trust's gender pay gap can be found on the Cabinet Office website and the LHCH website.

- https://gender-pay-gap.service.gov.uk/
- https://www.lhch.nhs.uk/media/8520/gender-gap-2022.pdf

Communicating and engaging with staff

The Trust has adapted its approach to communication and staff engagement during the Covid-19 pandemic but has maintained a strong engagement with its workforce. During 2020/21, the following initiatives have taken place linked to staff engagement:

Team Brief

- The Team Brief approach to encourage staff involvement continued during 2020/21, with parts of Team Brief being delivered by staff from across the organisation. This included the 'Your Chance to Shine' and 'Organisational Learning' segments to engage staff from all areas in identifying and showcasing achievements, whilst also celebrating innovation and service improvements and sharing learning with colleagues.

Mobile staff app

- Following feedback received from members of staff across the Trust, especially ward-based staff and those in support service functions, that they were not easily able to access corporate news, a new mobile staff app was launched in June 2020. This channel provides alerts, latest news, education and training information, health and wellbeing support and much more.

Corporate hotboards

- 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 e-bulletin with a round-up of corporate information, including workforce news, information governance updates, policy and procedure changes, as well as other operational issues.

Weekly Covid-19 bulletins

- In addition to the weekly ebulletin and to provide clear, consistent and timely updates and information to all staff about Covid-19, weekly communication ebulletins, summarising key messages from Bronze Command, were issued to all staff throughout 2021/22.

Bronze command

- In addition to the weekly Covid-19 ebulletins, bronze command meetings have been held throughout 2021/22 chaired by the Chief Executive. These sessions, held virtually via Microsoft Teams, are open to all staff and ensure clear, consistent and timely information and updates are provided to all staff about Covid-19 issues impacting the Trust.

Screensavers

- All computer screens across the Trust receive weekly screensavers as a way of highlighting clear and simple key messages to staff in corporate and clinical areas.

These include achievements, safety campaigns, awareness days, national initiatives, Covid-19 messaging, or other CQC related information.

Safety and Organisational Learning eBulletin (SOLE)

- This quarterly newsletter is printed and distributed on a quarterly basis to all staff. It outlines key safety themes and issues, identifies actions implemented and improvements made across all areas. Learning from issues, incidents and events is also shared through this bulletin, along with ongoing safety campaigns such as flu campaign, Covid-19 vaccination programme, HALT and freedom to speak up.

Speaking up

- There are a number of Trust policies and avenues that provides employees with the information on how to raise matters of concern. These include Freedom to Speak Up Guardian (FTSUG) and Champions, grievance policy, bullying and harassment policy, HR and Staff Side, Duty of Candour, Datix. There is a training programme which covers the application of these policies and there is regular communication sent to all. The FTSUG is visible throughout the Trust and attends a number of key forums, updating colleagues regularly at Team Brief. This is complemented by executive and Non Executive walkabouts and a daily corporate huddle led by the Chief Executive.

Health and wellbeing

- The Health and Wellbeing (H&WB) Group is very active and has representatives from across all staff groups. The H&WB Group continues to highlight a number of campaigns throughout the year either face-to-face or virtually and provides extensive support information and messaging to staff on issues such as hydration awareness, Brew Monday, stress awareness and mental health.

Local negotiating committee

- 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.

Equality groups

- To promote equality and inclusion throughout our workforce the Trust has established a LHCH Belong Inclusion Network. This approach has been developed through feedback from staff and to and to create a culture of belonging and Trust as outlined in the NHS People Plan. The intention of these networks is to encourage employee voice and participation and offer a space to come together and share experiences. To enhance the experience and to evidence out commitment, guest speakers have been invited to these networks.

  Future events will be aligned to the EDIB strategy and action plan and NHS national campaign and religious calendar.

Junior Doctor Forum

- Junior Doctor Forum continues to run quarterly, chaired by Dr John Holemans, Guardian of Safeworking and Dr James Greenwood, Director of Medical Education.
- A Guardian of Safe Working is now embedded as part of the new junior doctor national terms and conditions.

Sir Ken Dodd Knowledge and Education Centre

- November 21 saw the opening by Lady Dodd of the new education facilities at Liverpool Heart and Chest Hospital. The new facilities include a new library with 24 hr access, clinical skills lab with facilities to deliver competency-based skills training, and an education seminar room with state-of-the-art technology which will enable the safe observation of 'live' clinical procedures from our Cath Labs or Theatres complex. This technology allows trainees and students to observe from the classroom, live procedures in the theatre and interact with the surgical team. There is also modern medical students' common area with changing rooms, study area, relaxation and kitchen areas for today's medical students.

The Centre has been fully utilised since opening, with the delivery of LHCH bespoke Leadership programmes, Medical and Non-medical competency skills programmes, OSCE based training and examinations alongside traditional LHCH suite of programmes.

Leadership and management

- September 2021 has seen the launch of LHCH four-tier Leadership programme. The four-tier programme from aspiring leaders to executive leaders gives all leaders (and aspiring leaders) the opportunity to develop their skills and network with other leaders to further enhance their experience. Tier 2 – Foundations of Leadership and Tier 3 – Building Quality Leadership have been successfully fully booked with colleagues waiting for further places in Q3. Tier 4 – Leading with Excellence will provide our most senior leaders with Masterclasses enabling further development and space to grow leadership skills. The LHCH Leadership programme has been developed around the 4 pillars of the People Plan.
- As local hosts to the NHS Leadership Academy Mary Seacole programme, LHCH has successfully supported 3 cohorts in 2021 and continues to support in 2022.
- LHCH colleagues have access to NHS Leadership Academy programmes including the Elizabeth Garrett Anderson programme, the Rosalind Franklin programme, the Nye Bevan programme, and the Aspirant Executives programme.
- The Essential Coaching Conversations programme developed in collaboration with Liverpool Women's Hospital has continued to be facilitated successfully across both organisations

Partnership with Edge Hill University

- HEE revised the way in which CPD support has been allocated in 2021/22. This has enabled LHCH to strengthen its partnership with Edge Hill University, whilst maintaining good relationships with all other HEIs within Cheshire and Merseyside.
- The successful development of LHCH bespoke Cardiothoracic Skills Module, in partnership with Edge Hill University, has supported 3 cohorts enabling LHCH staff to

continue to deliver outstanding care to all patients and develop these skills in other professionals across the system.

Partnership Forum

- The Trust has a Partnership Forum, which 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 its people strategy, Team LHCH at its best.

Policy Development Group

- The Policy Development Group has delegated responsibility to develop new employment policies and procedures and to review and amend existing employment policies and procedures. The group is made up of both management and staff side representatives in order to provide a forum for partnership working between management and staff side on policies relating to staff employed by the Trust.

Formal/informal consultation

- Other formal/informal consultation takes place on 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.

Trade Union Facility Time

Facility time is paid time-off during working hours for trade union representatives to carry out trade union duties. All public-sector organisations that employ more than 49 full-time employees are required to submit data relating to the use of facility time in their organisation.

The reporting period is 1st April to 31st March with submissions due by 31st July. The information in the below table covers the reporting period 1st April 2020 to 31st March 2021 as per statutory regulations. Updated reporting covering the period 1st April 2021 to 31st March 2022 will be published on the Trust's website by 31st July 2022.

Trade Union Facility Time 1st April 2020 to 31st March 2021	
Employees in the organisation	
	1,501 to 5,000 employees
Trade union representatives and full-time equivalents	
Trade union representatives:	5
FTE trade union representatives:	5
Percentage of working hours spent on facility time	
0% of working hours:	0 representatives
1 to 50% of working hours:	5 representatives
51 to 99% of working hours:	0 representatives
100% of working hours:	0 representatives
Total pay bill and facility time costs	
Total pay bill:	£98,435,000
Total cost of facility time:	£9,656.00
Percentage of pay spent on facility time:	0.01%
Paid trade union activities	
Hours spent on paid facility time:	596
Hours spent on paid trade union activities:	30
Percentage of total paid facility time hours spent on paid TU activities:	5.03%

Health and wellbeing

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
- 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 key performance indicators.

The Trust's employee assistance contract, facilitated by Mersey Care NHS Foundation Trust, allows 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. This contract is currently being reviewed to enhance our EAP offer to include Cognitive Behavioural Therapy (CBT) as a standard offer.

The Trust has an established Health and Wellbeing Steering Group which meets bi-monthly and looking after its people remains a priority for the organisation. The Trust has also extended its wellbeing offer in 2021:

- Increased access to psychological support and counselling from 60 to 300 sessions and held listening rooms during the pandemic to understand how staff were feeling and what they required as support.
- Signed the NHS England pledge which supports our commitment.
- Upskilled mental health first aiders to psychology champions and developed mental wellbeing toolkit to support signposting (all in one place).
- Supported managers to undertake regular health and wellbeing conversations with their teams by providing training and incorporating conversations within appraisals.
- Developed a range a financial wellbeing support offers such as Salad Money, Wagestream and Vivup.

The Trust has also strengthened the resilience of its people by:

- Completing a comprehensive study and action plan to address the challenges
- Introduced Schwartz Rounds.
- Revised its learning support offer by providing virtual learning sessions.
- Launched *'Be Civil Be Kind'* campaign Trust-wide to set the expectations, provide guidance to address incivility and promote positive behaviours to improve culture.

Health & safety of staff

The Health & Safety Committee meets on a quarterly basis and is operating effectively in accordance with its terms of reference.

The Health & Safety function has had a considerable overhaul during the period, with a change in management structure and approach. All areas are compliant with an up-to-date Health & Safety assessment, with any issues identified reported to the area manager for action.

There have been significant improvements across all areas under Health & Safety, including the introduction of a modernised approach to auditing, with a new internal Fire and Safety monthly audit, that is conducted electronically by staff via Perfect Ward. Fire Safety has seen a drastic improvement during the period, with significant compliance noted during the latest external audit. 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.

Staff policies and actions applied during the financial year

The Trust has an annual policy schedule which ensures all staff policies are reviewed in a timely manner.

Policies are reviewed in conjunction with staff side and management consultation ensuring compliance with appropriate legislation and best practice as part of the consultation process. All staff policies are ratified via the LNC and Partnership (where appropriate), which acts on delegated responsibility from the People Committee.

The following policies have been reviewed and/or developed in 2021/22:

- Disciplinary Policy
- Domestic Violence Policy (NEW)
- Managing Attendance Policy
- Managing Attendance Toolkit
- Special Leave Policy
- Flexible Working Policy
- Grievance Policy
- Maternity, Paternity and Family Leave this week.
- Agile Working (Guidance).

All policies are subject to Equality Impact Analysis to provide a robust approach to ensuring all Trust strategies, policies and practices treat people fairly and do not undermine their rights. As a result, the Trust can demonstrate how it is fulfilling its duties and obligations under the Equality Act 2010 and the Public Sector Equality Duty.

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 a guide for all employees on counter fraud, bribery and corruption activities being undertaken within the Trust and across the NHS. It also informs staff of roles and responsibilities, and how to report any concerns or suspicions they may have. It incorporates codes of conduct and individual responsibilities.

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.

Links with higher education providers

- The Trust actively engages with local universities and offers placements to students across medicine, nursing, physiology, physiotherapy, radiology, and theatres. Links with providers have continued during the pandemic. All students are back on placement following the pandemic and supported by LHCH Practice Education Facilitators.

Patient and family involvement

- The Trust puts the patient and their family at the heart of everything it does and has a dedicated Patient and Family Liaison Team that proactively encourages feedback and holds engagement sessions with past and present patients and their families.

Work with schools

- The Trust has traditionally supported local school open days with career open days and interviewing/CV skills, and career coaching. This was paused during the pandemic period. LHCH is continuing to develop relationships and working in partnership with local schools, colleges and local agencies and will continue in 2022/23.

Widening access

- Traineeships have been developed for young people between the ages of 16 and 24 years. Working with a local college these young people are given training to help them be work ready, and to develop their Math's and English skills often gaining qualifications in these areas. A work placement of two days a week is offered alongside this college training. Candidates are supported by the teams in which they work and by a member of the education team. Pastoral care has been part of the support offered as many of these young people have come from difficult backgrounds, often with little support. Several of the young people who have participated, have gained places on further programmes, either apprenticeships or

the next level up, or have accessed bank work. Following the pandemic, traineeship successfully commenced back in LHCH in 2021, and will continue to develop further in 2022/23.

- The Cadetship programme commenced in LHCH in 2020 has now developed in the T-Level Programme in partnership with Hugh Baird College. This has been developed into an annual rolling programme, enabling first year candidates to take a placement within clinical areas, and second year candidates becoming valued members of the LHCH Bank. On completion, candidates gain a level 3 healthcare qualification which enables them to be employed as a healthcare assistant or gain access to either nursing associate or registered nurse programmes.
- Following the successful pilot of Project Search, working in collaboration with Liverpool University Hospitals NHS Foundation Trust (LUHFT), this has been established as an annual programme supporting up to five individuals. Project Search is a supported internship for people with learning difficulties. In 2021 this LUHFT and LHCH collaboration won a national award.

International nursing recruitment:

- LHCH is part of the Pan Mersey Collaborative for the recruitment of international nurses. In 2021 LHCH recruited 48 nurses from the Pan Mersey Collaboration, and an additional 20 nurses from the Cheshire collaborative. 48 of the totals of 68 nurses have successfully completed their OSCE examinations and have gain their NMC registrations. The 20 remaining nurses have completed their OSCE training and will sit their examinations in early May 2022. The delay to OSCE examinations is due to the lack of OSCE Testing Centres available across the UK, and the pressure of these centres from the current international recruitment levels. This cohort is being supported both pastorally and educationally to ensure their knowledge and skills are maintained whilst waiting for OSCE examinations. LHCH has commissioned a further three cohorts of Internationally recruited nurses over the course of 2022 to a total of 40 nurses.
- Internationally recruited nurses are working across the cardiorespiratory spectrum including the Critical Care footprint, Cath Labs, medical and surgical wards and departments, with previous experience being taken into consideration. Development surgeries ensure the knowledge, skills and experiences of these cohorts of nursing recruits are taken into consideration for development and promotion, and that all nursing colleagues feel supported in their careers at LHCH.

Bespoke healthcare support apprenticeships:

- LHCH has reviewed the development of Healthcare Assistants (HCAs). The Trust is into the second year of its apprenticeship programme. People recruited without previous healthcare experience are recruited onto its HCA apprenticeship programme, where they complete level 2 healthcare support apprenticeship at a Band 2. Once they have completed Level2, they are automatically enrolled onto level 3 senior HCA apprenticeship. Once they have completed level 2 and completed the LHCH HCA competencies they are promoted to Band 3. On completion of level 3 apprenticeship, completion of LHCH competencies and have role modelled the LHCH Values, each candidate is given a substantive contract with LHCH. This programme has proven very successful, enabling people without previous experience

to gain 3 qualifications (Care Certificate, Level 2 and Level 3 HCA apprentices) alongside gaining the appropriate experience with support from both college and LHCH. Once completed, colleagues have the opportunity to consolidate their experiences in a substantial role, and then apply for Assistant Practitioner training, Trainee Nursing Associate programmes, or onto Register Nurse Degree Apprenticeship, depending on their career aspirations

Summary of performance – NHS Staff Survey results 2021

2021 new summary indicators have been introduced to provide an overview of staff experience in relation to the seven elements of the People Promise. The scores are also reported for two of the ten themes previously reported:

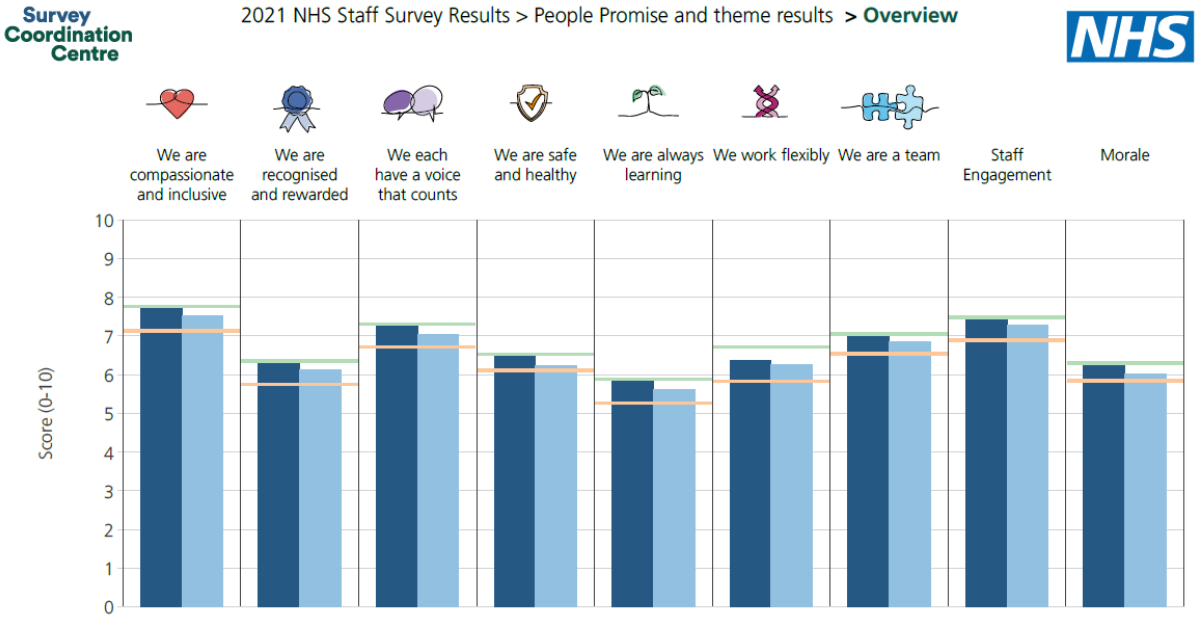
- Staff Engagement
- Morale

The other eight themes are no longer reported.

A total of 1,060 staff out of 1,709 eligible staff completed the 2021 NHS Staff Survey which represents a response rate of 62%. This was slightly lower that the 2020 response rate of 64.8%. The response rate was continuously being monitored and due to it running lower than 2020, an incentive campaign named 'take a break, have a kit kat', and a coordinated raffle prize draw for high response rate departments was introduced. The HR team held engagement events with laptops to improve accessibility and further encourage participation, this boosted participation significantly.

The survey method for 2021 was a mixed method including online and paper surveys. Scores for each indicator together with that of the **survey benchmarking group** (Acute Specialist Trusts) are presented below.

LHCH results compare favourably with other Trusts. The table below shows the Trust's performance against the key themes, indicated by 'Your org' compared to the best, average and worst scores within the national sector (Acute Specialist Trusts).



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Best	7.8	6.3	7.3	6.5	5.9	6.7	7.1	7.5	6.3
Your org	7.8	6.3	7.3	6.5	5.9	6.4	7.1	7.5	6.3
Average	7.5	6.1	7.0	6.2	5.6	6.3	6.9	7.3	6.0
Worst	7.1	5.7	6.7	6.1	5.3	5.8	6.5	6.9	5.8
Responses	1,028	1,045	1,012	1,022	1,004	1,038	1,028	1,048	1,044

	2021/22		2020/21		2019/20	
	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)
We are Compassionate and Inclusive	7.8	7.5	-	-	-	-
We are recognised and rewarded	6.3	6.1	-	-	-	-
We each have a voice that counts	7.3	7.0	-	-	-	-
We are safe and health	6.5	6.2	-	-	-	-
We are always learning	5.9	5.6	-	-	-	-
We work flexibly	6.4	6.3	-	-	-	-
We are a team	7.1	6.9	-	-	-	-
Staff engagement	7.5	7.3	7.6	7.4	7.6	7.5
Morale	6.3	6.0	6.4	6.4	6.5	6.4

Source: RBQ-benchmark-2021

The results are very positive and show the Trust performing, as one of the best acute specialist organisations in 8 of the 9 themes.

The top and bottom 5 scores and those most/least improved from the 2020 survey are shown in the below.

Most improved scores	Trust 2021	Trust 2020
q13a. Not experienced physical violence from patients/service users, their relatives or other members of the public	92%	89%
q10c. Don't work any additional unpaid hours per week for this organisation, over and above contracted hours	48%	46%
q14d. Last experience of harassment/bullying/abuse reported	52%	49%
q9a. Immediate manager encourages me at work	76%	75%
q21e. Feel safe to speak up about anything that concerns me in this organisation	75%	74%

Most declined scores	Trust 2021	Trust 2020
q11d. In last 3 months, have not come to work when not feeling well enough to perform duties	50%	59%
q3i. Enough staff at organisation to do my job properly	39%	48%
q28b. Disability: organisation made adequate adjustment(s) to enable me to carry out work	69%	78%
q13d. Last experience of physical violence reported	69%	76%
q7b. Team members often meet to discuss the team's effectiveness	60%	65%

p.5 | LIVERPOOL HEART AND CHEST HOSPITAL NHS FOUNDATION TRUST | NHS Staff Survey 2021

Picker

Tables are based on absolute % differences, not statistical significance

Areas highlighted for improvement

- Staff engagement was 7.6 in 2020 and dropped to 7.5 in 2021
- Morale was 6.4 in 2020 and dropped to 6.3 in 2021

Following the review of the 2021 survey, the Trust is committed to focusing on the following key themes:

- Supporting staff to improve their mental health and wellbeing

- Improving the experience of our minority ethnic staff and those with long term health conditions
- Creating a safe working environment for our staff

Progress against these areas will be monitored and reported operationally through divisional governance structures and to the People Committee for assurance.

In conclusion the results are really positive, and it is pleasing to see the improvements that have been made since the 2020 survey and how the Trust compared nationally. Further analysis of the results will be ongoing and inform meaningful and impactful action plans to make positive change.

The Trust will also share 'you said we did' communications with employees to ensure they are kept informed of the action plans to fulfil the people promise that their voice does count and is listened to.

People Pulse (previously Staff Friends and Family Test)

The People Pulse (previously 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 People Pulse survey 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 three 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.

Link to NHS FFT Staff reporting: https://www.england.nhs.uk/fft/staff-fft/data/

Due to the impact of the Covid-19 pandemic the 2020/21 FFT was suspended in Q4 19/20 (Jan-Mar20). This restarted as People Pulse in Q2 2021/22*.

Previous 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?"

2018/19			2018	2019/20			2019	2020	2021/22		
FFT Q4	FFT Q1	FFT Q2	Staff Survey Q3	FFT Q4	FFT Q1	FFT Q2	Staff Survey Q3	Staff Survey Q3	People Pulse Q2	Staff Survey Q3	People Pulse Q4
69%	74%	76%	76%	73%	71%	71%	76%	76%	62%	74%	66%

*People Pulse replaced FFT in 2021/22

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

2018/19			2018	2019/20			2019	2020	2021/22		
FFT Q4	FFT Q1	FFT Q2	Staff Survey Q3	FFT Q4	FFT Q1	FFT Q2	Staff Survey Q3	Staff Survey Q3	People Pulse Q2	Staff Survey Q3	People Pulse Q4
96%	97%	97%	95%	97%	96%	96%	94%	92%	87%	92%	88%

*People Pulse replaced FFT in 2021/22

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 ('The Code') 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.

During 2021/22, the Board of Directors has maintained governance policies and processes that reflect the principles of the Code. This has included the following.

- A clear vision, underpinned by strategic objectives and operational plan.
- 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, Standing Financial Instructions and key corporate policies.
- At least half the Board of Directors, excluding the Chair, comprises independent Non Executive Directors.
- The appointment of a Senior Independent Director.
- Regular private meetings between the Chair and Non Executive Directors.
- Robust annual appraisal process for the Chair and Non Executive Directors that has been developed and approved by the Council of Governors.
- Robust recruitment process for the appointment of Non Executive and Executive Directors.
- Induction process for Non Executive and Executive Directors.
- Comprehensive induction programme and ongoing training programme for Governors.
- Annual review of Non Executive director independence.
- Annual review of compliance with Fit and Proper Persons' criteria for all Directors.
- Publicly accessible 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 and engagement plan 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.
- Board evaluation and development plan.

- Codes of Conduct for Governors and for Directors.
- Going concern report.
- Robust Audit Committee arrangements.
- Governor-led appointment process for external auditor.
- Freedom to Speak Up (Raising Concerns) Policy.
- 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, with the exception of the following two provisions, the Trust has complied with the provisions of the Code in 2021/22.

Liverpool Heart and Chest Hospital departed from:

i) Provision B6.2 which states:

'BoD evaluation should be externally facilitated at least every 3 years. The evaluation needs to be carried out against the board leadership and governance framework set out by Monitor (now NHSEI). The external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust'

The Board last commissioned an independent evaluation against the Monitor Well Led Framework in March 2017, and therefore compliance with this provision, required a further review in March 2020. After giving careful consideration to this requirement, the Board determined that commissioning a further comprehensive external review did not offer best value; it deferred further consideration of a second review until Quarter 4 of 2020/21, but this was further deferred due to escalation of the coronavirus pandemic which has continued throughout 2021/22. The NHS reforms and development of Integrated Care Systems place a new emphasis a on the Well Led Framework. The Board will review the options for an independent well led review, whilst also awaiting further clarity on legislative change and the development of new local systems and governance structures.

Since publication of the Code, the regulatory approach has changed and in two successive CQC inspections (2016 and 2019), the Trust was rated 'outstanding', 'overall' and specifically for 'well led'. The Board has undertaken its own annual self-assessment based upon the acceptability of external assurances received; review of the Board development plan driven by the Trust's objectives, vision and values; and Board Director appraisals. The Board has continued to reprioritise the Board development plan during 2021/22 including the positioning of the Trust and collaboration in relation to Integrated Care Systems Development. In the context of the leadership and governance framework, the Board has carefully considered the composition of the Directors and skill-set needed for the future as it implements its NED succession plan with the Council of Governors and through the recruitment of Executive Directors.

In summary, whilst the Board has not comprehensively re-evaluated against Monitor's leadership and governance framework, it has made use of external assurances and commissioned independent advice where it has deemed this to offer most value in delivering

improvement for the benefit of patients and staff in line with the Trust's Vision, values, strategy and to support it in leading its emergency response to the pandemic.

ii) Provision B.7.1 which states:

'Any term beyond six years (e.g. two three year terms) for a Non Executive Director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the Board. Non Executive Directors may, in exceptional circumstances, serve longer than six years (e.g. two three year terms following authorisation of the NHS Foundation trust) but this should be subject to annual re-appointment. Serving more than six years could be relevant to the determination of a Non Executive's independence.'

The Chair was re-appointed by the Council of Governors (September 2019) for a final term ending 31st March 2022, at which point he will have served on the Board of the Foundation Trust for almost thirteen years.

The Board has determined that the Chair continues to be independent and there is clear evidence of continued challenge. The Chair has no material conflicts of interest and maintains a clear boundary between personal and professional relationships. There has been a consistent turnover of Non Executive directors, bringing collective challenge and fresh perspective to the Board. There was a change of Senior Independent Director in 2019 and focus on the Board succession plan. Specifically, there is a robust succession plan in place to support the appointment of a new chair with effect from 1st April 2022 and the Nominations and Remuneration Committee convened in May 2021 to review the succession plan in light of the changing external environment, including NHS reform.

The Council of Governor's decision to continue the Chair's tenure took account of the Chairman's outstanding contribution and performance; and as the Board has seen a refresh of Non Executive Directors, the re-appointment of the Chair would provide ongoing stability during a challenging operational period within a rapidly changing external environment.

The Council of Governors also recognised the Chair's specific experience and personal networks in the context of the Trust's wider systems leadership role within Cheshire and Merseyside and the Liverpool system, including the Specialist Trust Alliance. The extended appointment was discussed with both the external auditor and NHSE/I Regional Office prior to approval by the Council of Governors.

Julian Farmer, Non Executive Director has been re-appointed by the Council of Governors until 30th November 2022, at which point he will have served on the Board of the foundation trust for 7.5 years. A review of Julian Farmer's independence and other criteria including the importance of continuity in light of other NED changes was undertaken by the Council of Governors to support his extended period of office. The Board has reviewed and confirmed continued independence.

With a new Chair appointed from 1st April 2022, the succession plan and recruitment timetable will be further reviewed following the conclusion of the current NED recruitment process.

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 delivering the Trust's mission to provide excellent, compassionate and safe care for patients and populations, every day.
- continue to build a membership that is representative of the demographics of its patient population, whilst also being mindful of the public population.
- 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 Trust's membership strategy is to maintain a minimum of 8,000 public members and to focus on retention and engagement of members whilst ensuring a quality membership experience. The strategy strives to increase representation in relation to age profile, ethnicity, gender and demographics across the patient and public population.

During the year, the implementation of the communications, recruitment and engagement plan was monitored by the Membership and Communications Sub Committee. A series of virtual health events were held during the year which featured clinical specialists who hosted talks and discussions. These events have been advertised to members of the community in order to encourage engagement between Governors and members of the public. The sub-committee was also pleased to be able to support a local football club with an interactive CPR and defibrillator training session.

Governors are encouraged to engage with their own constituencies, including any community groups with whom they are personally involved. Governors are also invited to attend patient and family listening events when these are held. This engagement is supported by the Trust's Membership Office which helps to facilitate opportunities for such activities. 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, strategic workshop and at the annual Joint Board and Governor Development Day.

The Trust aims to manage its turnover and to improve representation, typically Governors attend a number of recruitment events throughout the year to support this work. This is in addition to ongoing 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. The aim of the sub-committee is to enable better representation of males over 50 to reflect our patient demographics. Unfortunately, due to the Covid-19 pandemic and in keeping with government guidance all face to face membership recruitment events were suspended during 2021/22.

Membership profile

Constituency			
Public Area	**As at 31st March 2021**	**As at 31st March 2022**	**Increase/ Decrease**
Cheshire	2,178	2,077	-101
Merseyside	4,633	4,431	-202
North Wales	1,584	1,484	-100
Rest of England and Wales	798	767	-31
Total - Public Constituency	**9,193**	8,759	-434
Staff Constituency	1,686	1,758	+72

Membership Office

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:

Liverpool Heart and Chest Hospital NHS Foundation Trust
Thomas Drive
Liverpool
L14 3PE

Tel: 0151 600 1410
Email: 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 Chair
- 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 Chair 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)
    - University of Liverpool (UOL)

At the Council of Governors and Board of Directors joint development day, held on 9th November 2021, 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 2021/22 are listed in the attendance report at the end of this section.

Governors serve a term of office of three years and are eligible to re-stand should they offer themselves and are successful for re-election or re-nomination (they may not hold office for more than nine consecutive years). 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 2021/22, the Trust has:

i) Provided a local (electronic) induction pack for every new governor on appointment at an initial induction meeting with Chair and Director of Corporate Affairs. All new governor induction meetings in 2021/22 continued to be conducted via video call.

ii) Provided an annual induction day for new governors and for existing governors who would like a refresher (externally facilitated) – this event was conducted via Zoom in 2021/22.

iii) Provided an annual Governor development day, part of which is dedicated to joint work with the Board - this event was conducted via Zoom in 2021/22.

iv) Provided access to the NHS Providers' *Govern Well* Programme (all events online).

v) Provided opportunity for governors to attend the NHS Providers Annual Conference which continued to be held online in 2021.

vi) Provided opportunity for governors to attend Virtual Governor Workshops organised by NHS Providers.

vii) Provided presentations at Council of Governor meetings to brief governors on aspects of services provided by the Trust as requested.

viii) Provided resources and supported Governors to deliver a programme of online member engagement events and newsletters. Engagement events continued to be restricted and fewer than had been planned for 2021/22 due to the pandemic.

ix) Published specific public and staff governor pre-election material for prospective governors clarifying the role and skills and time commitment required.

x) Held monthly Chair's Lunch meetings to ensure regular contact and discussion with Chair throughout the pandemic whilst face to face meetings were suspended.

xi) Provided regular written communication bulletins to Governors updating on the Covid-19 status of the hospital, infection prevention measures and other news.

xii) Continued to run and support the Membership and Communication Sub Committee which offers governors opportunity to shape and implement the Trust's membership strategy.

xiii) Supported governor members of the NRC to review the Char and Non Executive Director succession plan, manage the Chair and Non Executive Director recruitment and re-appointment in 2021/22.

xiv) Continued to provide Governor development sessions related to key assurance committees.

Elections

The Board of Directors can confirm that elections for Public and Staff Governors held in 2021/22 were conducted in accordance with the election rules as stated in the Trust's constitution.

Constituency/Class	No. of seats	Governors elected	Term Length
Public			
Cheshire (Election contested)	3	Allan Pemberton Ray Davis Roy Page	3
Merseyside (Election contested)	1	Linda Griffiths	3
North Wales (Election uncontested)	1	Joan Burgen	3
Rest of England (Election uncontested)	1	Lynne Addison	3

Governor attendance at Council of Governor meetings 2020/21

Between 1st April 2021 and 31st March 2022, the Council of Governors met formally on four occasions. Due to ongoing visiting and social distancing restrictions as a result of Covid-19, meetings for the year were held virtually via Microsoft Teams.

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 2020/21			
	1st June 2021	27th Sept 2021	7th Dec 2021	1st March 2022
Public Constituency				
Merseyside				
Rachel Glynn Williams	✓	✓		
Trevor Wooding (Senior Governor)	✓	✓	✓	✓
Dorothy Burgess	✓	✓	✓	✓
David Bromilow				✓
Elaine Holme	✓	✓	x	✓
Terence Comerford	✓	✓	✓	✓
Peter Humphrey	✓	✓	✓	✓
Linda Griffiths			x	
Cheshire				
Lindsey Van Der Westhuizen	✓	✓		
Allan Pemberton	✓	✓	✓	✓
Mark Allen	x	✓	✓	✓
Peter Brandon	✓			
Roy Page			✓	
Dennis McAllister				✓
North Wales				
Joan Burgen	✓	✓	✓	✓
Dusty Rhodes	✓	x	✓	✓
Peter Wareham	✓	x	x	✓
Rest of England and Wales				
Lynne Addison	✓	✓	✓	✓
Staff Constituency				
Registered Nurses and Non-Registered Nurses				
Charles Cowburn	✓	✓	✓	✓
Sharon Faulkner	✓	x	✓	✓
Princey Santhosh	✓	x	x	x
Non Clinical				
Megan Cromby	✓	✓	x	✓
Rachael McDonald	✓	✓	✓	✓
Allied Health Professionals, Technical and Scientific				

Governor Name	Council of Governor Meeting Dates 2020/21			
	1st June 2021	27th Sept 2021	7th Dec 2021	1st March 2022
Dorothy Price	✓	x	✓	x
Registered Medical Practitioners				
Rebecca Dobson	✓	x	✓	✓
Nominated Governors:				
Karen Higginbotham *(Liverpool John Moores University)*	x	✓	✓	x
Wendy Caulfied *(Friends of Robert Owen House)*	✓	✓	✓	✓
Cllr Sharon Connor *(Liverpool City Council)*	x	x	x	x
Hollie Swann (University of Liverpool)	x	✓	✓	x
Board Members in attendance:				
Neil Large	✓	✓	✓	✓
Jane Tomkinson	x	✓	✓	✓
Sue Pemberton	x	x	x	✓
Raphael Perry	✓	x	x	✓
Karen Edge	✓	✓	✓	✓
Hayley Kendall	x	✓	✓	
Nicholas Brooks	✓	✓	✓	x
Margaret Carney		✓	x	✓
Julian Farmer	✓	✓	✓	✓
Mark Jones	✓			
Karen O'Hagan	x	✓	✓	x
Bob Burgoyne	✓	✓	✓	x

2.5 NHS System Oversight Framework

NHS England and NHS Improvement's NHS System Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. The framework looks at five national themes:

- quality of care, access and outcomes
- preventing ill health and reducing inequalities
- finance and use of resources
- people
- leadership and capability.

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

Segmentation

NHS Improvement has placed the Trust in segment 1.

This is defined as being those providers who are lowest risk and who are given maximum autonomy with no support needs identified.

This segmentation information is the Trust's position as at 31st March 2022.

Current segmentation information for NHS trusts and foundation trusts is published on the NHS England and NHS Improvement website:
https://www.england.nhs.uk/publication/nhs-system-oversight-framework-segmentation/

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, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care 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 and Social Care 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
- confirm that 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 NHS foundation trust's performance, business model and strategy and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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 them 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.

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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
22nd June 2022

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 2022 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. During 2021/22 the responsibility for risk management was delegated to the Director of Nursing, Quality and Safety supported by the Interim Chief Governance Officer, who acted as the Chief Risk Officer. During 2021/22 the Chief Risk Officer has ensured compliance with the Risk Management Policy, including the risk management system which is used to record, manage and report risks. Risk management is periodically assured via internal audit review and external regulation.

Comprehensive risk management training has continued to be 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 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.

A review of strategic risk and risk appetite was undertaken during 2020/21 with implementation in 2021/22 through a strengthened BAF and quarterly Board reporting.

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

The Director of Nursing, Quality and Safety leads the Trust-wide effort on organisational learning, supported by the Deputy Medical Director and Safety Lead. There is an organisational learning policy which seeks to ensure the cascade and implementation of learning from the Trust's own experiences and those of other organisations. Organisational learning is regularly shared through Operational Board, Quality and Safety Experience Committee, Audit Days for Clinicians and corporate communications. This is underpinned by a strong incident and risk reporting culture which provides the opportunity to learn, and follow up of improvements to ensure sustainability.

Throughout 2021/22, the Trust has continued to operate command and control structures as part of the emergency planning response, during the coronavirus pandemic. Interim governance structures, with 'Gold', 'Silver' and 'Bronze' Command, have enabled the Trust to respond quickly to risks, and make informed collective decisions to ensure patient and staff safety. These structures have also supported the Trust as it has focussed on recovery and reset during 2021/22. The Trust has worked collaboratively to support the mitigation and management of wider Cheshire and Merseyside system risks, including mutual aid, and provision of the vaccine centre.

Key in-year risks

i) The Covid-19 pandemic placed considerable pressure on the diagnostic services and referral to treatment targets (compliance with provider licence condition 4 - FT governance). The Trust responded quickly to restoring diagnostics services to almost pre-pandemic levels and focus on reducing the backlog of patients waiting longer than 18 and 52 weeks for treatment. The Trust was able to achieve compliance with the 6 week diagnostic target from May 2021, and continues to manage the risks associated with achievement of the target, mainly relating to availability of workforce. In line with national standards the Trust approached recovery prioritising the most clinically urgent patients first and then by waiting time on the waiting list. This inevitably means that patients will continue to breach the RTT standards until the backlogs are fully recovered (the recovery capacity is being modelled within the Trust and at system level through the annual planning process for 2022/23). The Trust's position and forecast demonstrates strong performance and recovery in 2021/22 when benchmarked across the country.

ii) During 2021/22 the Trust continued to manage and mitigate the risks associated with the interim financial regime. The Trust has a strong track record for financial performance.

The risk and control framework

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.

Risk registers are maintained via Athena, an online bespoke risk reporting system. In addition, the DATIX incident management system has brought many benefits, including

universal electronic incident reporting, integration of incidents, claims and complaints and vastly improved reporting, and is now fully embedded.

Each department within the Trust has its own risk register on Athena, and these are also aligned to Divisions to enable oversight through Divisional Governance structures. 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. Risk scoring 15 or over are regularly reviewed by the Board, with risks scoring 12 or over reviewed through the Operational Board and Risk Management Committee. Divisions review all risks on a regular basis.

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

- Application of the organisation-wide risk management assessment and control system for Quality Impact Assessments prior to implementation of any cost improvement scheme. Assurance on this process is received by the Quality Committee.
- Completion of a strategic review of risk, the BAF and Board review of risk appetite.
- Daily safety huddles to identify and mitigate operational safety risks, and an ongoing focus and embedding of a strong incident reporting culture, including the Trust's safety surveillance process.

The Audit Committee monitors the effectiveness of the Risk Management Policy through regular review of KPIs set out in a Risk Management dashboard. The Risk Management Committee reviews Divisional risk registers and compliance with the risk management policy, providing assurance to the Operational Board.

The Trust follows NHS England's guidance in reporting Serious Incidents and carrying out investigations. This includes uploading all Serious Incidents onto StEIS (Strategic Executive Information System) for external review. Local commissioners and regulators are informed of the Trust's Serious Incidents and monitor the outcomes. As part of the Trust's incident reporting policy, all incidents which are reported as serious incidents have a 72hr review completed which aims to identify if there are any immediate actions required to keep our patients safe whilst the investigation is being completed. These are clearly documented, including the actions taken and submitted to the commissioners and regulators.
There have been eight serious incidents including one never event in 2021/22, which have all been reported to STEIS. All serious incidents have been subject to full root cause analysis, identification and cascade of organisational learning and duty of candour.

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, including patients and family members. The Trust follows a clear policy on being open and works to ensure that the duty of candour is fully 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, the Quality and Safety Effectiveness Committee. A formal Board Assurance Committee for Quality meets quarterly and receives assurances from this Committee on progress with all of the Trust's quality initiatives.

Compliance with CQC registration requirements is regularly tested through implementation of the Trust's own 'Excellent, Efficient, Compassionate, Safe' (EECS) framework. This bespoke assessment tool integrates the quality performance data, together with direct observation of clinical practice and the experiences of patients from each clinical area of the Trust. In addition, the assessment comprises feedback from multidisciplinary stakeholders within the Trust to triangulate the findings. 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. The outcomes of the assessments during 2021/22 continue to be really positive demonstrating a high level of compliance across the CQC standards.

Throughout 2021/22 work has continued to ensure the Trust has strong cyber security controls. The digital collaboration with Alder Hey has continued to mature, delivering improved cyber resilience, enabling rapid knowledge sharing and implementation of a number of security tools including AI driven network threat monitoring. Assurance is gained by various measures throughout the year including penetrations tests of our network with outputs and delivery monitored through the Trusts governance and committee structures. During this period the Trust has achieved HIMSS Digital Maturity level 6 and continues to make progress against other standards and accreditations. The Audit Committee has received assurance reports on cyber security and has an embedded oversight of cyber security controls within its terms of reference.

In addition to the Audit Committee, and Nominations and Remuneration Committee, the Board's assurance committee structure comprises the Quality Committee, Integrated Performance Committee and People Committee. All three assurance committees have Non Executive Director Chairs and membership enabling effective challenge of assurances to support delivery of the Trust's strategic objectives, management of risk 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 quarterly to include the clinical leads and heads of research, therapy, psychology, and pharmacy). 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). During the year the Chair and Non Executive Directors have largely worked remotely and the majority of Board and Assurance Committee meetings have been held online. The annual workplans for Committees were established at the beginning of 2021/22 and delivered throughout the year, whilst also recognising the reprioritisation of some areas to enable continued focus on the response to the pandemic and recovery of services. Our Council of Governors plays an active role in

representing the interests of those the Trust serves and holding the Non Executive directors and therefore the Board to account for the services provided by the Trust.

The Board set aside dedicated time within its annual business cycle to focus on strategic planning and Board development. Despite the operational challenges, the Board has devoted time to focus on operational recovery, culture, collaboration, the People Plan and the Trust's strategic positioning in relation to the external environment and health and care reforms. The membership of the executive team has seen some changes during 2021/22 and this has had a direct impact in terms of further strengthening the focus on risk within the Trust.

The People Committee provides assurance to the Board that workforce safeguards are in place to ensure staffing processes are safe, sustainable and effective. Our arrangements ensure we:

- deploy sufficient suitably qualified, competent, skilled and experienced staff to meet care and treatment needs safely and effectively
- have a systematic approach to determining the number of staff and range of skills required to meet the needs of people using the service and keep them safe at all times
- use an approach that reflects current legislation and guidance

The Board also receives assurance on improving people practices, the people plan, recruitment strategy and safe staffing levels.

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 Audit Committee has received this assurance during the year, and this underpins 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 of underperformance. This year has seen considerable focus on the recovery plan trajectories, including resetting services, managing waiting lists, recovery of the backlog of waiters, and ensuring robust clinical governance processes for review of patients on the waiting lists. A Covid-19 dashboard was introduced at the start of the pandemic and this has continued to provide real time reporting of key indicators across the Trust to support clinical and operational decision making. Board walkabouts have not been possible during 2021/22 due to IPC requirements and cessation of visiting for the majority of the year; however the Executive Team have remained visible and the Board have received patient and staff stories and have been updated on a range of topics including staff wellbeing and support.

The Board Assurance Framework (BAF) is used as a tool to focus the Board on the principal risks to the achievement of the Trust's strategic objectives and regulatory compliance, the 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 a positive internal audit opinion in relation to its BAF processes: ***The organisation's Assurance Framework is structured to meet the NHS requirements, is visibly used by the Board and clearly reflects the risks discussed by the Board.*** This statement has again been confirmed for 2021/22.

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
- the quarterly assurance against the Provider licence
- 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

Looking forward the Trust continues to face a number of risk as summarised below.

Future risks

i) Operational Recovery

The Trust has performed well against the recovery trajectories, specifically waiting times for treatment and diagnostics to eliminate the growth of long waiters, but there remain significant risks to operational recovery for both the Trust and wider Cheshire and Merseyside System. Trajectories will be re-set through the operational planning process and managed through strong performance management and reporting.

ii) Staff Wellbeing and Retention

The impact of Covid-19 on the wellbeing of the workforce and on recruitment and retention will continue to be a key focus.

iii) Financial delivery and capital

The new financial framework is being established at system level, and further work is underway to establish this and understand the implications for Cheshire and Merseyside and individual organisations. The system capital envelope is challenging and organisations will need to manage and mitigate local risks.

iv) External environment

The Board will continue to consider the implications of the White Paper and its positioning and collaboration within the wider health and social care system. The Board remains mindful of its wider catchment population, beyond Cheshire and Merseyside and will continue to consider all service changes in the context of benefits to patients.

The Trust continues to provide leadership of the Cheshire and Merseyside Cardiac Board aligning cardiovascular disease across the whole pathway from prevention, detection to effective treatment. The Trust also supports the Cheshire and Merseyside Prevention Board through the Director of Strategic Partnerships providing the senior leadership role for this workstream.

The Trust continues to deliver against an ambitious 5 year strategic plan 'Patients, Partnerships and Populations' working in collaboration with the wider system. The LHCH Strategy demonstrates the Trust's conviction in providing outstanding care for patients within the hospital, to work, with partners outside of the hospital and to put prevention at the forefront of our intent in caring for the wider population.

Liverpool Heart and Chest Hospital NHS Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission and is rated outstanding.

Liverpool Heart and Chest Hospital NHS Foundation Trust has published *on its website* an up-to-date register of interests*, including gifts and hospitality,* for decision-making staff *(as defined by the trust with reference to the guidance)* within the past twelve months as required by the *Managing Conflicts of Interest in the NHS* guidance.

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.

Liverpool Heart and Chest Hospital NHS Foundation Trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. The trust ensures that its 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 England and NHS Improvement (NHSEI). 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 recovery, and has reviewed the range of KPIs during the course of 2021/22. The Board itself reviews a report on financial performance provided by the Chief Finance Officer including key performance indicators and NHSEI metrics at each Board meeting. The Trust's resources are managed within the framework set by the Governance Manual, which includes Standing Financial Instructions and Scheme of Reservation and Delegation. Financial governance arrangements are supported by internal and external audit to ensure economic, efficient and effective use of resources.

The financial plan is developed through a robust process of 'confirm and challenge' meetings with divisions and departments to ensure best use of resources. All cost improvement plans are risk assessed for deliverability and potential impact on patient safety through an Executive led review process. The Finance and Performance Group 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 annual plan approval.

Information governance

The DSPT baseline assessment was submitted in February 2022, with the final submission date extended by NHSD until June 2022. The submission process is supported by an independent 2-phase audit process with Mersey Internal Audit Agency with an assurance opinion provided regarding robustness of evidence and information risk management. It is anticipated the Trust will submit a fully compliant return. Furthermore, robustness of evidence and assurance have strengthened through a formal collaborative and partnership approach, working within a new integrated information governance function, supported by a dedicated Cyber Security resource.
Outputs and delivery of the information governance work programme are monitored through the Trusts governance and committee structures. During 2021/22 the Trust notified the ICO of one data security incident via the data security incident reporting tool, and following a review of the incident, the ICO confirmed no further action was necessary.

Data quality and governance

The Director of Nursing and Quality leads on the development, implementation and monitoring of the Trust's Quality and Safety Strategy, supported by the Medical Director, Deputy Medical Director and Patient Safety Lead, Divisional Heads of Operations, Divisional Heads of Nursing, the IDigital team and other teams as required.

During the year, all quality data was reviewed by the Quality Committee as part of a quality dashboard. The new Quality and Safety Strategy was launched during 2021/22 and the Quality Committee receive regular updates against the quality and safety priorities. The Quality Committee reports regularly to the Board via a 'BAF Key Issues Report'.

Implementation of the Quality and Safety Strategy and Organisational Learning Policy supports delivery of the Trust's strategic objective to provide high quality and safe care. At the centre of these strategies 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 and effective care. The Organisational Learning Policy focuses on how the Trust learns from all available information and feedback about services; this sharing learning and good practice is monitored through the Quality Committee and communicated widely across the Trust through Divisional Governance structures. The Trust's Executive Team receives a weekly 'Harms Report' and the Council of Governors reviews the quality dashboard on a quarterly basis. The 'safety surveillance' process supports triangulation of data and identification of learning.

There are systems in place within the Trust to review and monitor performance and quality of care through performance dashboards 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 clinical quality dashboard to monitor the performance of the key indicators set out in the Quality and Safety 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 waiting list 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. During 2021/22 waiting time targets have breached due to the pandemic but patients waiting have been routinely reviewed and prioritised based on clinical need.

Accuracy of data is of the utmost importance for the Trust and an area that has been strengthened by several measures during 2021/22 to improve on the existing structures that are in place.

The governance structure of data quality was further improved in 2021/22 with the creation of Patient Pathways Assurance Group to lead the work on data quality. The Trust already has several layers of data quality improvements in place including two RTT validators that will ensure that patients' RTT status is correct, SUS data quality compliance and batch tracing ran on the Patient Administration System to improve the accuracy of information.

The Trust's information platform houses several well used data quality reports. Sign off for national returns ensure that data is validated before submission, and internal reports are also subject to sign off and version control procedures to ensure accuracy. In addition to the processes and technical reports, there is also investment in people. During 2021/22 the informatics team achieved Level 1 accreditation with the ISD network which demonstrates the commitment to staff development, and the coding team have the required coding accreditations to complete their roles. Audits are also completed in different areas on a regular basis to show the Trust's commitment to transparency and desire for improvement. Developments are underway through the iDigital service to recruit and further develop data quality workforce and capacity.

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 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 receiving assurance on the operation 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 a 'substantial assurance' opinion 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. The Trust uses Internal Audit proactively, ensuring coverage of key areas through a risk-based planning approach. There have been no 'limited' assurance reports from Internal Audit during 2021/22.

I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and its Standing Committees.

Processes are well established and assurance mechanisms embedded. There is regular review of systems, and where appropriate action plans are developed and delivered. I am assured of the effectiveness of the systems of internal control through:

- Board review of the Board Assurance Framework including quarterly updates and key issues reports from Assurance Committees
- Audit Committee scrutiny of the systems, processes and controls in place
- Audit Committee consideration (standing item on agenda) of issues which could impact upon the Annual Governance Statement
- Review of serious incidents, risks, complaints and learning
- Review of clinical audit, patient survey and staff survey information
- Regular relationship meetings throughout the year with CQC and review of the CQC Insights reports
- Internal audits of effectiveness of systems of internal control

Conclusion

There were no significant control issues identified in 2021/22. During the year the Trust has actively managed risks and addressed the actions and organisational learning arising from the reported serious incidents, maintaining 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
22nd June 2022

SECTION 3: ANNUAL ACCOUNTS

Liverpool Heart and Chest Hospital NHS Foundation Trust
Annual Report and Accounts 2021/22

Annual accounts for the year ended 31st March 2022

These accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Foreword to the accounts

Liverpool Heart and Chest Hospital NHS Foundation Trust

These accounts, for the year ended 31 March 2022, 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 22nd June 2022

Statement of the chief executive's responsibilities as the accountable officer of the trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum.

These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the trust
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

As far as I am aware, there is no relevant audit information of which the trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

Signed:  Chief Executive

Date: 22nd June 2022

Statement of directors' responsibilities in respect of the accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, other items of comprehensive income and cash flows for the year.

In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

The directors confirm that 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 NHS trust's performance, business model and strategy

By order of the Board

Date: 22nd June 2022 .....  .....Chief Executive

Date: 22nd June 2022 .....  .....Finance Director

Statement of Comprehensive Income

	Note	2021/22 £000	2020/21 £000
Operating income from patient care activities	3	192,183	154,243
Other operating income	4	23,405	24,123
Operating expenses	6, 8	(210,165)	(176,293)
Operating surplus/(deficit) from continuing operations		**5,423**	**2,073**
Finance income	11	23	6
Finance expenses	12	(72)	(72)
PDC dividends payable		(2,079)	(1,855)
Net finance costs		**(2,128)**	**(1,920)**
Other gains / (losses)	13	(231)	100
Share of profit / (losses) of associates / joint arrangements	20	-	(1)
Surplus / (deficit) for the year from continuing operations		**3,064**	**251**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		-	-
Surplus / (deficit) for the year		**3,064**	**251**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(1,375)	(1,680)
Revaluations	18	3,430	(0)
Other reserve movements		3	-
Total comprehensive income / (expense) for the period		**5,122**	**(1,429)**

Statement of Financial Position

	Note	31 March 2022 £000	31 March 2021 £000
Non-current assets			
Intangible assets	15	180	343
Property, plant and equipment	16	107,846	93,585
Investments in associates and joint ventures	20	-	43
Receivables	23	129	-
Total non-current assets		**108,155**	**93,971**
Current assets			
Inventories	22	4,334	2,214
Receivables	23	9,258	6,799
Cash and cash equivalents	25	42,735	48,964
Total current assets		**56,328**	**57,977**
Current liabilities			
Trade and other payables	26	(31,052)	(31,076)
Borrowings	28	(451)	(338)
Provisions	31	(1,068)	(1,735)
Other liabilities	27	(6,578)	(3,987)
Total current liabilities		**(39,149)**	**(37,136)**
Total assets less current liabilities		**125,334**	**114,812**
Non-current liabilities			
Trade and other payables	26	(3,575)	(4,269)
Borrowings	28	(2,716)	(2,198)
Provisions	31	(6,960)	(4,360)
Other liabilities	27	(81)	(81)
Total non-current liabilities		**(13,331)**	**(10,908)**
Total assets employed		**112,003**	**103,905**
Financed by			
Public dividend capital		69,283	66,307
Revaluation reserve		11,949	9,898
Income and expenditure reserve		30,771	27,700
Total taxpayers' equity		**112,003**	**103,905**

The notes on pages 101-135 form part of these accounts.

Name
Position Chief Executive
Date 22nd June 2022

Statement of Changes in Equity for the year ended 31 March 2022

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**66,307**	**9,898**	**27,700**	**103,905**
Surplus/(deficit) for the year	-	-	3,064	**3,064**
Impairments	-	(1,375)	-	**(1,375)**
Revaluations	-	3,430	-	**3,430**
Transfer to retained earnings on disposal of assets	-	(4)	4	**-**
Public dividend capital received	2,976	-	-	**2,976**
Other reserve movements	-	-	3	**3**
Taxpayers' and others' equity at 31 March 2022	**69,283**	**11,949**	**30,771**	**112,003**

Statement of Changes in Equity for the year ended 31 March 2021

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**64,218**	**11,595**	**27,431**	**103,245**
Surplus/(deficit) for the year	-	-	251	**251**
Impairments	-	(1,680)	-	**(1,680)**
Revaluations	-	(0)	-	**(0)**
Public dividend capital received	2,089	-	-	**2,089**
Other reserve movements	-	(17)	17	**-**
Taxpayers' and others' equity at 31 March 2021	**66,307**	**9,898**	**27,700**	**103,905**

Information on reserves

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 organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the 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 trust.

Statement of Cash Flows

	Note	2021/22 £000	2020/21 £000
Cash flows from operating activities			
Operating surplus / (deficit)		5,423	2,073
Non-cash income and expense:			
Depreciation and amortisation	6.1	6,104	5,803
Net impairments	7	(2,511)	955
Income recognised in respect of capital donations	4	(800)	(620)
(Increase) / decrease in receivables and other assets		(3,231)	4,708
(Increase) / decrease in inventories		(2,120)	880
Increase / (decrease) in payables and other liabilities		5,784	9,959
Increase / (decrease) in provisions		1,933	3,559
Other movements in operating cash flows		-	(1)
Net cash flows from / (used in) operating activities		**10,581**	**27,317**
Cash flows from investing activities			
Interest received		23	6
Purchase and sale of financial assets / investments		43	-
Purchase of PPE and investment property		(18,712)	(8,765)
Sales of PPE and investment property		15	100
Receipt of cash donations to purchase assets		750	452
Net cash flows from / (used in) investing activities		**(17,882)**	**(8,207)**
Cash flows from financing activities			
Public dividend capital received		2,976	2,089
Movement on other loans		(7)	(6)
Capital element of finance lease rental payments		(389)	(316)
Other interest		(3)	(3)
Interest paid on finance lease liabilities		(69)	(71)
PDC dividend (paid) / refunded		(1,436)	(2,088)
Net cash flows from / (used in) financing activities		**1,072**	**(395)**
Increase / (decrease) in cash and cash equivalents		**(6,228)**	**18,715**
Cash and cash equivalents at 1 April - brought forward		**48,964**	**30,249**
Cash and cash equivalents at 31 March	25.1	**42,735**	**48,964**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2021/22 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These 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.

Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Interests in other entities

NHS Charitable Fund

These accounts are for Liverpool Heart and Chest NHS Foundation Trust alone. The Foundation Trust is the corporate trustee to the Liverpool Heart & Chest NHS Charitable Fund. The Foundation Trust has assessed its relationship to the Charitable Fund and determined it to be a subsidiary because the 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. please refer to the separate Trustees' Report and Accounts for this charity. However, the transactions are immaterial in the context of the group and the transactions have not been consolidated in 2021/22. Details of the transactions with the charity are included in the related parties note.

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). ICMS has been dissolved in 2021/22. The investments in joint venture was disposed on 31/03/2022.

Hosting
The Trust is now hosting Liverpool Health Partnerships from 1st February 2020. Liverpool Health Partners was a originally a company limited by guarantee, supported by Liverpool University. It is no longer a company limited by guarantee and has now been fully absorbed into the ledger of the Trust.

Liverpool Heart and Chest has taken over the hosting of the Innovation Agency from 1st April 2020. The Innovation Agency is the Academic Health Science Network for the North West. Their aim is to spread innovation at pace and scale across health and social care. The organisation was previously hosted by Lancashire and South Cumbria Care NHS Foundation Trust.

The Trust is now hosting Liverpool Network Alliance from 1st December 2020. The LNA arose from the need for a voice for general practice in Liverpool. Its informal roots commenced in 2018, known as the Network of Networks, meeting with an independent chair.

A review towards the end of 2019 identified the need to become more self-sufficient, with a change of name to Liverpool Networks Alliance (LNA) and a leadership team was identified, comprising of three Medical Directors and two Managing Directors, supported by the Provider Alliance team based within the CCG. It was at this point a further need was identified, for the LNA to consider becoming a legal entity in its own right in order to achieve its aims. This was felt as vital to maintain the autonomy of Primary Care Networks as providers and to manage possible conflicts of interest with an NHS partner.

The aims of the LNA are twofold:
• Internal; developing, learning from and supporting each other during a time of dynamic change, and
• External; the voice of General Practice in Liverpool

In preparing for the appointment of a hosting provider the PCNs in Liverpool undertook a rigorous Options Appraisal regarding potential models. Practices and PCNs overwhelmingly supported the option of an NHS partner for transactional services. Following a rigorous assessment and procurement exercise Liverpool Heart & Chest has been identified as the lead `host` provider.

Consequently, these ITQs will be procured by the LNA in partnership with LHCH.

Note 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts
The main source of income for the Trust is contracts with commissioners for health care services. In 2021/22 and 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at a Integrated Care System level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2020/21, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Revenue from Private Patients
Revenue from private patients is recognised when a performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it.

Education and Training
Revenue from education and training is recognised when a performance obligation relating to delivery of services is generally satisfied over time as services are received and consumed simultaneously by the customer as the Trust performs it. The principal customer in such a contract is Health Education England.

Elective Recovery Fund (ERF)
The ERF is designed to support NHS healthcare systems to 'work collaboratively to restore elective services against the backdrop of unprecedented demands on the service because of COVID.

Note 1.5 Other forms of income
Grants and donations
Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income
The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Other
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 1.6 Expenditure on employee benefits
Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy 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 two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The 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 1.7 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 1.8 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
• The cost of the item can be measured reliably
• The item has cost of at least £5,000, or
• Collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.
• Items form part of the intial equipping and setting up cost of a new building, ward or unit, irrespective of their own 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 lives.

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.

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.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity.

Valuers Cushman & Wakefield have been appointed by LHCH to revalue trust land and buildings. They have provided a desktop review as at the 31st March 2022.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.
IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation
Items of property, plant and equipment are depreciated over their remaining useful 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. Depreciation commences in the quarter after the asset is acquired, and ceases when the asset is disposed of or fully depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction 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 recognised 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 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 expenditure 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 abandoned or significant changes made to it.

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

Donated and grant funded assets
This includes assets donated to the trust by the Department of Health and Social Care or NHS England as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	11	80
Dwellings	30	80
Plant & machinery	5	10
Transport equipment	-	-
Information technology	4	10
Furniture & fittings	7	10

Finance-leased assets are depreciated over the shorter of the useful life or the lease term, unless the trust 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 1.9 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 where it meets the requirements set out in IAS 38.

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 where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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 lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

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

	Min life Years	Max life Years
Software licences	2	10

Note 1.10 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.

In 2020/21 and 2021/22, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.11 Cash and cash equivalents
Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.12 Financial assets and financial liabilities
Recognition
Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes 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 and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement
Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

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.

Financial assets are classified as subsequently measured at amortised cost, fair value through income and expenditure or fair value through other comprehensive income.

Financial liabilities classified as subsequently measured at amortised cost or fair value through income and expenditure.

Financial assets and financial liabilities at amortised cost
Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets and financial liabilities at fair value through income and expenditure
Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Impairment of financial assets
For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For non-NHS receivables we determine expected credit loss by reviewing the age of the debt. For NHS receivables expected credit losses are not normally recognised in this way, IFRS 15 applies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition
Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

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

Note 1.13 Leases
Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

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

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge 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.

Operating leases
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings
Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Note 1.14 Provisions
The 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 HM Treasury's discount rates effective from 31 March 2022:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	0.47%	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.70%	0.18%
Long-term	After 10 years up to 40 years	0.95%	1.99%
Very long-term	Exceeding 40 years	0.66%	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2022:

	Inflation rate	Prior year rate
Year 1	4.00%	1.20%
Year 2	2.60%	1.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% in real terms (prior year: minus 0.95%).

Clinical negligence costs
NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 33.2 but is not recognised in the Trust’s accounts.

Non-clinical risk pooling
The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution 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 1.15 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 34 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 34, 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 1.19 Climate change levy
Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.20 Foreign exchange
The functional and presentational currency of the trust is 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 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 1.21 Third party assets
Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.22 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.

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 1.23 Gifts
Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.25 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2021/22.

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases
IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.
For leases commencing in 2022/23, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income as follows:

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	2,376
Additional lease obligations recognised for existing operating leases	(2,376)
Net impact on net assets on 1 April 2022	**-**
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(661)
Additional finance costs on lease liabilities	(16)
Lease rentals no longer charged to operating expenditure	641

Estimated impact on surplus / deficit in 2022/23	**(36)**

Other standards, amendments and interpretations
IFRS17
The effective date for IFRS17 is now 2023/24. Work has not yet started on understanding its impact in the NHS.

Note 1.27 Critical judgements in applying accounting policies
The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Land and Buildings Valuation
The GAM requires that the valuation of the Trust's specialised buildings is based on a modern equivalent asset (MEA) with the same productive capacity as the property being valued. From 2018 onwards, the Trust has opted to interpret the MEA basis as pertaining to a single combined hospital facility ('single alternative site model'), and this fundamentally affects valuation processes, generally reducing floor space and asset carrying values. The location of the facility is not precisely identified but would be on the outskirts of Liverpool.

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 2022 is disclosed at note 7.

Note 1.28 Sources of estimation uncertainty
The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:
Asset valuation and impairments: the valuation of the Trust's Land and Buildings is subject to a significant estimation uncertainty, since it derives from estimates provide by the Trusts external valuers who base their estimates on local market data as well as other calculations.

An increase of 1% in the land and building values would result in a net book value increase of £714.5k and an increase of 5% would result in a net book value increase of £3,572.5k.

Note 2 Operating Segments
The activities of the Foundation Trust are all healthcare-related and treated as a single segment for the purpose of the accounts. The Foundation Trust's total revenue for the year ended 31 March 2022 was £215,588m of which 89% related to patient care activities for which NHS England and Clinical Commissioning Groups account for 81% of the revenue.

Note 3 Operating income from patient care activities
All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	**2021/22 £000**	**2020/21 £000**
Block contract / system envelope income	140,844	130,234
High cost drugs income from commissioners (excluding pass-through costs) *	24,403	9,934
Community services		
Block contract / system envelope income	7,242	5,580
All services		
Private patient income	2,652	1,252
Elective recovery fund	8,039	-
Additional pension contribution central funding**	3,667	3,547
Other clinical income	5,336	3,696
Total income from activities	**192,183**	**154,243**

* The increase in the use of new Cystic Fibrosis drugs has increased the high cost drugs income from commissioners in 2021/22.

** The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2021/22 £000**	**2020/21 £000**
NHS England	128,865	100,338
Clinical commissioning groups	29,835	29,143
Non-NHS: private patients	2,646	1,252
Non-NHS: overseas patients (chargeable to patient)	6	-
Non NHS: other	30,831	23,510
Total income from activities	**192,183**	**154,243**
Of which:		
Related to continuing operations	192,183	154,243

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2021/22 £000	**2020/21 £000**
Income recognised this year	6	-

Note 4 Other operating income

	2021/22			2020/21		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	933	-	**933**	1,021	-	**1,021**
Education and training	3,158	325	**3,483**	3,298	188	**3,485**
Non-patient care services to other bodies	15,357		**15,357**	13,351		**13,351**
Reimbursement and top up funding	307		**307**	2,853		**2,853**
Receipt of capital grants and donations		800	**800**		620	**620**
Charitable and other contributions to expenditure		368	**368**		1,644	**1,644**
Other income	2,157	-	**2,157**	1,148	-	**1,148**
Total other operating income	**21,911**	**1,493**	**23,405**	**21,671**	**2,452**	**24,123**
Of which:						
Related to continuing operations			23,405			24,123

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2021/22	2020/21
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	314	620

Note 5.2 Income from activities arising from commissioner requested services

Under the terms of its provider licence, 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 licence 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:

	2021/22	2020/21
	£000	£000
Income from services designated as commissioner requested services	185,864	149,340
Income from services not designated as commissioner requested services	6,319	4,902
Total	**192,183**	**154,242**

Note 6.1 Operating expenses

	2021/22 £000	2020/21 £000
Staff and executive directors' costs	100,617	96,013
Remuneration of non-executive directors	222	232
Supplies and services - clinical (excluding drugs costs)	45,680	25,951
Supplies and services - general	6,130	4,814
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	31,339	23,406
Inventories written down	-	36
Consultancy costs	508	719
Establishment	4,154	2,877
Premises	8,403	7,307
Transport (including patient travel)	585	564
Depreciation on property, plant and equipment	5,941	5,661
Amortisation on intangible assets	163	142
Net impairments	(2,511)	955
Movement in credit loss allowance: contract receivables / contract assets	364	149
Increase/(decrease) in other provisions	2,612	1,502
Change in provisions discount rate(s)	3	3
Fees payable to the external auditor		
audit services- statutory audit	102	79
Internal audit costs	62	112
Clinical negligence	1,156	994
Legal fees	67	102
Insurance	160	195
Research and development	1,781	1,740
Education and training	1,257	1,317
Rentals under operating leases	500	351
Losses, ex gratia & special payments	3	54
Other	866	1,018
Total	**210,165**	**176,293**
Of which:		
Related to continuing operations	210,165	176,293

Note 6.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2020/21: £2 million).

Note 7 Impairment of assets

	2021/22 £000	2020/21 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	(2,511)	955
Total net impairments charged to operating surplus / deficit	**(2,511)**	**955**
Impairments charged to the revaluation reserve	1,375	1,680
Total net impairments	**(1,136)**	**2,635**

Impairments charged to the revaluation reserve have resulted from the annual revaluation of the organisations land and buildings.

Note 8 Employee benefits

	2021/22 Total £000	2020/21 Total £000
Salaries and wages	82,350	78,841
Social security costs	7,566	7,167
Apprenticeship levy	374	366
Employer's contributions to NHS pensions	12,099	11,654
Temporary staff (including agency)	754	407
Total gross staff costs	**103,144**	**98,435**
Total staff costs	**103,144**	**98,435**
Of which		
Costs capitalised as part of assets	415	289

Note 8.1 Retirements due to ill-health

During 2021/22 there were no early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2021). The estimated additional pension liabilities of these ill-health retirements is 0k (£106k in 2020/21).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 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. 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:

a) 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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2021, updated to 31 March 2022 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. 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 recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

Note 10 Operating leases

Note 10.1 Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessor

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

Note 10.2 Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Liverpool Heart and Chest Hospital NHS Foundation Trust is the lessee.
The Foundation Trust make payments under leases as follows:

A Spirometry Equipped Van under a lease agreement expiring in 2023/24.
Photocopiers under a lease agreement expiring in 2023/24.
Portakabins under a lease agreement expiring in 2024/25.
Blood Sample Handheld Devices under a lease agreement expiring in 2026/27.

The Foundation Trust makes land lease payments to the Liverpool University Hospitals Foundation Trust in respect of the land it occupies at the Broadgreen site. Whilst the arrangement with Liverpool University Hospitals Foundation Trust falls within the definition of an operating lease, the term of the arrangement for future years has not yet been agreed. Consequently, the table below does not include future minimum lease payments for this arrangement beyond 2022/23.

	2021/22	2020/21
	£000	£000
Operating lease expense		
Minimum lease payments	500	351
Total	**500**	**351**

	31 March 2022	31 March 2021
	£000	£000
Future minimum lease payments due:		
- not later than one year;	514	272
- later than one year and not later than five years;	426	411
Total	**941**	**683**

Note 11 Finance income

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

	2021/22	2020/21
	£000	£000
Interest on bank accounts	23	6
Total finance income	**23**	**6**

Note 12.1 Finance expenditure

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

	2021/22	2020/21
	£000	£000
Interest expense:		
Overdrafts	3	4
Finance leases	69	71
Total interest expense	**72**	**75**
Unwinding of discount on provisions	-	(3)
Total finance costs	**72**	**72**

Note 13 Other gains / (losses)

	2021/22	2020/21
	£000	£000
Gains on disposal of assets	-	100
Losses on disposal of assets	(231)	-
Total gains / (losses) on disposal of assets	**(231)**	**100**
Total other gains / (losses)	**(231)**	**100**

Note 14 Discontinued operations

The Foundation Trust did not discontinue any operations during the year ended 31 March 2022.

Note 15.1 Intangible assets - 2021/22

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2021 - brought forward	**1,804**	**1,804**
Valuation / gross cost at 31 March 2022	**1,804**	**1,804**
Amortisation at 1 April 2021 - brought forward	**1,460**	**1,460**
Provided during the year	163	**163**
Amortisation at 31 March 2022	**1,623**	**1,623**
Net book value at 31 March 2022	**180**	**180**
Net book value at 1 April 2021	**343**	**343**

Note 15.2 Intangible assets - 2020/21

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2020 - as previously stated	**1,820**	**1,820**
Reclassifications	(16)	**(16)**
Valuation / gross cost at 31 March 2021	**1,804**	**1,804**
Amortisation at 1 April 2020 - as previously stated	**1,318**	**1,318**
Provided during the year	142	**142**
Amortisation at 31 March 2021	**1,460**	**1,460**
Net book value at 31 March 2021	**343**	**343**
Net book value at 1 April 2020	**502**	**502**

Note 16.1 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Dwellings	under constructio n	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021 - brought forward	**1,834**	**60,032**	**784**	**9,278**	**38,581**	**20,999**	**2,572**	**134,080**
Additions	-	2,077	-	7,829	3,061	2,912	-	**15,879**
Impairments	-	(1,375)	-	-	-	-	-	**(1,375)**
Reversals of impairments	-	2,511	-	-	-	-	-	**2,511**
Revaluations	91	974	780	-	-	-	-	**1,845**
Reclassifications	-	3,797	-	(4,064)	4	263	-	**-**
Disposals / derecognition	-	(53)	-	-	(1,018)	-	-	**(1,071)**
Valuation/gross cost at 31 March 2022	**1,925**	**67,963**	**1,564**	**13,043**	**40,628**	**24,174**	**2,572**	**151,870**
Accumulated depreciation at 1 April 2021 - brought forward	**-**	**0**	**(0)**	**-**	**23,006**	**14,997**	**2,491**	**40,495**
Provided during the year	-	1,566	19	-	2,566	1,772	18	**5,941**
Revaluations	-	(1,566)	(19)	-	-	-	-	**(1,585)**
Disposals / derecognition	-	-	-	-	(827)	-	-	**(827)**
Accumulated depreciation at 31 March 2022	**-**	**0**	**(0)**	**-**	**24,746**	**16,769**	**2,509**	**44,024**
Net book value at 31 March 2022	**1,925**	**67,963**	**1,564**	**13,043**	**15,882**	**7,405**	**62**	**107,846**
Net book value at 1 April 2021	**1,834**	**60,032**	**784**	**9,278**	**15,575**	**6,002**	**80**	**93,585**

Note 16.2 Property, plant and equipment - 2020/21

	Land	Buildings excluding dwellings	Dwellings	under constructio n	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2020 - brought forward	**1,834**	**62,223**	**801**	**835**	**37,371**	**19,442**	**2,530**	**125,036**
Additions	-	1,648	-	8,696	3,300	1,554	1	**15,197**
Impairments	-	(2,605)	(30)	-	-	-	-	**(2,635)**
Revaluations	-	(1,554)	(21)	-	-	-	-	**(1,575)**
Reclassifications	-	320	34	(253)	(129)	3	41	**16**
Disposals / derecognition	-	-	-	-	(1,960)	-	-	**(1,960)**
Valuation/gross cost at 31 March 2021	**1,834**	**60,032**	**784**	**9,278**	**38,581**	**20,999**	**2,572**	**134,080**
Accumulated depreciation at 1 April 2020 - as previously stated	**-**	**-**	**(0)**	**-**	**22,628**	**13,329**	**2,411**	**38,368**
Provided during the year	-	1,554	21	-	2,339	1,668	81	**5,661**
Revaluations	-	(1,554)	(21)	-	-	-	-	**(1,574)**
Disposals / derecognition	-	-	-	-	(1,960)	-	-	**(1,960)**
Accumulated depreciation at 31 March 2021	**-**	**0**	**(0)**	**-**	**23,006**	**14,997**	**2,491**	**40,495**
Net book value at 31 March 2021	**1,834**	**60,032**	**784**	**9,278**	**15,575**	**6,002**	**80**	**93,585**
Net book value at 1 April 2020	**1,834**	**62,223**	**801**	**835**	**14,743**	**6,113**	**119**	**86,668**

Note 16.3 Property, plant and equipment financing - 2021/22

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under constructio n £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2022								
Owned - purchased	1,925	66,841	1,564	12,495	12,927	7,153	60	**102,967**
Finance leased	-	-	-	-	2,160	211	-	**2,371**
Owned - donated/granted	-	1,122	-	548	795	41	2	**2,508**
NBV total at 31 March 2022	**1,925**	**67,963**	**1,564**	**13,043**	**15,882**	**7,405**	**62**	**107,846**

Note 16.4 Property, plant and equipment financing - 2020/21

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under constructio n £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2021								
Owned - purchased	1,834	59,221	357	9,198	12,758	5,620	75	**89,063**
Finance leased	-	-	-	-	2,540	332	-	**2,872**
Owned - donated/granted	-	811	427	80	277	50	5	**1,650**
NBV total at 31 March 2021	**1,834**	**60,032**	**784**	**9,278**	**15,575**	**6,002**	**80**	**93,585**

Note 17 Donations of property, plant and equipment

During the year there were donations of £750K received from the Liverpool Heart and Chest Hospital Charity, £568k assets under construction approved to be funded from the Liverpool Heart & Chest Hospital Charity, £236k grant from Health Education England to fund the specific purchase of capital property, plant and equipment. £51k donated equipment are received from DHSC, as part of the national COVID-19 response.

There is no difference between the cash provided and the fair value of the assets purchased.

Note 18 Revaluations of property, plant and equipment

Professional valuations are carried out by the Cushman & Wakefield. 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 depreciated replacement cost on a modern equivalent asset basis as 31st March 2022.

Note 19.1 Investment Property

The Foundation Trust does not hold any investment property.

Note 19.2 Investment property income and expenses

The Foundation Trust does not hold any investment property.

Note 20 Investments in associates and joint ventures

	2021/22 £000	2020/21 £000
Carrying value at 1 April - brought forward	**43**	**44**
Share of profit / (loss)	-	(1)
Disposals	(43)	-
Carrying value at 31 March	**-**	**43**

Note 21 Disclosure of interests in other entities

Liverpool Heart and Chest Hospital Foundation Trust is the Trustee of the Liverpool Heart and Chest Charity.

Note 22 Inventories

	31 March 2022 £000	31 March 2021 £000
Drugs	405	373
Consumables	3,929	1,841
Total inventories	**4,334**	**2,214**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £61,002k (2020/21: £39,717k). Write-down of inventories recognised as expenses for the year were £0k (2020/21: £36k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge.

During 2021/22 the Trust received £290k of items purchased by DHSC (2020/21: £1,536k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 23.1 Receivables

	31 March 2022 £000	31 March 2021 £000
Current		
Contract receivables	9,601	6,285
Allowance for impaired contract receivables / assets	(2,740)	(2,646)
Prepayments (non-PFI)	799	555
PDC dividend receivable	119	762
VAT receivable	191	262
Other receivables	1,288	1,581
Total current receivables	**9,258**	**6,799**
Non-current		
Other receivables	129	-
Total non-current receivables	**129**	**-**
Of which receivable from NHS and DHSC group bodies:		
Current	5,262	3,801
Non-current	129	-

Note 23.2 Allowances for credit losses

	2021/22 Contract receivables and contract assets	2020/21 Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	**2,646**	**2,636**
New allowances arising	427	336
Changes in existing allowances	-	(187)
Reversals of allowances	(63)	-
Utilisation of allowances (write offs)	(270)	(139)
Allowances as at 31 Mar 2022	**2,740**	**2,646**

Note 23.3 Exposure to credit risk

The trust is not exposed to material financial credit risk.

Note 24 Other assets

The Foundation Trust did not hold any other Financial Assets at 31 March 2022 (2021: nil).

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.

	2021/22	2020/21
	£000	£000
At 1 April	**48,964**	**30,249**
Net change in year	(6,229)	18,715
At 31 March	**42,735**	**48,964**
Broken down into:		
Cash at commercial banks and in hand	8	9
Cash with the Government Banking Service	42,727	48,955
Total cash and cash equivalents as in SoFP	**42,735**	**48,964**
Total cash and cash equivalents as in SoCF	**42,735**	**48,964**

Note 25.2 Third party assets held by the Trust

There are no third party assets held by the Trust.

Note 26.1 Trade and other payables

	31 March 2022 £000	31 March 2021 £000
Current		
Trade payables	5,252	4,738
Capital payables	3,397	7,308
Accruals	16,487	13,309
Receipts in advance and payments on account	711	1,131
Social security costs	1,275	1,177
Other taxes payable	1,265	1,061
Other payables	2,665	2,352
Total current trade and other payables	**31,052**	**31,076**
Non-current		
Receipts in advance and payments on account	3,575	4,269
Total non-current trade and other payables	**3,575**	**4,269**
Of which payables from NHS and DHSC group bodies:		
Current	6,609	5,499
Non-current	-	-

Note 27 Other liabilities

	31 March 2022 £000	31 March 2021 £000
Current		
Deferred income: contract liabilities	6,578	3,987
Total other current liabilities	**6,578**	**3,987**
Non-current		
Deferred income: contract liabilities	81	81
Total other non-current liabilities	**81**	**81**

Note 28.1 Borrowings

	31 March 2022 £000	31 March 2021 £000
Current		
Other loans	3	6
Obligations under finance leases	448	331
Total current borrowings	**451**	**338**
Non-current		
Other loans	-	3
Obligations under finance leases	2,716	2,195
Total non-current borrowings	**2,716**	**2,198**

Note 28.2 Reconciliation of liabilities arising from financing activities - 2021/22

	Other loans	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2021	**10**	**2,526**	**2,536**
Cash movements:			
Financing cash flows - payments and receipts of principal	(7)	(389)	**(396)**
Financing cash flows - payments of interest	-	(69)	**(69)**
Non-cash movements:			
Additions	-	1,027	**1,027**
Application of effective interest rate	-	69	**69**
Carrying value at 31 March 2022	**3**	**3,164**	**3,167**

Note 28.3 Reconciliation of liabilities arising from financing activities - 2020/21

	Other loans	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2020	**17**	**2,842**	**2,859**
Cash movements:			
Financing cash flows - payments and receipts of principal	(6)	(316)	**(322)**
Financing cash flows - payments of interest	-	(71)	**(71)**
Non-cash movements:			
Application of effective interest rate	-	71	**71**
Other changes	(1)	-	**(1)**
Carrying value at 31 March 2021	**10**	**2,526**	**2,536**

Note 29 Other financial liabilities

There are no other financial liabilities

Note 30 Finance leases

Note 30.1 Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessor

Future lease receipts due under finance lease agreements where the trust is the lessor:

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

Note 30.2 Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2022	31 March 2021
	£000	£000
Gross lease liabilities	**3,164**	**2,526**
of which liabilities are due:		
- not later than one year;	448	331
- later than one year and not later than five years;	1,980	1,507
- later than five years.	736	688
Net lease liabilities	**3,164**	**2,526**
of which payable:		
- not later than one year;	448	331
- later than one year and not later than five years;	1,980	1,507
- later than five years.	736	688

In 2019/20 the Trust entered into a finance lease arrangement with Siemens Healthcare Limited in order to purchase a CT scanner and an MRI scanner at a capital cost of £2,751k. The lease term is for eight years and at the end of the period ownership can be transferred to the Trust. Transfer can take place by the trust arranging to acquire the asset at the net book value.

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

Note 31.1 Provisions for liabilities and charges analysis

	Pensions: injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2021	**119**	**1,446**	**2,364**	**2,166**	**6,095**
Change in the discount rate	3	-	-	-	**3**
Arising during the year	-	24	15	2,741	**2,780**
Utilised during the year	(9)	(60)	-	(80)	**(149)**
Reversed unused	(3)	(16)	-	(681)	**(701)**
At 31 March 2022	**110**	**1,394**	**2,379**	**4,145**	**8,028**
Expected timing of cash flows:					
- not later than one year;	8	24	15	1,021	**1,068**
- later than one year and not later than five years;	102	1,370	2,364	3,124	**6,960**
- later than five years.	0	(0)	(0)	(0)	**(0)**
Total	**110**	**1,394**	**2,379**	**4,145**	**8,028**

The Foundation Trust has total provisions as at 31st March 2022 of £8,028k.

The redundancy provision relates to Liverpool Health Partners and Innovation Agency. Other provisions of £4,145k includes provisions for payments relating to European Working Time Directive, time owed and holiday pay, and various contracts. Provision has been made for legal claims, including estimated excesses as advised by the NHS Litigation Authority

Note 31.2 Clinical negligence liabilities
At 31 March 2022, £1,519k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Liverpool Heart and Chest Hospital NHS Foundation Trust (31 March 2021: £1,123k).

Note 32 Contingent assets and liabilities

	31 March 2022 £000	31 March 2021 £000
Value of contingent liabilities		
NHS Resolution legal claims	-	(2)
Gross value of contingent liabilities	**-**	**(2)**
Net value of contingent liabilities	**-**	**(2)**
Net value of contingent assets	**-**	**-**

Note 33 Contractual capital commitments

	31 March 2022 £000	31 March 2021 £000
Property, plant and equipment	8,371	13,937
Total	**8,371**	**13,937**

Note 34 Other financial commitments

The Trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	31 March 2022 £000	31 March 2021 £000
not later than 1 year	840	814
after 1 year and not later than 5 years	-	840
Total	**840**	**1,654**

Other Financial Commitments is a 5 year contract for patient catering services.

Note 35 Defined benefit pension schemes
The Foundation Trust did not operate a separate defined benefit pension scheme for the year ended 31 March 2022 (2021: nil).

Note 36 Financial instruments

Note 36.1 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 (CCGs) and NHS England and the way CCGs 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 Trust's 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 but does rely on a US company to provide the consumables for the Surgical robot. The Trust therefore has some exposure to currency rate fluctuations, but these are not considered material.

Interest Rate Risk

The Trust has minimal borrowings. 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 any interest rate risk

Credit Risk

The majority of the Trust's income comes from contracts with other public sector bodies. The Trust has low exposure to credit risk. The maximum exposures as at 31st March 2022 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.

Note 36.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2022	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	8,278	-	**8,278**
Other investments / financial assets	-	-	**-**
Cash and cash equivalents	42,735	-	**42,735**
Total at 31 March 2022	**51,013**	**-**	**51,013**

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	5,220	-	**5,220**
Other investments / financial assets	43	-	**43**
Cash and cash equivalents	48,964	-	**48,964**
Total at 31 March 2021	**54,227**	**-**	**54,227**

Note 36.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	3,164	**3,164**
Other borrowings	3	**3**
Trade and other payables excluding non financial liabilities	27,801	**27,801**
Total at 31 March 2022	**30,968**	**30,968**

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	2,526	**2,526**
Other borrowings	10	**10**
Trade and other payables excluding non financial liabilities	27,707	**27,707**
Total at 31 March 2021	**30,243**	**30,243**

Note 36.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2022	31 March 2021
	£000	£000
In one year or less	28,252	28,046
In more than one year but not more than five years	1,980	1,510
In more than five years	736	688
Total	**30,968**	**30,244**

Note 36.5 Fair values of financial assets and liabilities

The Trust has used book value (carrying value) as an approximation of fair value.

Note 37 Losses and special payments

	2021/22		2020/21	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	51	47
Bad debts and claims abandoned	-	-	111	124
Total losses	**-**	**-**	**162**	**171**
Special payments				
Ex-gratia payments	17	105	14	24
Total special payments	**17**	**105**	**14**	**24**
Total losses and special payments	**17**	**105**	**176**	**195**

Note 38 Gifts

The Foundation Trust received no material gifts during the year ended 31 March 2022 (31 March 2021: nil).

Note 39 Related parties

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Liverpool Heart and Chest Hospital NHS Foundation Trust.

The Department of Health is regarded as a related party. During the year Liverpool Heart and Chest Hospital NHS Foundation Trust have had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

The principal entities are:

- NHS England
- Welsh Health Specialised Services Committee
- Department of Health and Social Care - Isle of Man
- NHS Liverpool CCG
- NHS Knowsley CCG
- NHS Wirral CCG
- NHS Southport & Formby CCG
- NHS St Helens CCG
- NHS Cheshire CCG
- NHS Halton CCG
- Liverpool University Hospitals NHS Foundation Trust
- Alder Hey Children's Hospital NHS Foundation Trust

Note 40 Transfers by absorption

There were no transfers by absorption in the Financial Statements of the Foundation trust for the year ended 31 March 2022.

Note 41 Prior period adjustments

There were no prior period adjustments in the Financial Statements of the Foundation trust for the year ended 31 March 2022.

Note 42 Events after the reporting date

There are events to report after the reporting date.

Independent auditor's report to the Council of Governors of Liverpool Heart and Chest Hospital NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Liverpool Heart and Chest Hospital NHS Foundation Trust (the 'Trust') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group accounting manual 2021 to 2022 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Accounting Officer with respect to going concern are described in the 'Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2021/22 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.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report 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 refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in respect of the above matters.

Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer, 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 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - unusual journals made during the year and after the draft accounts stage
  - accounting estimates and critical judgements made by management
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on unusual and high risk journals;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuations;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and/or expenditure recognition, and the significant accounting estimates related to land and buildings valuations, depreciation and significant year end accruals.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the Trust operates
  - understanding of the legal and regulatory requirements specific to the Trust including:
    - the provisions of the applicable legislation
    - NHS Improvement's rules and related guidance
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - The Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, 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 2022.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, they will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Liverpool Heart and Chest Hospital NHS Foundation Trust for the year ended 31 March 2022 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

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.

Georgia Jones

Georgia Jones, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Liverpool

21 June 2022

Independent auditor's report to the Council of Governors of Liverpool Heart and Chest Hospital NHS Foundation Trust

In our auditor's report issued on 21 June 2022, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2022, in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice, until we had:

- Completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2022 issued on 21 June 2022 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

Report on other legal and regulatory requirements - the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, 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 2022.

We have nothing to report in respect of the above matter.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;

- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Liverpool Heart and Chest Hospital NHS Foundation Trust for the year ended 31 March 2022 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

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.

Georgia Jones

Georgia Jones. Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Liverpool

9 August 2022