NHS

Liverpool Heart and Chest Hospital

NHS Foundation Trust

Annual Report & Accounts

2022/23

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Annual Report and Accounts 2022/23

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

We are delighted to introduce our annual report and accounts for the financial year 2022/23.

The last 12 months has been another exceptionally busy time for everyone at Liverpool Heart and Chest Hospital with the ongoing challenges creating by the COVID-19 pandemic, combined with the return of patient activity levels up to, and beyond, pre-pandemic levels. We understand that one of the biggest challenges in 'returning to normal' has been ensuring that all our patients are treated as quickly as possible. We don't underestimate what a challenge this has been, and we appreciate the work carried out by so many teams in the background, to provide safe and timely care for all our patients this year.

The quality of care provided by our staff is something we have always prided ourselves on, and therefore we were once again delighted that our patients recognised this in the National Inpatient Survey in September 2022. Being rated as the top hospital in the north of England and one of the best hospitals in the country for 'overall patient experience' is fantastic recognition for all our staff.

It was also equally pleasing that in this year's National NHS Staff Survey, published in March 2023, our staff rated LHCH as the top Trust in the country for a 'place to work' and 'staff engagement'. They also recognised our Trust in the top three in the country for 'care is our top priority' and 'a place for treatment'. It is hugely satisfying that both our patients and our staff recognise the exceptional quality of care that is provided by LHCH.

However, as a Trust we are always eager to improve, innovate and collaborate with others to share our expertise wherever possible. This year has been no different.

In April 2022 we joined together with University of Liverpool to open a new mobile spirometry unit that has been used by the LHCH Respiratory Team to provide comprehensive diagnostic tests and services for patients with a range of respiratory conditions both in the hospital and in the local community. In summer 2022, LHCH collaborated with Heart Research UK to launch a new project – the Healthy Families Heart Project - to improve the heart health of the local Liverpool population. LHCH has continued to play an active role with

our partners in the Liverpool Clinical Research Facility to look at ways of addressing the needs of the local population, which has some of the highest rates of cancer and heart disease in the country. Furthermore, our clinical teams at LHCH have been working closely with colleagues at Liverpool University Hospitals to develop plans for a single cardiology service in Liverpool, to transform care for patients.

It's also pleasing to note areas of progress made at LHCH in 2022/23. We have continued to develop services and improve the facilities from which we provide care to our patients and families. This has included taking delivery of a new MRI scanner to improve our diagnostic technology and imaging equipment. We have introduced endoscopic vein harvesting as part of our coronary artery bypass grafting procedures to improve patient care, and our major project to upgrade our catheter laboratories is expected to be completed later this year.

We know there will be many more challenges ahead in the coming 12 months, but as always, we are 100% confident that our outstanding team will respond in the way in which they always have done - providing excellent, compassionate, and safe care for every patient, every day.

It's also important to note that behind the scenes, our outstanding team includes our Council of Governors who give their time voluntarily to support the Board of Directors on a range of issues, and our many dedicated volunteers. They give their time each week to make a significant difference to our patients and families, as well as to our staff, and we are so grateful for all their invaluable contribution at LHCH.

Once again, while we are proud of all that has been achieved in 2022/23, we will not be complacent and look forward to delivering outstanding care, innovative services and collaborative work throughout the year ahead.

Val Davies
Chair

Jane Tomkinson
Chief Executive, OBE

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 181 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 2022/23, there were 96,267 outpatient appointment attendances, including 32,077 'virtual' attendances, plus 13,579 inpatient spells. These included:

- 2,073 cardiac surgery inpatients
- 8,451 cardiology inpatients
- 647 respiratory medicine inpatients
- 1,920 thoracic surgery inpatients

As at 31st March 2023, the Trust employed 1,956 staff of whom 524 were male and 1,432 were female. This includes 42 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 11 were male and 31 were female. This also includes the Board of Directors which comprised 6 males and 9 females, of whom 4 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 Plan.

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 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 was pleased to introduce its new Equality, Diversity, Inclusion and Belonging Strategy (EDIB) in 2022, which outlines its commitments for the next 3 years.

There is a great deal to be proud of at LHCH, not least the outstanding care and compassion shown by everyone who works at the Trust, as recognised by patients, their families and regulators. There is more work to be done and the Trust aims to continue making progress towards shaping a fully inclusive organisation and increasing diversity at all levels. The EDIB Strategy builds upon what has already been accomplished and outlines the Trust's refreshed pledges which will help it achieve even more.

While the Trust serves a catchment area of 2.8 million people, spanning Merseyside, Cheshire, North Wales and the Isle of Man, heart and lung disease continue to be amongst the biggest killers in the UK and the communities served by the Trust are marked by increased prevalence of cardiovascular disease, higher levels of heart failure, hypertension, coronary artery disease and an ageing population. Health inequalities remain a key challenge in Merseyside, with levels of deprivation worse than the England average. The Trust aims for every patient to receive the same high quality of care, regardless of where they live, what health condition they are experiencing, or any other personal characteristic that may affect their experience of accessing health care services.

The Trust's EDIB strategy underpins its wider People Strategy and serves as a plan that sets out the rationale for action and outlines the areas it needs to focus on as an organisation. Not only does the Trust have both a legal and moral duty to promote EDIB, it is important that it leads by example and makes LHCH the best place for treatment and to work. The strategy also supports the Trust's business objectives, vision, mission and values. The strategy has also been aligned to The NHS People Promise, which outlines behaviours and actions that staff can expect from NHS leaders and colleagues, to improve the experience of working in the NHS.

This strategy identifies the Trust's priorities and objectives and addresses the national requirements that are embedded in: Human Rights Act 1998; Equality Act 2010; Public Sector Equality Duty 2010; General Equality Duty; 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); Gender Recognition Act 2004; and Accessible Information Standards.

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

Tackling health inequalities

Addressing health inequalities is a key focus for the NHS and for Liverpool Heart and Chest Hospital.

Health inequalities refers to differences in health outcomes, access to health services, and exposure to health risks that exist between different population groups within a society.

In the context of the NHS, health inequalities refers to disparities in health outcomes and access to care between different population groups, such as differences between socio-economic groups, ethnic groups, or geographic regions. These inequalities can be due to a range of factors, including differences in income, education, employment, housing, and access to health services, as well as broader societal factors such as discrimination and prejudice.

At LHCH, the Trust has a strategic approach to tackling health inequalities, adopting a Population Health Management (PHM) approach underpinned by the national health inequality framework, CORE20PLUS5. The cardiovascular disease (CVD) prevention programme has been used to best demonstrate the Trust's strategic approach - a programme of work led by LHCH at both a local and system level across Cheshire and Merseyside.

At a system level, the Trust is actively engaged in several initiatives/interventions aligned to the PHM approach including: national campaigns, local development of resources and guidelines, health promotion via the Happy Hearts website and associated social media campaigns and numerous outreach events aimed at health screening and patient engagement.

Addressing health inequalities is a key priority, as reducing disparities can lead to improved health outcomes for all and a more equitable distribution of health resources

To achieve its strategic goals, the Trust will look to leverage a 7 point action plan to review and improve health inequalities:

1. Data quality and analysis: Analyse and understand data on health inequalities to understand the extent of the problem and identify priority areas for intervention.
2. Engagement with services: Engage with services and key stakeholders, including Consultants, Nurses, AHPs, as well as Operational leads and patients, to understand their experiences and perspectives on health inequalities.
3. Identification of root causes: Identify the root causes of health inequalities, including social determinants of health such as income, education, employment, and housing.
4. Development of targeted interventions: Develop targeted interventions that address the root causes of health inequalities
5. Monitoring and evaluation: Regularly monitor and evaluate the impact of the interventions, including their effectiveness in reducing health inequalities and their impact on health outcomes.

6. Continual improvement: Use the results of the monitoring and evaluation to continually improve the action plan and make changes as needed.
7. Communication and education: Develop and implement a communication and education strategy to raise awareness about health inequalities and the action plan, and to encourage participation and engagement from all stakeholders.

The Analytics, Data Engineering and Research teams have worked together with the divisions to explore health inequalities. Analysis has been performed on referral to treatment data and presented back to clinical teams showcasing any variation in access to care. Further work has been completed to explore the data quality and completeness of ethnicity and learning disabilities data and action plans have been put in place to improve these.

The next steps include completing further reviews with the clinical teams and providing greater analysis on other areas of access. A new quarterly report will be created to provide feedback to the Trust's Board on health inequalities, in accordance with the new code of governance.

Quality priorities

The Trust's quality priorities for the year are:

Priority One: Discharge medication (TTO)

- All inpatients who are being discharged home will have their medication dispensed and receive their medication within 60 minutes of the prescription being received in pharmacy**.**

Priority Two: Availability and uptake of nutritional snacks

- All inpatients will be offered a regular number of snacks daily.

Priority Three: Discharge equipment

- All inpatients referred to occupational therapy will have their needs assessed and any equipment required on discharge will be provided before the patient is ready to be discharged.

Priority Four: Smoking cessation

- All inpatients will be offered regular support to stop smoking.

Key achievements in 2022/23

- LHCH was rated as the top hospital in the north of England and one of the best hospitals in the country for 'overall patient experience' according to the NHS Inpatient Survey, published in September 2022.

- LHCH was rated the top Trust in the country for a 'place to work' and 'staff engagement' and was in the top three trusts in the country for 'care is our top priority' and 'a place for treatment', in the NHS Staff Survey 2022, published in March 2023.

- LHCH won the Excellence in Public Service HR Award at the Personnel Today Awards 2022 in November 2022.

- LHCH was a shortlisted finalist for *Trust of the Year* and the *Staff Wellbeing Award* at the HSJ Awards in November 2022.

- LHCH was a shortlisted finalist for Excellence in Employee Engagement at the HPMA Awards 2022.

- LHCH Consultant Cardiologist, Professor Greg Lip, was awarded the 2023 Distinguished Scientist Award-Clinical Domain by the American College of Cardiology in March 2023.

- LHCH was named winner of the Hospital Security Award in the 2022 Health Business Awards in December 2022.

- LHCH was awarded the NHS Pastoral Care Quality Award in January 2023.

- 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 2022/23.

- British actor, Daniel Craig, was announced as a new ambassador for Liverpool Heart and Chest Hospital Charity in January 2023.

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

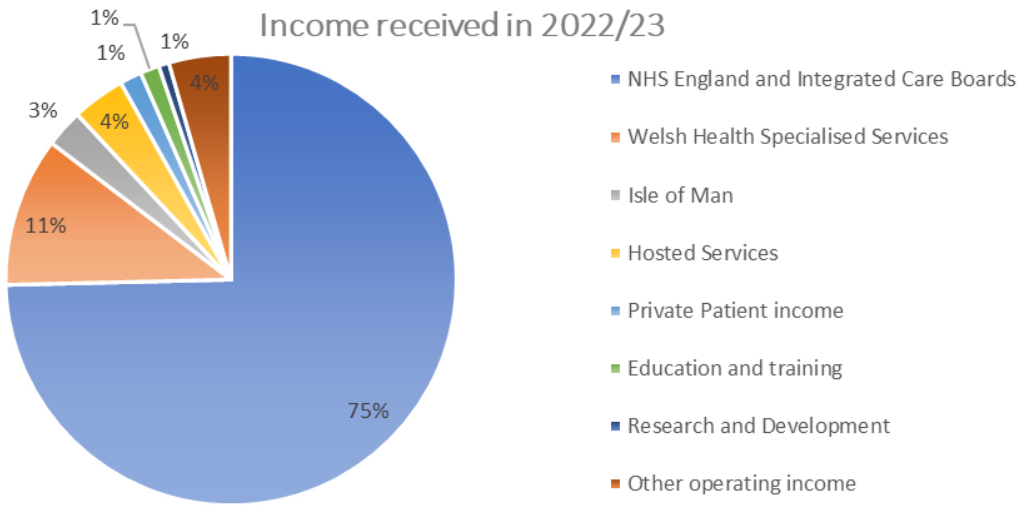
The main headlines for the financial framework and financial performance for the Trust in 2022/23:

- As the NHS recovers from the COVID-19 pandemic, elements of the simplified financial framework were maintained in 2022/23, most notably the retention of fixed contract sums from English commissioners.
- This core income was supplemented with Elective Recovery Funding (ERF), with a clear focus on funding the Trust 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 surplus of £3.2m.
- The Trust identified and delivered £3.4m 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 and higher than anticipated interest income.

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

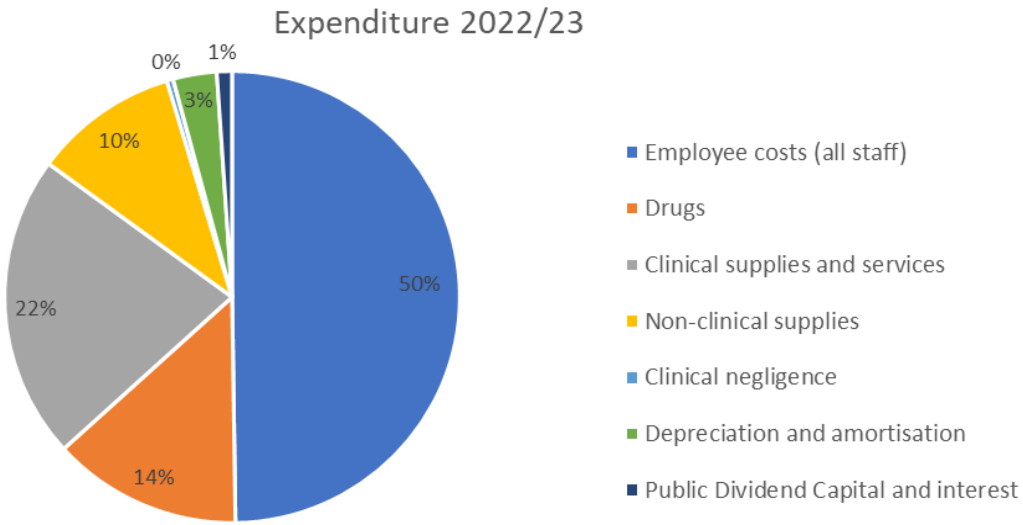
	£m	
	2022/23	**2021/22**
Income from patient care activities	206.2	192.2
Other income	24.9	23.4
Total income	**231.1**	**215.6**
Employee expenses	-113.6	-102.7
Non-pay expenses	-104.8	-101.3
Total expenditure	**-218.4**	**-204.0**
EBITDA	12.7	11.6
Depreciation and Amortisation	-7.1	-6.1
Total interest receivable/(payable)	0.8	-0.1
PDC dividends	-2.4	-2.1
Other gains / (losses)	0.2	-0.2
Net surplus (as per annual accounts)	4.2	3.1
Normalising adjustments (incl. net impairments)	-1.0	-3.1
Adjusted financial performance	3.2	0.0

The following pie chart sets out the income received by Liverpool Heart and Chest 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 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	3.3	3.4

CIP schemes are identified by Trust Divisions and Corporate departments and are subject to review by the Trust Senior Management Team and the Finance and Performance Group. Further oversight and assurance is achieved through the Integrated Performance Committee. Quality and Equality Impact Assessments are undertaken on all CIP schemes above a *de minimus* value. They are reviewed through the Quality Committee to ensure that schemes are not agreed which will have a detrimental effect upon patient safety, quality of care and do not disadvantage any protected groups. 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 2022/23 financial year, the total capital investment in improving hospital facilities was £16.6m. The main investments are highlighted below.

- Continuation of the Cath Lab refurbishment programme - £7.0m
- Estates investment for general maintenance and improvements - £2.1m
- IT investment - £2.9m
- MRI scanner - £1.5m
- Two CT scanners associated with the Targeted Lung Health Check programme - £1.9m
- £1.2m on Medical Equipment

After funding the capital programme outlined above, the Trust had a closing cash balance of £41.3m as at 31st March 2023.

Better Payment Practice Code

The Better Payment Practice Code requires trusts to aim to pay 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 (the national performance target is 95%).

Year to Date BPCC	22/23	
	Number	£'000
Non NHS		
Total bills paid in the year	29,213	134,254
Total bills paid within target	28,278	132,526
Percentage of bills paid within target	96.8%	98.7%
NHS		
Total bills paid in the year	1,510	22,732
Total bills paid within target	1,459	21,972
Percentage of bills paid within target	96.6%	96.7%
Total		
Total bills paid in the year	30,723	156,986
Total bills paid within target	29,737	154,498
Percentage of bills paid within target	96.8%	98.4%

Conclusion

The Trust continued to maintain sound financial management practices, achieving a £3.2m surplus whilst delivering recurrent savings and making planned investments for the benefit of patients and staff.

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. The additional investment remains in place nationally to address the growth in waiting lists, and the Trust has plans in place to increase patient numbers.

The Trust has completed the year in a strong financial position and continues to be well placed to respond to the financial challenges ahead.

Jane Tomkinson
Chief Executive
30th June 2023

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 England, 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 2022 to 31st March 2023, the following were members of the Trust's Board of Directors:

Name / Profile Overview	Title	Notes
Val Davies *Extensive experience in consultancy and strategic planning, and as Deputy Chair at St Helens and Knowsley Teaching Hospitals NHS Trust.*	**Chair**	
Margaret Carney *Senior executive with a long career in local government – previously CEO at Sefton Council and Director of Finance and Corporate Resources at Warrington Council.*	**Non Executive Director / Deputy Chair**	
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 / Senior Independent Director**	
Julian Farmer *Qualified accountant with senior level experience as an auditor within the health and local government sectors.*	**Non Executive Director / Chair of Audit Committee**	
Louise Robson *Senior leader with extensive previous experience in NHS Chief Executive and Deputy Chief Executive roles.*	**Non Executive Director**	Took up post from 1st May 2022
Andrew Lang *Extensive finance and business experience with roles as Chief Risk Officer and Director of Financial Planning at Co-operative Group.*	**Non Executive Director**	Served until 22nd September 2022
Karen O'Hagan *Senior executive with a career in international medical products and technologies. Previously Vice Chair with Liverpool Community Health.*	**Non Executive Director**	Served until 29th April 2022
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 *Senior NHS finance leader, with previous experience as Deputy Director of Finance at Wirral University Teaching Hospitals NHS Foundation Trust.*	**Chief Finance Officer**	
Jonathan Mathews *Senior NHS operational leader with previous divisional manager experience.*	**Chief Operating Officer**	

How the Board operates

During the year there were some changes to the Non Executive Directors (NEDs) with two NEDs leaving and one NED joining. There were no changes to the Executive Directors.

As at 31st March 2023, the Board comprised the Chair, Chief Executive, five independent Non Executive Directors (one of whom is designated Senior Independent Director) and four Executive Directors. The Board is supported by four additional non-voting directors – the Director of Risk & Improvement (also the Company Secretary), the Chief People Officer, the Director of Strategic Partnerships, and the Chief Digital and Information Officer (joint appointment with Alder Hey Children's Hospital NHS Foundation Trust).

The Trust is committed to having a diverse Board in terms of gender and diversity of experience, skill, knowledge and background and these factors are given careful consideration when making new appointments to the Board. Of the 11 serving members of the Board (voting) at 31st March 2023, six 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 seven times during the year and at each meeting Directors received reports on quality and safety, patient experience and care, key performance information, operational activity, financial performance, key risks and strategy. As part of ongoing plans to keep Trust staff and the public safe throughout the Covid-19 pandemic, Board meetings in 2022/23 have been held in person for Board members and via video conference for members of the public and invited attendees. 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 Risk & Improvement), 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 England'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 (eg. 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 seven times during the year. Attendance at meetings is recorded below.

Director	26th April 2022	31st May 2022	26th July 2022	27th Sept 2022	28th Nov 2022	7th Feb 2023	29th March 2023
Chair							
Val Davies	✓	✓	✓	✓	✓	✓	✓
Chief Executive							
Jane Tomkinson	✓	✓	✓	✓	✓	✓	✓
Non Executive Directors							
Nicholas Brooks	✓	x	✓	✓	✓	✓	✓
Bob Burgoyne	✓	✓	✓	✓	✓	✓	✓
Margaret Carney	✓	✓	✓	✓	✓	✓	✓
Julian Farmer	x	✓	✓	✓	✓	✓	✓
Andrew Lang		✓	x				
Karen O'Hagan	✓						
Louise Robson		✓	✓	✓	✓	✓	✓
Executive Directors							
Karen Edge	✓	✓	✓	✓	✓	✓	✓
Jonathan Mathews	✓	✓	✓	✓	✓	✓	✓
Sue Pemberton	✓	✓	✓	✓	✓	✓	✓
Raphael Perry	✓	✓	✓	✓	✓	✓	✓

**In order to limit the spread of Covid-19, Board Meetings in 2022/23 have taken place as hybrid meetings, with Board members in attendance in person and members of the public and invited attendees joining via video conference. 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 Risk and Improvement. Agendas 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 2022/23, this comprised five elements:

i) **Regular evaluation of Board meetings** – the Board returned to face to face meetings as Infection Prevention and Controls measures were reduced in respect of the coronavirus pandemic. Virtual access was also 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 2022/23. The committee effectiveness reviews included a

desktop review, survey and workshop. All Terms of Reference had been reviewed and an assurance report provided to the Board of Directors.

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 guidance. Governors were actively involved in the Chair's appraisal process. All Director appraisals for 2022/23 will be completed by June 2023. Throughout 2022/23 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. The Board commissioned an independent evaluation against the Monitor (now NHSEI) Well Led Framework in March 2017, and therefore a further review was due in March 2020. At this time, the Board gave careful consideration to this requirement and decided that commissioning an external review in 2019/20 did not offer best use of Trust resources given the assurance received following the CQC's assessment of the Well led criteria as 'outstanding' in the summer of 2019. The Board has considered this requirement annually and a decision made to defer due to the ongoing Covid-19 pandemic. This has been further considered by the Board in 2022/23 and a plan is in place to undertake a formal self-assessment and consider commissioning of an external review in Q4 2023/24.

Following the resignation of the Countess of Chester Hospital NHS Foundation Trust (COCH) Chief Executive Officer (CEO) during 2022/23, the Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH) CEO was approached by Cheshire and Merseyside ICB to provide support to the COCH. It was agreed by both Trusts that Jane Tomkinson, Chief Executive Officer; Sue Pemberton, Director of Nursing, Quality and Safety; and Jonathan Develing, Director of Strategic Partnerships would be seconded on a part time basis therefore undertaking roles at both Trusts.
The Board succession plan has been reviewed in 2022/23 with a number of changes to Non-Executive Director and Executive Directors. In particular, much consideration continues to be given to the diversity of the Board in the context of the succession plan and recruitment campaigns.

v) **2021/22 Board Development Plan -** all Board directors participated in the 2022/23 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, NHS Providers, Cheshire and Merseyside ICS, NHS Confederation, alongside the regular communications and leadership webinars. Topic areas included system development, collaborative working, health inequalities, risk appetite, estates

strategy, finance strategy and operational planning. This engagement has provided significant personal development and has supported Board members in keeping abreast of key developments, issues, challenges and policy direction along with the Trust's response. The 2023/24 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.

Following a pause during the pandemic, the Trust is pleased that in-person walkabouts have been able to recommence, both to non-clinical and clinical areas of the hospital, and Governors have accompanied Non Executive Directors to a range of areas. To support Governors in their role and to help build knowledge and understanding of governance arrangements, Non Executive Directors have also led development groups which have focused on the role of the Trust's board assurance committees. All Governors have an annual one-to-one with the Chair and are able to arrange informal meetings with the Chair and/or the Director of Risk & Improvement where necessary. In addition, Governors also receive a monthly electronic briefing from the Chair ensuring that they are updated on any communications, news and forthcoming events.

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.

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.

1. Quality Committee
2. Integrated Performance Committee
3. 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 2022/23.

Member	17th June 2022	19th July 2022	11th Oct 2022	10th Jan 2023	21st March 2023
Nicholas Brooks	✓	✓	✓	✓	✓
Bob Burgoyne	✓	✓	✓	✓	✓
Margaret Carney	✓	✓	✓	✓	✓
Louise Robson	✓	✓	✓	✓	✓
Julian Farmer	✓	✓	✓	✓	✓
Andrew Lang	✓	x			
Karen O'Hagan					

**In order to limit the spread of Covid-19, all Audit Committee Meetings in 2022/23 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 2022/23, by critically reviewing governance and assurance processes on which the Board of Directors place reliance is set out below.

During 2022/23 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 2022/23

The narrative below sets out the principal areas of review and significant issues considered by the Audit Committee during 2022/23, 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 2022/23 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 2023 meeting. The Committee considers that the 2022/23 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 the 2022/23 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. The Trust has refreshed and embedded risk appetite, and BAF reporting through the Board of Directors and Assurance Committees. 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 2023/24.

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 2022/23. 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 continued to take place.

Governance arrangements and risk management processes in respect of wider systems / partnership working/ ICS has continued to evolve in 2022/23. This remains a focus for Audit Committee assurance.

The Audit Committee has received and reviewed committee effectiveness reports for 2022/23 from each assurance committee of the Board of Directors (March 2023); these enabled the Audit Committee to consider 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 ensure follow up in respect of audit work, receiving assurance on progress against agreed actions through the regular MIAA follow up reports.

The Committee has undertaken a comprehensive annual 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 and waiting times were breached through the year due to the increased waiting lists as a result of the pandemic, albeit recognising that the Trust's performance against recovery trajectories has been strong

when benchmarked nationally and regionally. 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 2022/23.

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 2022/23. 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 review of Data Security and Protection Toolkit received moderate assurance, with a robust action plan delivered to ensure compliance at the time of final submission.

Anti-fraud

The Committee reviewed and approved the anti-fraud work plan for 2022/23 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 AFS has worked with the Trust to promote fraud awareness and re-assess fraud risk in line with NHS Counter Fraud Authority counter fraud functional standards.

External audit

With support of the Council of Governors, market testing was undertaken for the provision of external audit services from 2022/23. The Council of Governors approved the recommendation to re-appoint Grant Thornton as the Trust's external auditor, for a 3-year period with an option of a further 2 years.

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 2023. These included the following matters:

- Revenue recognition
- Management override of controls
- 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 2022/23 financial statements.

The Trust's land and buildings (including dwellings) at 31st March 2023 are valued at £73.75m 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 2022/23

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, cyber security, risk management developments, reviews of the clinical audit programme and compliance with NICE guidelines.

Other assurance

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

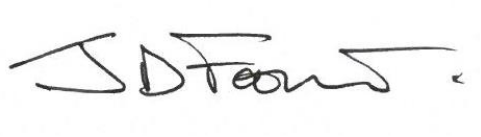
The Committee has reviewed and updated the Governance Manual including Standing Financial Instructions and Schemes of Delegation and has formally adopted the revised manual. It has considered any variations requested by hosted organisations and made recommendations to the Board of Directors.

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 with a thorough self-assessment against its Terms of Reference along with operational effectiveness. This included a workshop to explore key areas of the Terms of Reference as well as the audit committee handbook supplementary guidance. 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
30th June 2023

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.

During this financial year, the committee met twice and conducted the following business.

- Review of Non Executive Director succession plan.
- Extension of Julian Farmer, Non Executive Director, for a further 18 months to May 2024.
- Consideration of the proposal to appoint an Associate NED through the NHS England NExT Director Scheme for 2023/24 to bring greater diversity to our Board of Directors.

There was no review of Non Executive Directors or Chair remuneration in 2022/23. In accordance with the guidance there was no inflationary pay award applied in 2022/23.

Review of the proposed Chair and Non Executive Director Induction process was undertaken by the full Council of Governors during their meeting in private in March 2023.

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 2022/23 and conducted the following business.

- Review of Chief Executive and executive team member appraisals and objectives.
- Review of Board succession plan.
- Appointment of Chief Operating Officer and flexible working arrangements for the Chief People Officer.
- Approval of the VSM pay award in line with NHSE recommendations.
- Review of executive portfolios to meet the changing needs of the Trust, including designation of voting Executive Directors.
- Approval of Chief Executive Officer, Director of Nursing and Director of Strategic Partnerships support to the Countess of Chester Hospital NHS Foundation Trust.
- Approval of Liverpool Health Partners (hosted organisation) organisational change proposal.
- Approval of the North West Coast Innovation Agency (hosted organisation) Mutually Agreed Resignation Scheme (MARS).

Attendance at Nominations and Remuneration Committee (Executive) in 2022/23:

Member	17th June 2022	26th July 2022	27th Sept 2022	4th Oct 2022	5th Dec 2022	17th Jan 2023
Val Davies (Chair)	✓	✓	✓	✓	✓	✓
Nicholas Brooks	✓	✓	✓	x	X	✓
Bob Burgoyne	x	✓	✓	✓	✓	✓
Margaret Carney	✓	✓	✓	✓	✓	✓
Louise Robson	✓	✓	✓	x	✓	✓
Julian Farmer	✓	✓	✓	✓	✓	✓
Karen O'Hagan						
Andrew Lang	x	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 England'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 and in the Annual Governance Statement (section 2.7).

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 35).
- Details of future developments and strategic direction of the Trust can be found in Part 1; Performance Report (page 5).
- Trust policies on employment and training of disabled persons can be found in the Staff Report within the Accountability Report – Part 2.3 (page 18).
- 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 18).
- 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.

Emergency Preparedeness, Resilience and Response

NHS service providers are required to produce evidence that they meet the requirements detailed in NHS England's Emergency Preparedness Resilience and Response (EPRR) Core Standards. In the 2022/23 EPRR Assurance process, LiverpooL Heart and Chest Hospital NHS Foundation Trust declared a compliance level of **Substantially Compliant.**

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 2022 to 31 March 2023
- sets out tables of information showing details of the salary and pension interests of all directors for the financial period 1 April 2022 to 31 March 2023.

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 2023 are detailed below:

Single total figure table (audited)

Year ended 31st March 2023							
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	7,900	0	0	0	170 - 175
Raphael Perry	Medical Director/Deputy Chief Executive	185 - 190	0	0	0	0	185 - 190
Karen Edge	Chief Finance Officer	125 - 130	0	0	0	52.5 - 55	180 - 185
Susan Pemberton	Director of Nursing, Quality & Safety	120 - 125	0	0	0	0	120 - 125
Jonathan Develing	Director of Strategic Partnerships	85 - 90	1,500	0	0	0	85 - 90
Karan Wheatcroft	Director of Risk & Improvement	90 - 95	0	0	0	57.5 - 60	150 - 155
Kate Warriner	Chief Digital & Information Officer	45 - 50	0	0	0	12.5 - 15	60 - 65
Jonathan Mathews	Chief Operating Officer	110 - 115	0	0	0	35 - 37.5	145 - 150
Karen Nightingall	Chief People Officer	90 - 95	1,500	0	0	17.5 - 20	110 - 115
Val Davies	Chair	40 - 45	1,300	0	0	0	45 - 50
Nicholas Brooks	Non Executive Director	10 - 15	600	0	0	0	10 - 15
Julian Farmer	Non Executive Director	15 - 20	600	0	0	0	15 - 20
Bob Burgoyne	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Margaret Carney	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Louise Robson	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.*
- *J Tomkinson was appointed to the position of Acting Chief Executive of Countess of Chester Hospital NHS Foundation Trust on 01/01/2023, whilst continuing in her role at LHCH. From 01/01/2023 to 31/03/2023, 40% of her salary was paid by LHCH and 60% was paid by CoCH.*
- *S Pemberton was appointed to the position of Acting Assistant Chief Executive of Countess of Chester Hospital NHS Foundation Trust on 09/01/2023, whilst continuing in her role at LHCH. From 09/01/2023 to 31/03/2023, 60% of her salary was paid by LHCH and 40% was paid by CoCH.*
- *J Develing was appointed to the position of Acting Director of Strategic Partnerships of Countess of Chester Hospital NHS Foundation Trust on 09/01/2023, whilst continuing in his role at LHCH. From 09/01/2023 to 31/03/2023, 80% of his salary was paid by LHCH and 20% was paid by CoCH.*
- *V Davies was appointed to the position of Chair on 01/04/2022.*
- *L Robson was appointed to the position of Non-Executive Director on 01/05/2022.*

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.

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.*
- *Neil Large ceased to be Chairman on 31/03/2022.*

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.

Taxable expenses payments include travel expenses between Home and LHCH main site, and benefits in kind (salary sacrifice lease cars schemes).

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.

2022/23								
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 2023 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31st March 2023 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2022	Real Increase /(decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2023	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	30 - 35	45 - 50	525	51	611	0
J Mathews - Chief Operating Officer	2.5 - 5	0	10 - 15	0	86	9	113	0
K Nightingall - Chief People Officer	0 - 2.5	0	0 - 5	0	40	14	66	0
K Warriner - Chief Digital & Information Officer	0 - 2.5	0 - 2.5	10 - 15	20 - 25	155	6	173	0
K Wheatcroft - Director of Risk & Improvement	2.5 - 5	2.5 - 5	30 - 35	55 - 60	404	41	471	0

- *In accordance with the GAM, negative values are substituted with a zero*
- *Where members left the scheme on or before 31/3/2022 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 value (CETV) figures are calculated using the guidance on discount rates for calculating unfunded public service contribution rates that was extant on 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

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*

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.

	2022/23	
	Percentage change for highest paid director	Percentage change for employees as a whole
Salary and allowances	1.48%	10.58%
Performance pay/bonuses	-100.00%	0.00%

	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 highest paid director did not receive any performance pay/bonuses in 22/23. Hence 100% reduction was disclosed in above table.

The remuneration of the median, lower quartile, upper quartile salary and multiple to the highest paid employee of the Trust for 2022/23 and the prior year comparative is provided below:

Pay ratio information

	2022/23	2021/22
	Ratio between highest pay director employee remunerations	Ratio between highest pay director employee remunerations
Lower Quartile Ratio	7:1	8:1
Median Pay Ratio	5:1	6:1
Upper Quartile Ratio	4:1	4:1

	2022/23	2021/22
Band of Highest Paid Directors' total remuneration (£'000)	180	190
Median total (£)	34,947	32,306
Ratio	5	6
Lower Quartile (£)	26,815	24,074
Upper Quartile (£)	46,180	45,368

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 2022/23 was £180k (2021/22 £190k). This was 5 times (2021/22, 6 times) the median remuneration of the workforce, which was £35k, (2021/22 £32k). The median remuneration of the workforce for 2022/23 has increased by 8% comparing to 2021/22. The lower quartile remuneration of the workforce for 22/23 (£27k) has increased by 11% comparing to 21/22 (£24k), and the upper quartile remuneration of the workforce for 22/23 (£46k) has increased by 2% comparing to 21/22 (£45k). These are consistent with the pay award introduced in 22/23.

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.

	2022/23	2021/22
Highest Paid Director's total remuneration (£)	180,000	190,000
Salary component of total remuneration (£)	180,000	173,000
Lower Quartile Ratio	7:1	8:1
Median Pay Ratio	5:1	6:1
Upper Quartile Ratio	4:1	4:1

In 2022/23, 10 (2021/22, 0) employees received remuneration in excess of the highest paid director. Remuneration ranged from £13k to £269k (2021/22 £16k to £190k).

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 was appointed as the Interim CEO at The Countess of Chester Hospital NHS Foundation Trust on 01/01/2023 whilst continuing her role with LHCH. The remuneration was considered carefully on appointment and referenced to benchmarking data. She accepted the position and is paid at a level that is commensurate with her skills and experience. 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 2022/23 the total number of directors in office was 15 (2021/22, 18). The number of directors receiving expenses in the reporting period was 6 (2021/22, 3). The aggregate sum of expenses paid to these directors in the reporting period was £2,466 (2021/22, £1,050).

Expenses of the Governors

In 2022/23 the total number of governors in office was 25 (2021/22, 25). The number of governors receiving expenses in the reporting period was 5 (2021/22, 2). The aggregate sum of expenses paid to these governors in the reporting period was £1,088 (2021/22, £103).

Jane Tomkinson
Chief Executive
Date: 30th June 2023

2.3 Staff Report

At 31st March 2023, the workforce key performance indicators were as follows:

- Sickness absence was 2.15% above target.
- Turnover (all leavers) is 16.85% which is above target by 6.85%.
- Voluntary turnover is 11.68 % which is above target by 1.68%.
- Appraisal completions are 92.32 % which is above the Trust target of 90%.
- Mandatory training at 31/03/23 was 93.40% which is 1.60% 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.

2022/23 data

Key Performance Indicators	Sickness Absence (12 Months)	Turnover (All) (12 Months)	Voluntary Turnover (12 Months)	Mandatory Training	Appraisal
Actual	5.55%	16.85%	11.68%	93.40%	92.32%
Target	3.4%	10%	10%	95%	90%

2022/23 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

2022/23 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 2023:

As at 31st March 2023	Male	Female	Total
Board of Directors:			
Non Executive Directors	3	3	6
Executive Directors (voting)	2	3	5
Associate Directors (non-voting)	1	3	4
Senior Managers	11	31	42
Trust Employees	506	1392	1898
Total Staffing	524	1432	1956

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				
	31/03/23		31/03/22	
Age Band	**Heads**	**%**	**Heads**	**%**
16-20	23	1.18%	13	0.69%
21-25	131	6.70%	125	6.59%
26-30	239	12.22%	233	12.28%
31-35	274	14.01%	263	13.86%
36-40	271	13.85%	266	14.02%
41-45	225	11.50%	220	11.60%
46-50	200	10.22%	190	10.02%
51-55	215	10.99%	219	11.54%
56-60	202	10.33%	213	11.23%
61-65	130	6.65%	119	6.27%
66-70	30	1.53%	20	1.05%
71+	16	0.82%	16	0.84%
Total	**1956**	**100%**	**1897**	**100%**

Gender Profile				
	31/03/22		31/03/21	
Gender	**Heads**	**%**	**Heads**	**%**
Female	1432	73.21%	1382	72.85%
Male	524	26.79%	515	27.15%
Total	**1956**	**100%**	**1897**	**100%**

** Transgender not recorded*

Disability Profile				
	31/03/23		31/03/22	
Disability	Heads	%	Heads	%
No	1361	69.58%	1340	70.64%
Not Declared	91	4.65%	101	5.32%
Undefined	431	22.03%	396	20.88%
Yes	73	3.73%	60	3.16%
Total	**1956**	**100%**	**1897**	**100%**

Religion Profile				
	31/03/23		31/03/22	
Religion	Heads	%	Heads	%
Atheism	225	11.50%	205	10.81%
Buddhism	7	0.36%	12	0.63%
Christianity	883	45.14%	920	48.50%
Hinduism	39	1.99%	33	1.74%
I do not wish to disclose my religion/belief	186	9.51%	205	10.81%
Islam	44	2.25%	40	2.11%
Judaism	2	0.10%	2	0.11%
Other	74	3.78%	78	4.11%
Sikhism	10	0.51%	10	0.53%
Undefined	486	24.85%	392	20.66%
Total	**1956**	**100%**	**1897**	**100%**

Sexual Orientation Profile				
	31/03/23		31/03/22	
Sexual Orientation	Heads	%	Heads	%
Bisexual	11	0.56%	9	0.47%
Gay or Lesbian	27	1.38%	27	1.42%
Heterosexual or Straight	1370	70.04%	1328	70.01%
I do not wish to disclose my sexual orientation	144	7.36%	162	8.54%
Other sexual orientation not listed	3	0.15%	1	0.05%
Undecided	0	0%	1	0.05%
Undefined	401	20.50%	369	19.45%
Total	**1956**	**100%**	**1897**	**100%**

Ethnicity Profile				
	31/03/23		31/03/22	
Ethnic Origin	Heads	%	Heads	%
A White - British	1462	74.74%	1491	78.60%
B White - Irish	31	1.58%	31	1.63%
C White - Any other White background	50	2.56%	48	2.53%
D Mixed - White & Black Caribbean	4	0.20%	4	0.21%
E Mixed - White & Black African	5	0.26%	2	0.11%
F Mixed - White & Asian	5	0.26%	3	0.16%
G Mixed - Any other mixed background	9	0.46%	12	0.63%
H Asian or Asian British - Indian	232	11.86%	173	9.12%
J Asian or Asian British - Pakistani	12	0.61%	13	0.69%
K Asian or Asian British – Bangladeshi	1	0.05%	1	0.05%
L Asian or Asian British - Any other Asian background	24	1.23%	23	1.21%
M Black or Black British - Caribbean	4	0.20%	3	0.16%
N Black or Black British - African	19	0.97%	16	0.84%
P Black or Black British - Any other Black background	15	0.77%	11	0.58%
R Chinese	9	0.46%	7	0.37%
S Any Other Ethnic Group	24	1.23%	15	0.79%
Undefined	37	1.89%	32	1.69%
Z Not Stated	13	0.66%	12	0.63%
Total	**1956**	**100%**	**1897**	**100%**

Analysis of staffing costs and numbers

Staff costs							
					2022/23		2021/22
	Permanent		Other		Total		Total
	£000		£000		£000		£000
Salaries and wages	89,050		1,774		**90,824**		82,350
Social security costs	8,625		-		**8,625**		7,566
Apprenticeship levy	424		-		**424**		374
Employer's contributions to NHS pension scheme	12,813		153		**12,967**		12,099
Pension cost - other	-		-		**-**		-
Other post employment benefits	-		-		**-**		-
Other employment benefits	-		-		**-**		-
Termination benefits	-		-		**-**		-
Temporary staff	-		1,167		**1,167**		754
Total gross staff costs	**110,911**		**3,094**		**114,006**		**103,144**
Recoveries in respect of seconded staff	-		-		**-**		-
Total staff costs	**110,911**		**3,094**		**114,006**		**103,144**
Of which							
Costs capitalised as part of assets	431		-		**431**		415
Average number of employees (WTE basis)							
					2022/23		2021/22
	Permanent		Other		Total		Total
	Number		Number		Number		Number
Medical and dental	192		3		**195**		183
Ambulance staff	-		-		**-**		-
Administration and estates	510		16		**526**		521
Healthcare assistants and other support staff	281		22		**303**		307
Nursing, midwifery and health visiting staff	591		42		**633**		578
Nursing, midwifery and health visiting learners	-		-		**-**		-
Scientific, therapeutic and technical staff	249		-		**249**		245
Healthcare science staff	-		-		**-**		-
Social care staff	-		-		**-**		-
Other	-		-		**-**		-
Total average numbers	**1,823**		**82**		**1,905**		**1,834**
Of which:							
Number of employees (WTE) engaged on capital projects	7		-		**7**		7

Expenditure on consultancy

Total expenditure during 2022/23 on consultancy has totalled £207k.
In 2021/22 this was £508k.

Off-payroll engagements

Highly-paid off-payroll worker engagements as at 31 March 2023

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

All highly-paid off-payroll workers engaged at any point during the year ended 31 March 2023 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 inscope 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

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

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

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	-	6	£31,177.14
£10,000 – £25,000	1	2	£42,358.12
£25,001 – £50,000	-	5	£148,987.43
£50,001 – £100,000	2	3	£297,874.70
£100,000 – £150,000	1	-	£128,487.81
£150,001 – £200,000	-	-	-
Total resource cost	4	16	£648,885.20

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	12	£310,636.93
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice	4	£58,746.64
Exit payments following Employment Tribunals or court orders	-	-
Non-contractual payments requiring HMT approval *	-	-
Total	16	£369,383.57

Equality, Diversity, Inclusion & Belonging

The Trust has refreshed its EDIB Strategy which sets out the Trusts ambition to have a culture of belonging and trust, and to understand, encourage and celebrate diversity in all its forms. The pledges within the strategy were carefully crafted internally through inclusive '*think tank'* sessions with various staff groups and through engagement with the EDIB Steering and People Delivery Group. The strategy is underpinned by an operational action plan which sets out a number of thematic themes

Progress and achievements to date include:

- We launched our LHCH Belong Inclusion Network and held a series of virtual events with guest speakers to enhance and build an inclusive culture. We have also held a number of engagement session and listening rooms to help understand the lived experiences of our people and to improve.

- LHCH aims to be intentional about its actions for change and becoming an anti-racist organisation. To support this an anti-racist commitment statement was developed and published.

- We have been successfully accredited as 'Veteran Aware' by the national steering group for the NHS Veteran Covenant Healthcare Alliance. We have also been successful in our Employer Recognition Scheme (Silver) application. This means that LHCH has been accredited as exemplars of the best care for veterans, helping to drive improvements in NHS care for people who serve or have served in the UK armed forces and their families.

- We have overhauled our recruitment and flexible working practices and refreshed our refreshed Recruitment & Retention Strategy. Through inclusive recruitment the Trust will ensure that the workforce reflects the community it serves, create a sustainable pipeline of talented staff and better retain its people.

- We have supported staff from ethnic minority groups to access leadership development and have recently enrolled one of our Band 6 nurses onto the pilot of the Louise de Codia Leadership Programme, which has been designed as an innovative pipeline leadership programme and development space for ethnic minority nurses.

- LHCH was ranked 1st for 'Compassionate and Inclusive Leadership' in the National Staff Survey benchmarked against the national scores for acute specialist trusts

- We have led cultural transformation in the development of the Trusts 'Be Civil Be Kind' Campaign. The campaigns aim is to help address behavioural concerns and bring about positive change for all, by focussing on civility, kindness, and respect. To support the implementation of the campaign, we invested in the delivery of drama-based training to the Board and Senior Management Team, with the intention to roll out further EDIB focused sessions to the wider organisation.

- We completed our 2022 Workforce Race Equality/Disability Standard (WRES/WDES) submissions, designed to help improve the working environment and experience of our disabled workforce and people from ethnic minorities. Action to improved experiences have been incorporated into the EDIB Action Plan

The monitoring and review of equality related activities takes place 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/9157/gender-pay-gap-report-2022.pdf

Communicating and engaging with staff

The Trust maintains strong communication and engagement with its workforce. During 2022/23, the following initiatives have taken place linked to staff engagement:

Team Brief

- The Team Brief approach to encourage staff involvement continued during 2022/23, 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.

Chief Executive bulletins

- In addition to the weekly ebulletin and to provide clear, consistent and timely updates and information to all staff from Gold and Bronze Command meetings and relating to other important service issues, fortnightly communication ebulletins were issued to all staff throughout 2022/23.

Bronze command

- In addition to the fortnightly ebulletins, bronze command meetings have been held throughout 2022/23 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 and other key service 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, health 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 Claire Quarterman, 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

Since the official opening in late 2021 the Centre has hosted the delivery of corporate induction and welcome, leadership programmes, Medical and Non-medical competency skills programmes, University accredited courses, OSCE based training and examinations alongside traditional LHCH suite of programmes.

Leadership and management

- In July 2022 we have launched a Learning catalogue with all internal and external development opportunities for leaders and managers.
- In 2022 we continued to successfully deliver the Foundation of Leadership Programme
- Influence and Impact Senior leadership Programme was launched in October 2022
- A bespoke Admin Management Programme was designed and delivered between Nov 2022 and May 2023
- First cohort of the New Manager Induction was delivered successfully in March 2023. This will be delivered regularly during 2023.
- Leadership and management skills sessions are also developed and delivered as part of the International Nurses Aspiring Programme and Preceptorship Programme.
- As local hosts to the NHS Leadership Academy Mary Seacole programme, LHCH has successfully supported 3 cohorts in 2022 and continues to support further 4 in 2023.
- 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 across both organisations.

Partnership with Edge Hill University

- LHCH continue to strengthen its partnership with Edge Hill University, whilst maintaining good relationships with all other HEIs within Cheshire and Merseyside.
- The Trust currently offer, in partnership with Edge Hill University, two Post Graduate Certificate options in Advanced Cardiothoracic Care and Advanced Critical Care. The successful development of and Advanced Cardiology module, has been added to the portfolio enabling LHCH staff to continue to deliver outstanding care to all patients and develop these skills in other professionals across the system.
- The Trust is working towards the development of an MSc in Cardiothoracic Practice.

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 monthly 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 with staff side/employees 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 1 April to 31 March with submissions due by 31 July. The information in the below table covers the reporting period 1st April 2021 to 31st March 2022 as per statutory regulations. Updated reporting covering the period 1st April 2022 to 31st March 2023 will be published on the Trust's website by 31st July 2023.

Trade Union Facility Time 1 April 2021 to 31 March 2022	
Employees in the organisation	
	1,501 to 5,000 employees
Trade union representatives and full-time equivalents	
Trade union representatives:	6
FTE trade union representatives:	5.45
Percentage of working hours spent on facility time	
0% of working hours:	0 representatives
1 to 50% of working hours:	6 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:	£103,144,000
Total cost of facility time:	£9,656.00 £33,396.78
Percentage of pay spent on facility time:	0.01%
Paid trade union activities	
Hours spent on paid facility time:	1689
Hours spent on paid trade union activities:	30
Percentage of total paid facility time hours spent on paid TU activities:	0

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.

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. Funding from the C&M system for health & wellbeing was secured which enabled us to enhance our EAP offer in 2022 to include more funded counselling sessions and Cognitive Behaviour Therapy (CBT) if required.

The Trust has an established Health and Wellbeing Steering Group which meets bi-monthly and looking after our people remains a priority for the organisation. The Trust has extended its wellbeing offer in 2022 by:

- The Mental Health 1st Aiders at have been upskilled to become Wellbeing Champions, levelling up the mental wellbeing service the Trust provides to its people.

- The Psychological Wellbeing Toolkit has been refreshed and relaunched which brings together useful resources available to employees and to support managers when signposting.

- The Trusts has appointed a clinical psychologist and a proportion of their role will be dedicated to improving the psychological health of our people

- The HWB team partnered with the Strategic Partnership Team to run a series of wellbeing events for staff at LHCH. The 1st event was aligned to the national campaign' *Know your Numbers'* where organisations are encouraged to arrange blood pressure checks for their employees, so they can get treatment (if required) and protect their long-term health. The team used the opportunity to scale and expand the offer to employees with a focus on improving health from a cardiovascular disease (CVD) prevention perspective. A range of opportunist diagnostic testing was offered, including, blood pressure, pulse, and cholesterol tests

- we have brought together important financial wellbeing resources that are already available, including useful links and signposting to regional and national support/advice.

We have also strengthened the resilience of our people by:

- Completing a comprehensive study and action plan to address the challenges
- Embedded Schwartz Rounds within the organisation running a different themed round every month.
- Revised out 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 People Delivery Group (where appropriate), which acts on delegated responsibility from the People Committee.

The following policies have been reviewed and/or developed in 2022/23:

- Flexible Working
- Medical Staff Annual Leave
- Pension Contribution Alternative Reward
- Equality and Inclusion
- Annual Leave
- Organisational Change
- Professional Registration
- Venepunture in Adults
- Disclosure and Barring Checks
- Retirement
- Handling Concerns About the Conduct, Performance and Health of Medical Staff

- Job Planning - Consultants, SAS Doctors and Trust Doctors
- Medical Appraisal
- Medical Staff Remediation
- Study and Professional Leave for Consultant Medical Staff
- Alcohol, Drugs or Solvent Misuse
- Capability & Performance
- Hybrid Working Policy
- Grievance
- Stress Prevention & Management in the Workplace
- Supporting Staff following Work Related Traumatic or Stressful Incidents

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.

Widening access

- The Trust has supported local school open days with career open days and interviewing/CV skills, and career coaching. LHCH is continuing to develop relationships and working in partnership with local schools, colleges and local agencies and will continue in 2023/24. In addition to this the Trust held an 'Access to Medicine' course for prospective medical students in 2022, attended by 20 Year 12 students from across the local region.

- Traineeships were initially developed for young people between the ages of 16 and 24 years, but over the past 12 months they have expanded to include people of any age. Working with a local training provider – Hugh Baird College, these learners are given employability 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 the college training.

- Candidates are supported by the teams in which they are placed and by the Widening Participation Co-ordinator. 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 that have been through this programme have applied to work on the LHCH bank and have been successful in securing regular shifts around the Trust. Over the past 12 months we have welcomed 7 trainees into the Trust., and we are due to begin a new cohort in June 2023 which will have approx. 12 trainees.

- The Cadetship programme commenced in LHCH in 2020 has now developed in the T Level Programme in partnership with Hugh Baird College. This programme 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 of the programme, candidates will gain a level 3 healthcare qualification which will enable them to be employed as a healthcare assistant or gain access to either nursing associate or registered nurse programmes. In 2022 we welcomed 15 T Level Health and Social Care students into the Trust and we have just welcomed a new cohort of 13 T Level Health and Social Care students.

- Following the successful pilot of Project Search, working in collaboration with Liverpool University Hospitals NHS Foundation Trust, this programme has been established as an annual programme, supporting up to 10 individuals. Project Search is a supported internship for people with learning difficulties. In 2021 the LUFT & LHCH collaboration won a national award for the development of this programme. In 2022 we found permanent employment for one of the supported interns within LHCH. So far this year, we have found placements for 4 interns throughout the Trust and we have received great feedback from both staff members and the interns themselves.

- In 2023/24 we will continue delivering Pre-Employment and Functional Skills programmes.

International nursing recruitment:

- LHCH has continued to be part of the Pan Mersey Collaborative for the recruitment of international nurses. In 2022 LHCH recruited a further 40 nurses from the Pan Mersey Collaboration, all of whom have successfully completed their OSCE examinations and have gained their NMC registrations. A further 11 nurses were recruited in February 2023 and will sit their examinations in May. All cohorts have been supported both pastorally and educationally to ensure their knowledge and skills are maintained whilst waiting for OSCE examinations. LHCH were successful in achieving the NHS Pastoral Care Quality Award in 2022 and also received a letter of thanks from the Chief Nursing Officer, Dame Ruth May.

- Internationally recruited nurses are working across the cardiorespiratory spectrum including Critical Care, 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.

Summary of performance – NHS Staff Survey results 2022

2022 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

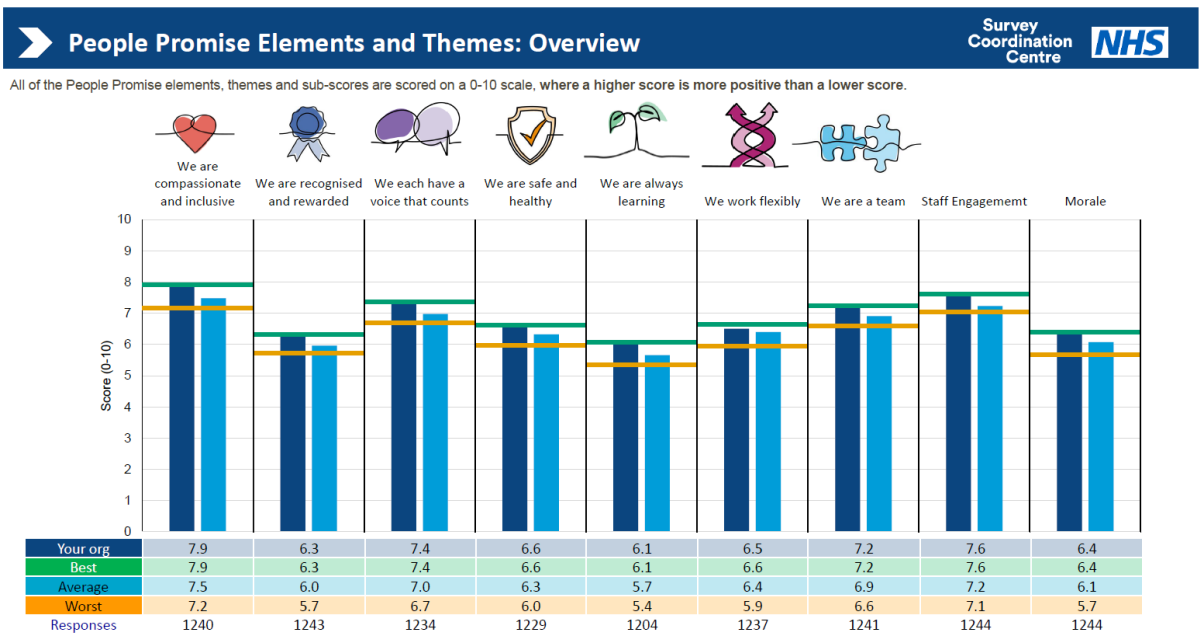
The other eight themes are no longer reported (*previous years data shown below*).

A total of 1,247 staff out of 1,812 eligible staff completed the 2022 NHS Staff Survey which represents a response rate of 69%. This was higher than the 2021 response rate of 62%.

The high response rate to the NHS Staff Survey was achieved through a strong focus on staff engagement and visibility. We ran a 'take a break, have a kit kat' initiative again following the success of this in 2021 and coordinated a raffle prize draw for high response rate departments. A large number of engagement events were held including walk arounds on night shifts which helped boost participation.

The survey method for 2022 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 Engagememt	Morale
Your org	7.9	6.3	7.4	6.6	6.1	6.5	7.2	7.6	6.4
Best	7.9	6.3	7.4	6.6	6.1	6.6	7.2	7.6	6.4
Average	7.5	6.0	7.0	6.3	5.7	6.4	6.9	7.2	6.1
Worst	7.2	5.7	6.7	6.0	5.4	5.9	6.6	7.1	5.7
Responses	1240	1243	1234	1229	1204	1237	1241	1244	1244

	2022/23		2021/22	
	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)
We are Compassionate and Inclusive	7.9	7.5	7.8	7.5
We are recognised and rewarded	6.3	6.0	6.3	6.1
We each have a voice that counts	7.4	7.0	7.3	7.0
We are safe and health	6.6	6.3	6.5	6.2
We are always learning	6.1	5.7	5.9	5.6
We work flexibly	6.5	6.4	6.4	6.3
We are a team	7.2	6.9	7.1	6.9
Staff engagement	7.6	7.2	7.5	7.3
Morale	6.4	6.1	6.3	6.0

Source: NSS22 Benchmark Reports_RBQ / RBQ-benchmark-2021

	2020/21			2019/20		2018/19
	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)
Equality, Diversity and Inclusion	9.5	9.2	9.4	9.2	9.4	9.3
Health and wellbeing	6.7	6.5	6.5	6.3	6.6	6.3
Immediate Managers	7.3	7.1	7.3	7.1	7.3	7.0
Morale	6.4	6.4	6.5	6.4	6.4	6.3
Quality of care	8.0	7.9	8.1	7.9	8.1	7.8
Safe environment – bullying and harassment	8.8	8.4	8.7	8.3	8.8	8.2
Safe environment – violence	9.6	9.8	9.7	9.8	9.7	9.7
Safety culture	7.5	7.0	7.5	7.0	7.6	6.9
Staff engagement	7.6	7.4	7.6	7.5	7.7	7.4
Team working	7.0	6.8	7.1	6.9	-	-

Source: NHS_staff_survey_2020_RBQ_full > 2020 NHS Staff Survey Results > Theme results > Overview

The results are very positive and show the Trust performing as below:

- 1st in the country for '*a place to work'* & '*staff engagement'*
- 2nd for "*care is our top priority"*
- 3rd for "*a place for treatment*"
- 1st in 8 out of 9* of the People Promise elements & themes, benchmarked against 'Acute Specialist Trusts'.
- 1st in all four areas benchmarked against all Trusts in Cheshire and Merseyside

The top and bottom 5 scores and those most/least improved from the 2022 survey are shown in the below.

Most improved scores	Org 2022	Org 2021
q7b. Team members often meet to discuss the team's effectiveness	68%	60%
q30b. Disability: organisation made reasonable adjustment(s) to enable me to carry out work	77%	69%
q13d. Last experience of physical violence reported	76%	69%
q14d. Last experience of harassment/bullying/abuse reported	58%	52%
q9c. Immediate manager asks for my opinion before making decisions that affect my work	67%	61%

Most declined scores	Org 2022	Org 2021
q4c. Satisfied with level of pay	28%	40%
q24b. I am unlikely to look for a job at a new organisation in the next 12 months	54%	57%
q3h. Have adequate materials, supplies and equipment to do my work	68%	72%
q12g. Never/rarely lack energy for family and friends	38%	41%
q14a. Not experienced harassment, bullying or abuse from patients/service users, their relatives or members of the public	86%	88%

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Picker

Tables are based on absolute % differences, not statistical significance

Source: RBQ NSS22 Picker Management Report

Areas highlighted for improvement

Overall, the results are really positive, and it is pleasing to see that there have been improvements made since the 2021 survey and the Trust is 1st in country as a place to work. This is particularly outstanding, given that staff have worked through extraordinary challenges over the past few years

The Trust is committed to focusing on the following themes. This is notwithstanding the work already being progressed against the People Strategy, to improve our staff experience.

- Supporting staff to improve their health and wellbeing and reduce burn out
- Improve and sustain lower levels of turnover
- Continue to enhance our reward and benefits offer for staff
- Create a safe working environment for our staff

Divisional actions plans will be presented at Operational Board, People Delivery Group and People Committee. The monitoring of the plans will be managed locally through divisional performance meetings.

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 People Pulse Staff reporting: NHS England » The National Quarterly Pulse Survey

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			2022/23			
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	People Pulse Q1	People Pulse Q2	Staff Survey Q3	People Pulse Q4
69%	74%	76%	76%	73%	71%	71%	76%	76%	62%	74%	66%	N/A	77%	78%	69%

*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			2022/23			
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	People Pulse Q1	People Pulse Q2	Staff Survey Q3	People Pulse Q4
96%	97%	97%	95%	97%	96%	96%	94%	92%	87%	92%	88%	N/A	88%	91%	86%

*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. A revised Code of Governance has been published and will be in place for 2023/24.

During 2022/23, the Board of Directors has maintained governance policies and processes that reflect the principles of the Code, including:

- 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, mentoring 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; and
- Internal audit and anti-fraud arrangements, policies and plans.

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 2022/23.

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. The Board has considered this annually and it was further deferred due to escalation of the covid-19 pandemic.

Since publication of the Code of Governance, 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 continues to ensure a focus on well led through 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 2022/23 including the positioning of the Trust and collaboration in relation to Integrated Care Systems and system working. 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 Non Executive Director 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.

This has been further considered by the Board in 2022/23 and a plan is in place to undertake a formal self-assessment and consider the commissioning of an external review in Q4 2023/24.

ii) Provision B.7.1 which states:

'Any term beyond six years (eg. 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.'

Julian Farmer (NED) has been re-appointed by the Council of Governors until 31st May 2024, at which point he will have served on the Board of the Foundation Trust for 3 terms (9 years). A review of independence and performance including the importance of continuity in light of other Non Executive Director changes was undertaken by the Council of Governors to support his extended period of office. The appointment of the Senior Independent Director role was re-assigned to Bob Burgoyne (Non Executive Director) as part of this process. The Board has reviewed and confirmed continued independence. The succession plan and recruitment timetable will be further reviewed in 2023/24.

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 and face-to-face 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. Membership recruitment events resumed during 2022/23.

Membership profile

Constituency			
Public Area	**As at 31st March 2023**	**As at 31st March 2022**	**Increase/ Decrease**
Cheshire	2,037	2,077	-40
Merseyside	4,502	4,431	+71
North Wales	1,422	1,484	-62
Rest of England and Wales	763	767	-4
Total - Public Constituency	**8,724**	**8,759**	**-35**
Staff Constituency	1,872	1,758	+114

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 8th November 2022, 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 2022/23 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 2022/23, the Trust has:

i) Provided a local (electronic) induction pack for every new governor on appointment and an initial induction meeting with Chair.
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.
iii) Provided an annual Governor development day, part of which is dedicated to joint work with the Board - this event was conducted face to face.
iv) Provided access to the NHS Providers' *Govern Well* Programme.
v) Provided opportunity for governors to attend the NHS Providers Annual Conference.
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 member engagement events and newsletters. Engagement events continued to be restricted 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 the Chair, including an opportunity to share and discuss key topics.
xi) Provided regular written communications bulletins to Governors to update on the Covid-19 status of the hospital, infection prevention measures and other key 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 Nomination and Remuneration Committee (NEDs) to review the Char and Non Executive Director succession plan, manage the Chair and Non Executive Director recruitment and re-appointments.
xiv) Continued to provide Governor development sessions related to key assurance committees.
xv) Provided new governors with an opportunity to access governor mentoring.

Elections

The Board of Directors can confirm that elections for Public and Staff Governors held in 2022/23 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 uncontested)	1	Stephen Storey	3
Staff			
Registered Nurses (Election contested)	2	Michelle Beaver Sharon Faulkner	3
Registered Medical Practitioners (Election uncontested)	1	Rebecca Dobson	3

Governor attendance at Council of Governor meetings 2020/21

Between 1st April 2022 and 31st March 2023, the Council of Governors met formally on four occasions. Attendance at meetings was either in-person or via video conference due to ongoing Covid-19 precautions.

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 2022/23			
	7th June 2022	26th Sept 2022	6th Dec 2022	7th March 2023
Public Constituency				
Merseyside				
Trevor Wooding (Senior Governor)	✓	✓	✓	✓
Dorothy Burgess	✓	✓	✓	✓
David Bromilow	✓	✓	x	✓
Elaine Holme	✓	x	x	✓
Terence Comerford	✓	✓	✓	✓
Peter Humphrey	x	✓	✓	✓
Cheshire				
Allan Pemberton	✓	✓	✓	✓
Mark Allen	x			
Dennis McAllister	✓	✓	✓	✓
Ray Davis	✓	✓	x	✓
Stephen Storey			✓	✓
North Wales				
Joan Burgen	x	✓	✓	✓
Dusty Rhodes	✓	x	✓	✓
Peter Wareham	✓	x	x	✓
Rest of England and Wales				
Lynne Addison	✓	x	x	✓
Staff Constituency				
Registered Nurses and Non-Registered Nurses				
Charles Cowburn	x	x		
Sharon Faulkner	✓	✓	x	✓
Princey Santhosh	x	x	x	x
Michelle Beaver			✓	✓
Non Clinical				
Megan Cromby	✓	✓	✓	✓
Rachael McDonald	✓	x	x	✓
Allied Health Professionals, Technical and Scientific				
Dorothy Price	x	x	✓	✓
Registered Medical Practitioners				
Rebecca Dobson	x	x	✓	
Nominated Governors:				

Governor Name	Council of Governor Meeting Dates 2022/23			
	7th June 2022	26th Sept 2022	6th Dec 2022	7th March 2023
Karen Higginbotham *(Liverpool John Moores University)*	x	x	x	x
Wendy Caulfied *(Friends of Robert Owen House)*	✓	✓	x	x
Cllr Sharon Connor *(Liverpool City Council)*	x	x	x	
James Roberts *(Liverpool City Council)*				✓
Hollie Swann (University of Liverpool)	✓	x		
Neil French (University of Liverpool)			✓	✓
Board Members in attendance:				
Val Davies	✓	✓	✓	✓
Jane Tomkinson	x	x	✓	✓
Sue Pemberton	✓	✓	x	✓
Raphael Perry	x	✓	✓	✓
Karen Edge	✓	✓	✓	x
Jonathan Mathews	✓	✓	x	x
Nicholas Brooks	x	✓	✓	✓
Margaret Carney	✓	✓	✓	✓
Julian Farmer	✓	✓	✓	x
Andrew Lang	✓			
Louise Robson	✓	✓	x	✓
Bob Burgoyne	✓	✓	✓	x

2.5 NHS Oversight Framework

NHS England's NHS Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. NHS organisations are allocated to one of four 'segments'.

A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). A segment does not determine specific support requirements. By default, all NHS organisations are allocated to segment 2 unless the criteria for moving into another segment are met.

These criteria have two components:

a. objective and measurable eligibility criteria based on performance against the six oversight themes using the relevant oversight metrics (the themes are: quality of care, access and outcomes; people; preventing ill-health and reducing inequalities; leadership and capability; finance and use of resources; local strategic priorities)

b. additional considerations focused on the assessment of system leadership and behaviours, and improvement capability and capacity.

An NHS foundation trust will be in segment 3 or 4 only where it has been found to be in breach or suspected breach of its licence conditions.

Segmentation

NHS England 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 31 March 2023.

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 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 England.

NHS England 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 England, 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 Liverpool Heart and Chest Hospital 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 Liverpool Heart and Chest Hospital 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 Liverpool Heart and Chest Hospital NHS 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
30th June 2023

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 2023 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 2022/23 the responsibility for risk management was delegated to the Director of Risk and Improvement, who acted as Chief Risk Officer, working closely with the Director of Nursing, Quality and Safety. The Director of Risk and Improvement has ensured compliance with the Trust's 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 and local training sessions. 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 full review of strategic risk and risk appetite was undertaken in 2022/23 to reflect wider system and collaboration arrangements. This underpinned the Board of Director's quarterly review of the Board Assurance Framework (BAF).

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 Risk Management Committee receives regular assurance on these processes.

The Director of Nursing, Quality and Safety leads the Trust-wide effort on organisational learning, supported by the Director of Risk and Improvement and the Trust Safety Lead. There is an organisational learning policy which sets out how learning is cascaded and the 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, Sharing and Learning forums and corporate communications. This is underpinned by a strong incident and risk reporting culture which provides the opportunity to learn, and follow up on the improvements to ensure sustainability.

Throughout 2022/23, the Trust has continued to operate a streamlined command and control structure. 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 supported the Trust's continued response to the Covid pandemic, the focus on recovery of services and the preparation, operational management and impact of industrial action during 2022/23. The Trust has worked collaboratively to support the mitigation and management of wider Cheshire and Merseyside system risks, including mutual aid.

Key in-year risks

The Covid-19 pandemic placed considerable pressure on the diagnostic services and referral to treatment targets (compliance with provider licence condition 4 – Foundation Trust 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 and implications from the continued industrial action. 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 referral to treatment 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 2023/24). The Trust's position and forecast demonstrates strong performance and recovery in 2022/23 when benchmarked across the country. Industrial action continues to impact activity trajectories.

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. A new integrated incident reporting and risk system has been procured in year and will be implemented in 2023/24.

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 through divisional governance and management structures.

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. An independent internal audit review of key risk management core controls provided high assurance in year.

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 six serious incidents and no never events in 2022/23, with all of these reported to STEIS. All serious incidents have been subject to full root cause analysis, identification and cascade of organisational learning and duty of candour. Preparation for the new Patient Safety Incident Response Framework (PSIRF) has progressed in year with full implementation planned for August 2023.

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. In 2022/23 the Board of Directors also dedicated a session at one of its' strategy days to receive presentations on a range of quality and safety improvements.

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, along with Governors. The outcomes of the EECS assessments during 2022/23 continue to demonstrate a high level of compliance across the CQC standards.

Throughout 2022/23 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. 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 a Non Executive Director Chair and membership enabling effective challenge of assurances to support delivery of the Trust's strategic objectives, management of risk and regulatory compliance. The committee effectiveness reviews provided assurance on their operation in year.

The Trust's Operational Board is chaired by the Chief Executive and comprises all members of the executive team, and the three Divisional Triumvirate Leadership Teams (Associate Medical Directors, Heads of Nursing and Divisional Heads of Operations). There are extended meetings on a quarterly basis which 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 face to face meetings have been reintroduced for the Board, with Assurance Committee meetings continuing to be held online. The annual workplans for Committees were established at the beginning of 2022/23 and delivered throughout the year. 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 continued operational challenges, the Board has devoted time to focus on culture, risk appetite, innovation, digital developments, collaboration, health inequalities and strategic priorities.

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 strategy, recruitment and retention strategy and safe staffing levels. The challenges of Industrial Action during 2022/23 have been managed through our emergency planning and preparedness arrangements, ensuring the priority remained on the safety of our services for our patients and our staff. Support was also provided to staff with an enhanced focus on wellbeing.

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. A review of the proposed changes to the licence has also been undertaken in advance of it being introduced in 2023/24.

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 through the Integrated Performance Committee. This year has seen continued focus on the recovery plan trajectories, managing waiting lists, recovery of long waiters, and ensuring robust clinical review of priority 2 patients and longer waiters on the waiting lists in line with national guidance.

Board walkabouts have been introduced during 2022/23 as permitted with the appropriate IPC measures, with both Non Executive and Executive Directors being visible. The Board have received patient and staff stories and have been updated on a range of topics including

research, cystic fibrosis, stroke services, cancer services, and the targeted healthy lung programme.

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 regular review and update of 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 review the relevant BAF risks, and reports on BAF key issues to the Board. 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 2022/23.

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 reduce long waiters. The impact of Industrial action has added a new risk to operational recovery during 2022/23. There remains significant risks to operational recovery for both the Trust and wider Cheshire and Merseyside System. Trajectories are re-set through the operational planning process and managed through strong performance management and reporting, with the Trust also providing mutual aid where appropriate to the wider system.

ii) Staff Wellbeing and Retention

The focus on the wellbeing of the workforce and recruitment and retention will continue to be a key focus. This includes but is not limited to the ongoing industrial action across a range of professional bodies.

iii) Financial delivery and capital

The new financial framework continues to be established at system level. Further work is underway to understand the implications for Cheshire and Merseyside and individual organisations. The system capital envelope is challenging and organisations will need to continue to manage and mitigate local risks.

iv) System collaboration

The Board will continue to consider the implications of the Health and Care Act 2022 and its collaboration within the wider health and care system. The Board remains mindful of its wider catchment population, beyond Cheshire and Merseyside and whilst ensuring contribution to the Cheshire and Merseyside Integrated Care System, will continue to consider all service changes in the context of benefits to patients across the population it serves.

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

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 has continued to work collaboratively through the Cheshire and Merseyside Acute and Specialist Trust (CMAST) provider collaborative, which was formally established as a Committee in Common in 2022/23.

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 (NHSE). 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 2022/23. The Board itself reviews a report on financial performance provided by the Chief Finance Officer including key performance indicators and NHSE metrics at each Board meeting. The Board reviewed the Trusts self assessment with the HfMA financial management checklist in 2022/23 and received independent assurance from its internal auditors. 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 (CIP) 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 to the Board of Directors as part of the annual plan approval.

Information governance

The DSPT baseline assessment was submitted in February 2023, with the final submission to be completed in June 2023. 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.
The information governance function continues to work collaboratively in partnership with Alder Hey to further strengthen and enhance processes and controls across all areas of information governance. Outputs and delivery of the information governance work programme are monitored through the Trusts governance and committee structures. There have been no reportable data security incidents during 2022/23.

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 Quality Committee receive regular updates against the quality and safety priorities within the Quality and Safety Strategy. 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 a new joint Data Quality Strategy with Alder Hey Children's NHS Foundation Trust that has launched in 2022/23. The Strategy outlines the importance of good data quality in all areas of work and the tools and mechanisms to be used to implement the new strategy. This includes referral to treatment waiting times for elective care, which are subject to robust data quality measures and reviewed through performance dashboards at all levels of the organisation.

The Patient Pathways Assurance Group (PPAG) continued to provide an increased focus on data quality in 2022/23. The Trust have recently added to the governance structure of data quality by forming a Data Quality Steering Group which reports directly into PPAG. This group is chaired by the Associate Director of Data and Analytics and has representation from Clinical, Operational, Finance, Audit and Quality Improvement to help oversee the Data Quality Programme for Liverpool Heart and Chest.

Liverpool Heart and Chest Hospital submit records to Secondary Uses service (SUS) for inclusion in the Hospital Episode Statistics, which are reported on variety of schedules ranging from daily, weekly and monthly. Performance is reported via DQMI (Data Quality Maturity Index) and the Commissioning Data Set (CDS) Data Quality Dashboard. On review of the latest publications of our data quality, The Trust is viewed favourable and often exceeds national performance in the majority of indicators.

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 2022/23 iDigital achieved Level 3 accreditation with the ISD network which demonstrates the commitment to staff development. The coding team also hold the required coding accreditations for their

roles. External audits are also completed in different areas on a regular basis to show the Trust's commitment to transparency and desire for improvement.

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 2022/23.

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 2022/23. 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 2023

SECTION 3: ANNUAL ACCOUNTS

Liverpool Heart and Chest Hospital NHS Foundation Trust
Annual Report and Accounts 2022/23

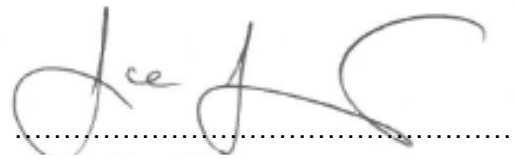
Annual accounts for the year ended 31st March 2023

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 2023, 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 
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Name Jane Tomkinson
Job title Chief Executive
Date **30th June 2023**

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: 30th June 2023

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: 30th June 2023 .....  .....Chief Executive

Date: 30th June 2023 ....  .....Finance Director

Certificate on summarisation schedules Trust Accounts Consolidation (TAC) Summarisation Schedules for Liverpool Heart and Chest Hospital NHS Foundation Trust

Trust Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2022/23 have been completed and this certificate accompanies them.

Finance Director Certificate

1. I certify that the attached TAC schedules have been compiled and are in accordance with:

- the financial records maintained by the NHS trust
- accounting standards and policies which comply with the Department of Health and Social Care's Group Accounting Manual and
- the template accounting policies for NHS trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.

2. I certify that the TAC schedules are internally consistent and that there are no validation errors.

3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Foundation Trust.

Karen Edge, Chief Finance Officer
30th June 2023

Chief Executive Certificate

1. I acknowledge the accompanying TAC schedules, which have been prepared and certified by the Finance Director, as the TAC schedules which the Trust is required to submit to NHS Improvement.

2. I have reviewed the schedules and agree the statements made by the Director of Finance above.

Jane Tomkinson, Chief Executive
30th June 2023

Statement of Comprehensive Income

	Note	2022/23 £000	2021/22 £000
Operating income from patient care activities	3	206,186	192,183
Other operating income	4	24,864	23,405
Operating expenses	6, 8	(225,429)	(210,165)
Operating surplus/(deficit) from continuing operations		**5,621**	**5,423**
Finance income	10	866	23
Finance expenses	11	(63)	(72)
PDC dividends payable		(2,415)	(2,079)
Net finance costs		**(1,612)**	**(2,128)**
Other gains / (losses)	12	196	(231)
Surplus / (deficit) for the year from continuing operations		**4,205**	**3,064**
Surplus / (deficit) for the year		**4,205**	**3,064**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(507)	(1,375)
Revaluations	16	-	3,430
Other reserve movements		0	3
May be reclassified to income and expenditure when certain conditions are met:			
Total comprehensive income / (expenditure) for the period		**3,698**	**5,122**

Statement of Financial Position

	Note	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Intangible assets	13	109	180
Property, plant and equipment	14	115,230	107,846
Right of use assets	17	4,152	
Receivables	20	146	129
Total non-current assets		**119,637**	**108,155**
Current assets			
Inventories	19	4,350	4,334
Receivables	20	13,111	9,258
Cash and cash equivalents	22	41,348	42,735
Total current assets		**58,809**	**56,328**
Current liabilities			
Trade and other payables	23	(37,558)	(31,052)
Borrowings	25	(719)	(451)
Provisions	27	(515)	(1,068)
Other liabilities	24	(7,462)	(6,578)
Total current liabilities		**(46,254)**	**(39,149)**
Total assets less current liabilities		**132,192**	**125,334**
Non-current liabilities			
Trade and other payables	23	(2,982)	(3,575)
Borrowings	25	(3,415)	(2,716)
Provisions	27	(5,032)	(6,960)
Other liabilities	24	(81)	(81)
Total non-current liabilities		**(11,509)**	**(13,331)**
Total assets employed		**120,683**	**112,003**
Financed by			
Public dividend capital		74,265	69,283
Revaluation reserve		11,439	11,949
Income and expenditure reserve		34,979	30,771
Total taxpayers' equity		**120,683**	**112,003**

The notes from pages 103 form part of these accounts.

Name Jane Tomkinson
Position Chief Executive
Date 30 June 2023

Statement of Changes in Equity for the year ended 31 March 2023

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**69,283**	**11,949**	**30,771**	**112,003**
Implementation of IFRS 16 on 1 April 2022	**-**	**-**	**-**	**-**
Surplus/(deficit) for the year	-	-	4,205	**4,205**
Impairments	-	(507)	-	**(507)**
Public dividend capital received	4,982	-	-	**4,982**
Other reserve movements	-	(3)	3	**0**
Taxpayers' and others' equity at 31 March 2023	**74,265**	**11,439**	**34,979**	**120,683**

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**

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	2022/23 £000	2021/22 £000
Cash flows from operating activities			
Operating surplus / (deficit)		5,621	5,423
Non-cash income and expense:			
Depreciation and amortisation	6.1	7,084	6,104
Net impairments	7	(675)	(2,511)
Income recognised in respect of capital donations	4	(465)	(800)
(Increase) / decrease in receivables and other assets		(3,975)	(3,231)
(Increase) / decrease in inventories		(16)	(2,120)
Increase / (decrease) in payables and other liabilities		7,243	5,784
Increase / (decrease) in provisions		(2,458)	1,933
Net cash flows from / (used in) operating activities		**12,359**	**10,581**
Cash flows from investing activities			
Interest received		866	23
Purchase and sale of financial assets / investments		-	43
Purchase of intangible assets		(107)	-
Purchase of PPE and investment property		(16,844)	(18,712)
Sales of PPE and investment property		200	15
Receipt of cash donations to purchase assets		375	750
Net cash flows from / (used in) investing activities		**(15,510)**	**(17,882)**
Cash flows from financing activities			
Public dividend capital received		4,982	2,976
Movement on other loans		(3)	(7)
Capital element of finance lease rental payments		(820)	(389)
Other interest		(6)	(3)
Interest paid on finance lease liabilities		(80)	(69)
PDC dividend (paid) / refunded		(2,310)	(1,436)
Net cash flows from / (used in) financing activities		**1,763**	**1,072**
Increase / (decrease) in cash and cash equivalents		**(1,388)**	**(6,228)**
Cash and cash equivalents at 1 April - brought forward		**42,735**	**48,964**
Cash and cash equivalents at 31 March	22.1	**41,348**	**42,735**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England 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 2022/23 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.

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 2022/23. Details of the transactions with the charity are included in the related parties note.

Hosting

The Trust continues to host Liverpool Health Partnerships (hosting arrangements commenced on 1st February 2020). LHP has undergone a review during 2022/23, and the scope of its services have decreased.

Liverpool Heart and Chest continues to host Innovation Agency (hosting arrangements commended on 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 Trust continues to host Liverpool Network Alliance (hosting arrangements commenced on 1st December 2020).

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

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. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts. These payments are accompanied by a variable-element to adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differs from the agreed level set in the fixed payments, the variable element either increases or reduces the income earned by the Trust at a rate of 75% of the tariff price.

Elective recovery funding provides additional funding for the delivery of elective services. In 2022/23 elective recovery funding was included within the aligned payment and incentive contracts. In 2021/22 income earned by the system based on achievement of elective recovery targets was distributed between individual entities by local agreement and income earned from the fund was accounted for as variable consideration.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner. In 2022/23 payment under these schemes is included in fixed payments from commissioners based on assumed achievement of criteria.

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.

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 initial 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, e.g., lifts, these components' useful lives could be different to the overall asset's useful life. The components' useful lives are taken into account when the large asset's useful life is determined. Component will be depreciated along with the large asset.

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 full valuation as at the 31st March 2023.

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.

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 and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are 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 the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

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, or fully depreciated longer than 5 years if the Trust is unable to verify the existence of the asset.

Donated and grant funded assets

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

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

Useful 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	15
Furniture & fittings	7	10

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	15

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,

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 leasing arrangements are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

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.

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.

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 leasing arrangements are recognised and measured in accordance with the accounting policy for leases described below.

- Financial assets are classified as subsequently measured at amortised cost.
- Financial liabilities classified as subsequently measured at amortised cost.

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.

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.

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
A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement
As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

Initial application of IFRS 16
IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

The Trust as lessee
For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

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 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

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 2023:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

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 30.2 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 Contingent Assets and Liabilities Note where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in Contingent Assets and Liabilities Note, 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 1.16 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. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.17 Value added tax

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

Note 1.18 Corporation tax
Liverpool Heart & Chest Hospital NHS Foundation Trust is a Health Service body within the meaning of the S519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the treasury to dis-apply the exemption in relation to the specified activities of a Foundation Trust (S159A (3) to (8) ICTA 1988). Accordingly, the trust is potentially within the scope of Corporation Tax, but there is no tax liability arising in respect of the current financial year.

Note 1.19 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 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 1.21 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 1.22 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 1.23 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted

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 1.25 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 2023 is disclosed at note 7.

Note 1.26 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 £737.5k and an increase of 5% would result in a net book value increase of £3,687.3k.

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 2023 was £231,049m of which 89% related to patient care activities for which NHS England, Clinical Commissioning Groups and Integrated Care Boards account for 82% 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)	2022/23	2021/22
	£000	£000
Income from commissioners under API contracts*	144,420	140,844
High cost drugs income from commissioners (excluding pass-through costs)	28,086	24,403
Community services		
Income from commissioners under API contracts*	10,537	7,242
All services		
Private patient income	3,785	2,652
Elective recovery fund	5,559	8,039
Agenda for change pay offer central funding***	3,657	
Additional pension contribution central funding**	3,923	3,667
Other clinical income	6,219	5,336
Total income from activities	**206,186**	**192,183**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents.

https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/

**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.

*** In March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023.

Note 3.2 Income from patient care activities (by source)

	2022/23	2021/22
Income from patient care activities received from:	**£000**	**£000**
NHS England	139,902	128,865
Clinical commissioning groups	6,616	29,835
Integrated care boards	23,052	
Non-NHS: private patients	3,714	2,646
Non-NHS: overseas patients (chargeable to patient)	71	6
Non NHS: other	32,831	30,831
Total income from activities	**206,186**	**192,183**
Of which:		
Related to continuing operations	206,186	192,183

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

	2022/23	2021/22
	£000	£000
Income recognised this year	71	6
Cash payments received in-year	60	-

Note 4 Other operating income

	2022/23			2021/22		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,750	-	**1,750**	933	-	**933**
Education and training	3,159	325	**3,484**	3,158	325	**3,483**
Non-patient care services to other bodies	15,882		**15,882**	15,357		**15,357**
Reimbursement and top up funding	-		**-**	307		**307**
Receipt of capital grants and donations and peppercorn leases		465	**465**		800	**800**
Charitable and other contributions to expenditure		201	**201**		368	**368**
Other income	3,082	-	**3,082**	2,157	-	**2,157**
Total other operating income	**23,873**	**991**	**24,864**	**21,911**	**1,493**	**23,405**
Of which:						
Related to continuing operations			24,864			23,405

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

	2022/23	2021/22
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	697	314
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods		

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:

	2022/23	2021/22
	£000	£000
Income from services designated as commissioner requested services	198,477	185,864
Income from services not designated as commissioner requested services	7,708	6,319
Total	**206,185**	**192,183**

Note 6.1 Operating expenses

	2022/23	2021/22
	£000	£000
Purchase of healthcare from non-NHS and non-DHSC bodies	2,603	-
Staff and executive directors costs	111,041	100,617
Remuneration of non-executive directors	185	222
Supplies and services - clinical (excluding drugs costs)	47,218	45,680
Supplies and services - general	8,710	6,130
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	30,859	31,339
Consultancy costs	207	508
Establishment	2,663	4,154
Premises	8,364	8,403
Transport (including patient travel)	1,049	585
Depreciation on property, plant and equipment	6,906	5,941
Amortisation on intangible assets	178	163
Net impairments	(675)	(2,511)
Movement in credit loss allowance: contract receivables / contract assets	(1,297)	364
Increase/(decrease) in other provisions	(1,004)	2,612
Change in provisions discount rate(s)	-	3
audit services- statutory audit	115	102
Internal audit costs	86	62
Clinical negligence	1,038	1,156
Legal fees	136	67
Insurance	128	160
Research and development	1,975	1,781
Education and training	1,292	1,257
Operating lease expenditure (comparative only)		500
Redundancy	134	-
Losses, ex gratia & special payments	3	3
Other	3,518	866
Total	**225,429**	**210,165**
Of which:		
Related to continuing operations	225,429	210,165

Note 6.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2021/22: £2 million).

Note 7 Impairment of assets

	2022/23	2021/22
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	(675)	(2,511)
Total net impairments charged to operating surplus / deficit	**(675)**	**(2,511)**
Impairments charged to the revaluation reserve	507	1,375
Total net impairments	**(168)**	**(1,136)**

Note 8 Employee benefits

	2022/23	2021/22
	Total	Total
	£000	£000
Salaries and wages	90,824	82,350
Social security costs	8,625	7,566
Apprenticeship levy	424	374
Employer's contributions to NHS pensions	12,967	12,099
Temporary staff (including agency)	1,167	754
Total gross staff costs	**114,006**	**103,144**
Recoveries in respect of seconded staff	-	-
Total staff costs	**114,006**	**103,144**
Of which		
Costs capitalised as part of assets	431	415

Note 8.1 Retirements due to ill-health

During 2022/23 there were no early retirements from the trust agreed on the grounds of ill-health (none in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is 0k (0k in 2021/22).

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 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 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% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

Note 10 Finance income

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

	2022/23	2021/22
	£000	£000
Interest on bank accounts	866	23
Total finance income	**866**	**23**

Note 11 Finance expenditure

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

	2022/23	2021/22
	£000	£000
Interest expense:		
Interest on overdrafts	6	3
Interest on lease obligations	80	69
Total interest expense	**86**	**72**
Unwinding of discount on provisions	(23)	-
Total finance costs	**63**	**72**

Note 12 Other gains / (losses)

	2022/23	2021/22
	£000	£000
Gains on disposal of assets	200	-
Losses on disposal of assets	(4)	(231)
Total gains / (losses) on disposal of assets	**196**	**(231)**
Total other gains / (losses)	**196**	**(231)**

Note 13.1 Intangible assets - 2022/23

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	**1,804**	**1,804**
Additions	107	**107**
Valuation / gross cost at 31 March 2023	**1,910**	**1,910**
Amortisation at 1 April 2022 - brought forward	**1,623**	**1,623**
Provided during the year	178	**178**
Amortisation at 31 March 2023	**1,801**	**1,801**
Net book value at 31 March 2023	**109**	**109**
Net book value at 1 April 2022	**180**	**180**

Note 13.2 Intangible assets - 2021/22

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2021 - as previously stated	**1,804**	**1,804**
Valuation / gross cost at 31 March 2022	**1,804**	**1,804**
Amortisation at 1 April 2021 - as previously stated	**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 14.1 Property, plant and equipment - 2022/23

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022 - brought forward	**1,925**	**67,963**	**1,564**	**13,043**	**40,628**	**24,174**	**2,572**	**151,870**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	(3,970)	-	-	**(3,970)**
Additions	-	1,446	72	6,008	6,036	2,836	-	**16,398**
Impairments	-	(507)	-	-	-	-	-	**(507)**
Reversals of impairments	-	651	24	-	-	-	-	**675**
Revaluations	-	(1,810)	(36)	-	-	-	-	**(1,846)**
Reclassifications	-	2,457	-	(2,476)	19	-	-	**-**
Disposals / derecognition	-	(4)	-	-	(11,051)	(3,019)	(2,170)	**(16,244)**
Valuation/gross cost at 31 March 2023	**1,925**	**70,196**	**1,624**	**16,576**	**31,662**	**23,991**	**402**	**146,376**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**0**	**(0)**	**-**	**24,746**	**16,769**	**2,509**	**44,024**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	(898)	-	-	**(898)**
Provided during the year	-	1,810	36	-	2,258	1,993	8	**6,106**
Impairments	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	0	-	-	-	-	-	**0**
Revaluations	-	(1,810)	(36)	-	-	-	-	**(1,846)**
Reclassifications	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(11,051)	(3,019)	(2,170)	**(16,240)**
Accumulated depreciation at 31 March 2023	**-**	**0**	**(0)**	**-**	**15,055**	**15,743**	**347**	**31,146**
Net book value at 31 March 2023	**1,925**	**70,196**	**1,624**	**16,576**	**16,607**	**8,248**	**54**	**115,230**
Net book value at 1 April 2022	**1,925**	**67,963**	**1,564**	**13,043**	**15,882**	**7,405**	**62**	**107,846**

Note 14.2 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2021 - as previously stated	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 - as previously stated	-	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 14.3 Property, plant and equipment financing - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	1,925	68,670	1,076	16,534	15,729	8,216	52	**112,202**
Owned - donated/granted	-	1,527	548	42	878	32	2	**3,029**
Total net book value at 31 March 2023	**1,925**	**70,197**	**1,624**	**16,576**	**16,607**	**8,248**	**54**	**115,231**

Note 14.4 Property, plant and equipment financing - 31 March 2022

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
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**
Total net book value at 31 March 2022	**1,925**	**67,963**	**1,564**	**13,043**	**15,882**	**7,405**	**62**	**107,846**

Note 14.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	-	-	-	-	-	-	**-**
Not subject to an operating lease	1,925	70,197	1,624	16,576	16,607	8,248	54	**115,231**
Total net book value at 31 March 2023	**1,925**	**70,197**	**1,624**	**16,576**	**16,607**	**8,248**	**54**	**115,231**

Note 15 Donations of property, plant and equipment

During the year there were donations of £375K received from the Liverpool Heart & Chest Hospital Charity, £359k assets under construction approved to be funded from the Liverpool Heart & Chest Hospital Charity.

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

Note 16 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 equivilant asset basis as 31st March 2023.

Note 17 Leases - Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessee

This note details information about leases for which the Trust is a lessee.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

Note 17.1 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000	Of which: leased from DHSC group bodies £000
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	3,970	-	-	**3,970**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	1,633	-	7	150	**1,790**	1,139
Additions	-	90	-	-	**90**	-
Valuation/gross cost at 31 March 2023	**1,633**	**4,060**	**7**	**150**	**5,850**	**1,139**
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	898	-	-	**898**	-
Provided during the year	235	516	6	43	**800**	85
Accumulated depreciation at 31 March 2023	**235**	**1,414**	**6**	**43**	**1,698**	**85**
Net book value at 31 March 2023	**1,398**	**2,646**	**2**	**106**	**4,152**	**1,053**
Net book value of right of use assets leased from other NHS providers						1,053

The Trust have no restrictions or covenants imposed by leases.

Note 17.2 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 25.1.

	2022/23
	£000
Carrying value at 31 March 2022	**3,164**
IFRS 16 implementation - adjustments for existing operating leases	1,791
Interest charge arising in year	80
Lease payments (cash outflows)	(900)
Carrying value at 31 March 2023	**4,134**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 17.3 Maturity analysis of future lease payments at 31 March 2023

	Total	Of which leased from DHSC group bodies:
	31 March 2023	31 March 2023
	£000	£000
Undiscounted future lease payments payable in:		
- not later than one year;	875	119
- later than one year and not later than five years;	2,756	597
- later than five years.	728	358
Total gross future lease payments	**4,359**	**1,075**
Finance charges allocated to future periods	(225)	(45)
Net lease liabilities at 31 March 2023	**4,134**	**1,030**
Of which:		
Leased from other NHS providers		1,030

Note 17.4 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

The following table details the maturity of obligations under leases the trust previously determined to be finance leases under IAS 17 at 31 March 2022.

	31 March 2022
	£000
Undiscounted future lease payments payable in:	
- not later than one year;	448
- later than one year and not later than five years;	1,980
- later than five years.	736
Total gross future lease payments	**3,164**
Finance charges allocated to future periods	-
Net finance lease liabilities at 31 March 2022	**3,164**
of which payable:	
- not later than one year;	448
- later than one year and not later than five years;	1,980
- later than five years.	736

Note 17.5 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the trust previously determined to be operating leases under IAS 17.

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

	31 March 2022
	£000
Future minimum lease payments due:	
- not later than one year;	514
- later than one year and not later than five years;	426
Total	**941**
Future minimum sublease payments to be received	-

Note 17.6 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 13.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	1 April 2022
	£000
Operating lease commitments under IAS 17 at 31 March 2022	**941**
Impact of discounting at the incremental borrowing rate	
IAS 17 operating lease commitment discounted at incremental borrowing rate	**926**
Less:	
Commitments for short term leases	(30)
Irrecoverable VAT previously included in IAS 17 commitment	(130)
Other adjustments:	
Differences in the assessment of the lease term	65
Public sector leases without full documentation previously excluded from operating lease commitments	1,021
Rent increases/(decreases) reflected in the lease liability, not previously reflected in the IAS 17 commitment	(90)
Finance lease liabilities under IAS 17 as at 31 March 2022	3,164
Other adjustments	29
Total lease liabilities under IFRS 16 as at 1 April 2022	**4,954**

Note 18 Disclosure of interests in other entities

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

Note 19 Inventories

	31 March 2023	31 March 2022
	£000	£000
Drugs	345	405
Consumables	4,005	3,929
Total inventories	**4,350**	**4,334**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £62,252k (2021/22: £61,002k). Write-down of inventories recognised as expenses for the year were £0k (2021/22: £0k).

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 2022/23 the Trust received £162k of items purchased by DHSC (2021/22: £290k).

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 20.1 Receivables

	31 March 2023	31 March 2022
	£000	£000
Current		
Contract receivables	13,187	9,601
Allowance for impaired contract receivables / assets	(1,163)	(2,740)
Prepayments (non-PFI)	630	799
PDC dividend receivable	14	119
VAT receivable	277	191
Other receivables	166	1,288
Total current receivables	**13,111**	**9,258**
Non-current		
Other receivables	146	129
Total non-current receivables	**146**	**129**
Of which receivable from NHS and DHSC group bodies:		
Current	6,760	5,262
Non-current	146	129

Note 20.2 Allowances for credit losses

	2022/23 Contract receivables and contract assets	2021/22 Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	**2,740**	**2,646**
New allowances arising	322	427
Reversals of allowances	(1,619)	(63)
Utilisation of allowances (write offs)	(281)	(270)
Allowances as at 31 Mar 2023	**1,163**	**2,740**

Note 20.3 Exposure to credit risk
The trust is not exposed to material financial credit risk.

Note 21 Other assets
The Foundation Trust did not hold any other Financial Assets at 31 March 2023 (2022: nil).

Note 22.1 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.

	2022/23	2021/22
	£000	£000
At 1 April	**42,735**	**48,964**
Net change in year	(1,387)	(6,229)
At 31 March	**41,348**	**42,735**
Broken down into:		
Cash at commercial banks and in hand	10	8
Cash with the Government Banking Service	41,338	42,727
Total cash and cash equivalents as in SoFP	**41,348**	**42,735**
Total cash and cash equivalents as in SoCF	**41,348**	**42,735**

Note 22.2 Third party assets held by the trust
There are no third party assets held by the Trust.

Note 23.1 Trade and other payables

	31 March 2023	31 March 2022
	£000	£000
Current		
Trade payables	7,190	5,252
Capital payables	2,952	3,397
Accruals	21,608	16,487
Receipts in advance and payments on account	711	711
Social security costs	1,232	1,275
Other taxes payable	1,299	1,265
Pension contributions payable	1,269	1,244
Other payables	1,297	1,421
Total current trade and other payables	**37,558**	**31,052**
Non-current		
Receipts in advance and payments on account	2,982	3,575
Total non-current trade and other payables	**2,982**	**3,575**
Of which payables from NHS and DHSC group bodies:		
Current	5,182	6,609
Non-current	-	-

Note 24 Other liabilities

	31 March 2023 £000	31 March 2022 £000
Current		
Deferred income: contract liabilities	7,462	6,578
Total other current liabilities	**7,462**	**6,578**
Non-current		
Deferred income: contract liabilities	81	81
Total other non-current liabilities	**81**	**81**

Note 25.1 Borrowings

	31 March 2023 £000	31 March 2022 £000
Current		
Other loans	-	3
Lease liabilities*	719	448
Total current borrowings	**719**	**451**
Non-current		
Lease liabilities*	3,415	2,716
Total non-current borrowings	**3,415**	**2,716**

* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 17.

Note 25.2 Reconciliation of liabilities arising from financing activities - 2022/23

	Other loans	Lease Liability	Total
	£000	£000	£000
Carrying value at 1 April 2022	**3**	**3,164**	**3,167**
Cash movements:			
Financing cash flows - payments and receipts of principal	(3)	(820)	**(823)**
Financing cash flows - payments of interest	-	(80)	**(80)**
Non-cash movements:			
Impact of implementing IFRS 16 on 1 April 2022	-	1,791	**1,791**
Application of effective interest rate	-	80	**80**
Carrying value at 31 March 2023	**0**	**4,134**	**4,135**

Note 25.3 Reconciliation of liabilities arising from financing activities - 2021/22

	Other loans	Lease Liability	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 26 Other financial liabilities

There are no other financial liabilities

Note 27.1 Provisions for liabilities and charges analysis

	Pensions: injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2022	**110**	**1,394**	**2,379**	**4,145**	**8,028**
IFRS 16 implementation - adjustments for onerous lease provisions	-	-	-	-	**-**
Transfers by absorption	-	-	-	-	**-**
Change in the discount rate	-	-	-	(131)	**(131)**
Arising during the year	24	6	40	1,371	**1,442**
Utilised during the year	(8)	(236)	(996)	(234)	**(1,474)**
Reclassified to liabilities held in disposal groups	-	-	-	-	**-**
Reversed unused	-	(9)	-	(2,290)	**(2,299)**
Unwinding of discount	(23)	-	-	3	**(20)**
At 31 March 2023	**104**	**1,155**	**1,423**	**2,864**	**5,546**
Expected timing of cash flows:					
- not later than one year;	8	11	-	496	**515**
- later than one year and not later than five years;	33	1,145	1,423	2,223	**4,824**
- later than five years.	63	(0)	-	144	**207**
Total	**104**	**1,155**	**1,423**	**2,864**	**5,546**

The Foundation Trust has total provisions as at 31st March 2023 of £5,546k . The redundancy provision relates to Liverpool Health Partners and Innovation Agency. Other provisions of £2,864k includes provisions for payments relating to 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 27.2 Clinical negligence liabilities

At 31 March 2023, £4,791k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Liverpool Heart and Chest Hospital NHS Foundation Trust (31 March 2022: £1,519k).

Note 28 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	1,233	8,371
Total	**1,233**	**8,371**

Note 29 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 2023 £000	31 March 2022 £000
not later than 1 year	960	840
Total	**960**	**840**

Note 30 Defined benefit pension schemes

The Foundation Trust did not operate a separate defined benefit pension scheme for the year ended 31 March 2023 (2022: nil)

Note 31 Financial instruments

Note 31.1 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 Integrated Care Boards (ICBs), Clinical Commissioning Groups (CCG's) and NHS England and the way ICBs/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 2023 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 IBCs/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 31.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2023	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	12,336	-	**12,336**
Cash and cash equivalents	41,348	-	**41,348**
Total at 31 March 2023	**53,684**	**-**	**53,684**

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**
Cash and cash equivalents	42,735	-	**42,735**
Total at 31 March 2022	**51,013**	**-**	**51,013**

Note 31.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	4,134	**4,134**
Trade and other payables excluding non financial liabilities	34,301	**34,301**
Total at 31 March 2023	**38,435**	**38,435**

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Obligations under 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**

Note 31.4 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 2023	31 March 2022
	£000	£000
In one year or less	35,176	28,252
In more than one year but not more than five years	2,756	1,980
In more than five years	728	736
Total	**38,660**	**30,968**

Note 31.5 Fair values of financial assets and liabilities

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

Note 32 Losses and special payments

	2022/23		2021/22	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Fruitless payments and constructive losses	1	2	-	-
Total losses	**1**	**2**	**-**	**-**
Special payments				
Ex-gratia payments	6	235	17	105
Total special payments	**6**	**235**	**17**	**105**
Total losses and special payments	**7**	**237**	**17**	**105**

Compensation payments received

Note 33 Gifts

The Foundation Trust received no material gifts during the year ended 31 March 2023 (31 March 2022: nil)

Note 34 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
- NHS Liverpool CCG
- NHS Knowsley CCG
- Department of Health and Social Care - Isle of Man
- Health Education England
- NHS Wirral CCG
- NHS Southport and Formby CCG
- NHS South Sefton CCG
- NHS Cheshire CCG
- NHS Halton CCG
- NHS St Helens CCG
- NHS Cheshire and Merseyside ICB
- Mersey Care NHS Trust
- Alder Hey Childrens NHS Foundation Trust
- Liverpool University Hospitals NHS Foundation Trust
- Liverpool Heart and Chest Hospital Charity

Note 35 Transfers by absorption

There were no transfers by absorption in the Financial Statements of the Foundation trust for the year ended 31 March 2023.

Note 36 Prior period adjustments

There were no prior period adjustments in the Financial Statements of the Foundation trust for the year ended 31 March 2023.

Note 37 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 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in 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 2022-23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2023and of its expenditure and income for the year then ended; and
- 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 2022-23; 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 2022-23 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 2022) 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.

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.

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.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Accounting Officer is responsible for the other information contained within the annual report. 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.

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 themselves. 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 2022/23 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:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with the requirements of the NHS foundation trust annual reporting manual 2022/23; and
- based on the work undertaken in the course of the audit of the financial statements 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

As explained more fully in the Statement of Accounting Officer's responsibilities, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the

basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2022/23, 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.

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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 2022-23).
- 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:
  - High risk or unusual journal entries as identified by our risk assessment
  - Key accounting estimates
  - Income recognition in respect of patient care income and other operating revenue, other than the block contract income element of patient care revenues and education & training income.
  - Expenditure recognition in respect of all non-pay expenditure excluding depreciation, amortisation, clinical negligence, audit fees, impairments, and including agency costs.
- 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 high risk or unusual journals;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations;

  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item;
  - agreeing, on a sample basis, income and year end receivables from patient care income and other operating revenue (apart from those area excluded in the paragraph above) to invoices and cash payment or other supporting evidence;
  - testing substantively a sample of non-pay expenditure (other than those items excluded in the paragraph above) and agree to supporting documentation to confirm correct accounting treatment.
- 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 expenditure recognition, and the significant accounting estimates related to land and building valuations.
- 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 England'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.

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.

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 2023.

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 January 2023. 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 – Certificate

We certify that we have completed the audit of Liverpool Heart and Chest Hospital NHS Foundation Trust in accordance with the requirements of Schedule 10 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

Date: 30 June 2023