NHS
Liverpool Heart and Chest Hospital
NHS Foundation Trust

Annual Report & Accounts

2023/24

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

CONTENTS

SECTION 1: PERFORMANCE REPORT

This report is prepared in accordance with:

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

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

Chair and Chief Executive's Foreword

Welcome to our annual report and accounts for the financial year 2023/24 - a very special year at Liverpool Heart and Chest Hospital (LHCH) in many ways.

On 5th July, along with healthcare colleagues up and down the country, we celebrated the 75th birthday of the NHS here at LHCH. We were pleased to mark this key anniversary by recognising our extraordinary members of staff who work so tirelessly to provide patients and families with outstanding care.

Having this outstanding care recognised publicly, once again, by our patients and staff, also made this a special year. Firstly, the Care Quality Commission's National Inpatient Survey, published in September 2023, rated LHCH as one of the top two trusts in the country for 'overall patient experience'. Then secondly, the NHS Staff Survey, published in March 2024, rated LHCH as the top Trust in the country for a 'place to work', 'care is our top priority', 'we are compassionate and inclusive', 'we each have a voice that counts', 'staff engagement', and 'morale'.

Furthermore, in March 2024, LHCH joined an elite group of hospitals around the world by being successfully validated against the Healthcare Information and Management Systems Society international EMRAM Stage 7 standards. It was an exceptional achievement for LHCH to become the first trust in Europe to be assessed against these new, and more extensive, Stage 7 HIMSS standards.

One of the highlights of the year came in February 2024, with the formal opening of our multi-million-pound, state-of-the-art catheter laboratory development. Our new cardiac facility, a significant upgrade on previous facilities, offers new cameras, equipment and technology, and improved configuration, to support the delivery of safe and outstanding cardiology care for all our patients, for years to come.

It was also a special year for the Trust in that we welcomed Liz Bishop as our new Chief Executive, following the departure of Jane Tomkinson, after more than 10 years in the role. Liz assumed joint leadership responsibilities at LHCH whilst continuing as Chief Executive of The Clatterbridge Cancer Centre (CCC) NHS Foundation Trust, a role she has held since 2018. We believe that moving to a shared Chief Executive model with Liz, who already understands the outstanding services provided at LHCH, is a fantastic opportunity for two of the country's leading specialist trusts to share expertise, to develop new cardiothoracic pathways in the system, and to work more closely across cancer pathways and for the benefit of all our patients, partners and populations.

As well as welcoming Liz to LHCH, a number of other changes have taken place on our Executive and Non Executive Teams since our last Annual Report. We were delighted to welcome James Thomson as our Chief Finance Officer, Joan Matthews as Director of Nursing, and Jane Royds as our Chief People Officer following the departure of Karen Edge, Sue Pemberton and Karen Nightingall. We also said goodbye to Jonathan Develing, Director of Strategic Partnerships, at the end of March 2024, but we look forward to welcoming Tom Pharaoh, as our new Director of Strategy.

We also received news that Dr Raphael Perry, would be retiring at the end of the financial year, after more than 30 years working at LHCH. Dr Perry had been a consultant cardiologist, clinical lead, Associate Medical Director and Deputy Medical Director, before he was appointed Medical Director in 2015, and then Deputy Chief Executive a year later. We wish him well on his retirement, and at the same time look forward to Mr Manoj Kuduvalli, Consultant Cardiac Surgeon, taking up post as our new Medical Director in April 2024. Two new Non Executive Directors, John Doyle and Claudette Elliott, also joined our team, following the departure of Louise Robson.

Whilst there has been much to celebrate throughout the year, we also know there have been challenges, particularly in ensuring that patients are treated as quickly as possible. However, we know that we have exceptional teams who work diligently, professionally, and innovatively in the background to make sure safe and timely care is provided to all our patients.

The year ahead will no doubt provide many more clinical, operational and financial challenges for our teams at LHCH, but as well as these challenges, we are also excited by the many other opportunities that will also come our way. We know that we have outstanding teams in place who will continue to play a leading role in innovating and improving services, collaborating with partners, and sharing our expertise where possible, for the benefit of our patients and populations.

Finally, it's also important to acknowledge that behind these teams, we are also exceptionally grateful to have such an engaged and supportive Council of Governors who give their time voluntarily to support the Board of Directors on a range of issues, as well as 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 want to thank them for the role they play in making LHCH such a special place to work and receive care.

We are proud of all that has been achieved this year, but as always, we will not be complacent. We look forward to 2024/25 as we retain our focus on delivering exceptional patient and family centred care for every individual, every day.

Val Davies
Chair

Liz Bishop
Chief Executive

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 2023/24, there were 80,142 outpatient appointment attendances, 26,539 'virtual' attendances, plus 13,921 inpatient spells. These included:

- 1,607 cardiac surgery inpatients
- 8,834 cardiology inpatients
- 781 respiratory medicine inpatients
- 1,827 thoracic surgery inpatients

As at 31st March 2024, the Trust employed 1,939 staff of whom 514 were male and 1,425 were female. This includes 48 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 12 were male and 36 were female. This also includes the Board of Directors which comprised 8 males and 8 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, most recently accredited by HIMSS at Level 7, 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 faces but sees opportunities to strengthen its position via extending integrated models of care through collaborative and partnership working. The Trust has 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 introduced its most recent 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 four pledges, which will help it achieve even more.

- **Pledge 1:** Celebrate and support diversity, inclusion and the belonging of our people and build an inclusive culture through our staff inclusion networks.
- **Pledge 2**: Encourage people from diverse backgrounds to access and develop their NHS Careers and ensure our workforce and volunteers are representative of the communities we serve.
- **Pledge 3:** Develop and improve our equality performance and increase diversity within our board and senior leadership teams.
- **Pledge 4:** Commit to a more concerted and systematic approach to reducing health inequalities and addressing unwarranted variation in care, particularly within underrepresented groups.

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 is 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/equality-inclusion-diversity-and-belonging

Tackling health inequalities

Addressing health inequalities is a key focus for the NHS and for Liverpool Heart and Chest Hospital, and the Trust has a 7-point action plan to review and improve health inequalities.

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.

The Trust has been working to co-produce specific areas of interest within the population health management tool as part of the Graphnet / CIFER enhanced case finding platform.

This platform, shared by way of a demonstration at the Board of Directors Development Day in November 2023, brings together several data sources including general practice registration, QOF data, NHS provider SUS and SLAM returns and that of Public Health England.

Specific areas of interest of data source include: Patient demographics; Risk stratification; Smoking status; 111 queries; 999 calls; ACG conditions; Activity; Disease e-registration; Care planning; Care plans; Frailty index; Immunisation status.

The case finding tool facilitates finding queries and enable a search of our population to identify patients fitting a certain criterion. It also allows the application of risk stratification using the John Hopkins ACG system algorithms, the frailty index and Acorn measures. The John Hopkins ACG system allows the Trust to look at the likelihood of types of health care events and resource usage in a set period of time. The Acorn measure is a well-established geo-demographic profiling methodology.

The report allows a search for patients using a set of pre-defined views, or bespoke enquiry can be built live within the system to focus on areas of interest.

The case finding tool uses a series of filters to generate outputs that enable queries to run at neighbourhood and a ward level, linked with the index of deprivation this enable us to understand our population better, the disease and comorbidity of disease they are living with and their access to services.

Working though new Place based arrangements this type of analysis enables the Trust to use its leadership and clinical acumen to facilitate conversations, share best practice, explore through workshop and partnerships how these communities could be better served. In several instances this has enabled the Trust to deploy resource, such as the LHCH schools project, to target areas of greatest need.

This also supports the Trust’s work as an Anchor Institution and begins to build further intelligence in relation to those patients that historically LHCH would not know about. It also provides an indicator for potential future patients that the Trust can help facilitate preventative and early care management.

Quarterly reports 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 1: To improve contact with elective cardiac surgical patients on the waiting list between referral and admission.

- Currently, patients referred for cardiac surgery from district general hospitals are waiting over seventy weeks for a date for cardiac surgery but during this period they have little or no contact from LHCH in terms of where they are up to on their pathway. The first step of our Patient and Family Experience Vision focuses on pre-admission care, therefore our aim is to ensure there is clear communication and to reassure patients that we have received their referral.

Priority 2: To improve outcomes for cardiac and thoracic surgical out - patients by providing pre-habilitation during their wait for surgery.

- Pre-habilitation is a service that supports patients to improve their fitness, health and overall wellbeing before any planned operation. Pre-habilitation provides an opportunity to give information, advice and support and to set realistic expectations before admission. The first step of our Patient and Family Experience Vision focuses on pre-admission care. Our aim is that while surgical patients are waiting for admission their condition could be optimised, which would improve outcomes, experience and length of stay.

Priority 3: To improve the pathway of care for patients & families following an out of hospital cardiac arrest, (OOHCA).

- The sudden and unexpected cardiac arrest of a family member can be a grief-filled and life-altering event. Most out-of-hospital cardiac arrests happen in the home, so often it is a family member who is involved. The after-effects of a cardiac arrest can have a long emotional and psychological impact, regardless of outcome and family members can experience PTSD. The sixth step of our Patient and Family Experience Vision focuses on Discharge and Aftercare, our aim is to provide a clear pathway of support for patients and families who have experienced seeing or being involved in a cardiac arrest.

Priority 4: **To improve the discharge experience for patients and families.**

- A delayed discharge occurs when a patient is medically fit to leave hospital but is not discharged in a timely way. It can be caused by many factors including poor discharge planning or not involving patients and families early enough in the discharge process. This may lead to complications, a risk of functional decline and adverse events. This is a poor experience for the patient and their family. The sixth step of our Patient and Family Experience Vision focuses on Discharge and Aftercare, our aim is to provide a timely discharge and improve the patient experience.

Key achievements in 2023/24

- LHCH was rated one of the best hospitals in the country to receive care and to work according to the national NHS Adult Inpatient Survey, published in September 2023. It also showed LHCH was rated one of the top two trusts in the country for 'overall patient experience.

- LHCH was rated the top Trust in the country for a 'place to work', 'care is our top priority', 'we are compassionate and inclusive', 'we each have a voice that counts', 'staff engagement', and 'morale' in the NHS Staff Survey 2023, published in March 2024.

- LHCH joined an elite group of hospitals around the world who have been successfully validated against the HIMSS (Healthcare Information and Management Systems Society) international EMRAM Stage 7 standards, in March 2024. LHCH was the first trust in Europe to be assessed against the new and more extensive Stage 7 HIMSS standards.

- LHCH's 'Primary Care Heart Failure Project' was recognised as the 'Most Impactful Project Addressing Health Inequalities' at the HSJ Partnership Awards 2023, recognising their outstanding dedication to improving healthcare and effective collaboration with the NHS.

- LHCH was a shortlisted finalist in the HSJ Patient Safety Awards 2023, in the category Patient Safety Education and Training.

- LHCH announce the appointment of its new chief executive, Dr Liz Bishop in December 2023.

- LHCH formally opened its brand new multi-million pound catheter laboratory suite in February 2024.

- LHCH was recognised with the Social Value Social Value Quality Mark Bronze Award in February 2024, demonstrating its commitment to creating, measuring and reporting social value.

- 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 2023/24.

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

Task force on climate-related financial disclosures (TFCD)

NHS England's NHS foundation trust annual reporting manual has adopted a phased approach to incorporating the TCFD recommended disclosures as part of sustainability annual reporting requirements for NHS bodies, stemming from HM Treasury's TCFD aligned disclosure guidance for public sector annual reports.

TCFD recommended disclosures as interpreted and adapted for the public sector by the HM Treasury TCFD aligned disclosure application guidance, will be implemented in sustainability reporting requirements on a phased basis up to the 2025/26 financial year.

Local NHS bodies are not required to disclose scope 1, 2 and 3 greenhouse gas emissions under TCFD requirements as these are computed nationally by NHS England.

The phased approach incorporates the disclosure requirements of the governance pillar for 2023/24.

Climate-related issues are reported regularly to the Trust Board, and LHCH has developed a robust Green Plan and links with colleagues across Cheshire and Merseyside to support its delivery.

The LHCH Green Plan, available on the Trust website - https://www.lhch.nhs.uk/media/.resources/64b9058e135110.42722955.pdf - is set to be refreshed in 2024/25.

A summary of the Trust's progress is shown below:

Renewable energy source

- To date the Trust has not purchased 100% of its electricity from renewable sources. However, the Trust is engaged with the Integrated Care Board through a Sustainability group who are currently looking at Cheshire and Merseyside wide procurement of energy. However, the Trust does always seek to explore new ways of reducing demand on utilities and at the end of January 2024 was successful in securing £124,000 funding to replace fluorescent fittings with LED.

Volatile anaesthetic gases

- The Trust has made significant progress and is complaint against this target with 0% of Desflurane being used.

Primary care dry inhalers

- Whilst this is a primary care target, the Trust does dispense a small number and has made a switch to dry inhalers.

Nitrous oxide and oxygen

- Nitrous oxide is a significant contributor to total anaesthetic and medical gas emissions. Within LHCH we have now removed the supply of nitrous oxide in all clinical areas where it is not used.

Net zero supplier performance

- Digital, estates, food and nutrition, medical equipment and consumables, pharma, transport and distribution are part of a procurement specification that demands suppliers demonstrate their commitment to NHS Net Zero targets.

Fleet vehicles / cars and transport

- Many NHS organisations have a considerable number of fleet vehicles and this measure has been introduced to consider the percentage of fleet vehicles meeting the %LEV standard. LHCH is fully compliant with measure. The Trust partners with NHS Fleet Solutions to promote electric vehicles. Furthermore, the Trust has also promoted cycle to work schemes, discounted public transport and staff travel surveys within the last 12 months.

Food and nutrition

- LHCH's contracts with a third-party waste management company who provide a pickup service from site and in so doing provide assurances on disposal. This also applies to all forms of waste. Whilst the Trust is assured of waste disposal and can measure the net zero benefit when provided by the supplier, this does little in promoting a waste culture and we would have an ambition to explore new ways of collecting waste at source so as to promote recycling within the Trust at all levels.

Summary

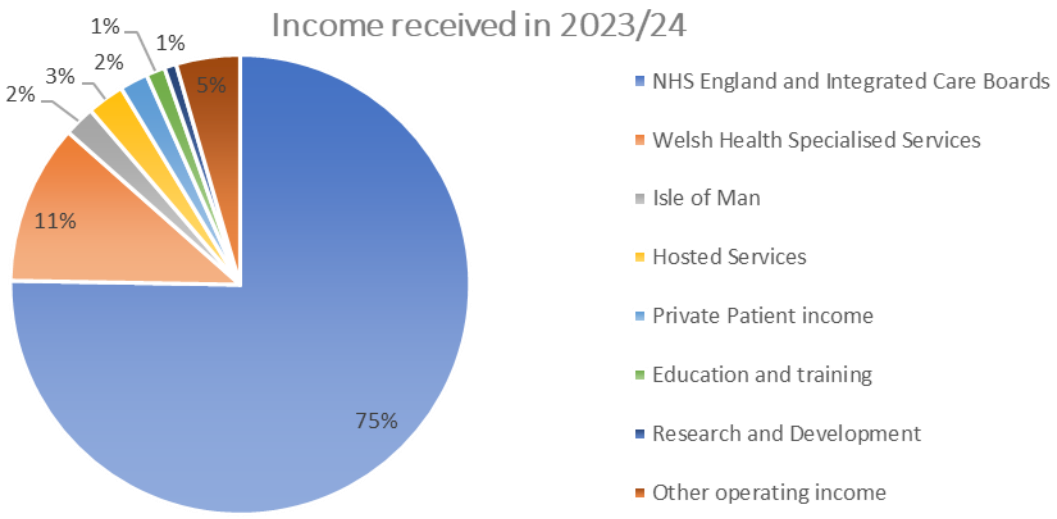
The main headlines for the financial framework and financial performance for the Trust in 2023/24:

- The contracts with NHS England and local commissioners followed a hybrid approach. Much of the planned care was paid based on the numbers of patients seen and treated. All other elements (e.g. emergency care) were paid on a fixed basis and did not vary based on actual activity levels. The Elective Recovery Funding (ERF) continued to provide funding to maximise planned care and address the growth in patient waiting lists that arose during the pandemic.
- Industrial Action took place throughout the year, and the contracts were amended to reflect the impact of this on income/activity targets and costs.
- The operating surplus (after adjusting for impairment charges and non-operating transactions) was a surplus of £11.4m.
- The Trust identified and delivered £4.8m 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 initiatives and higher than anticipated interest income.

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

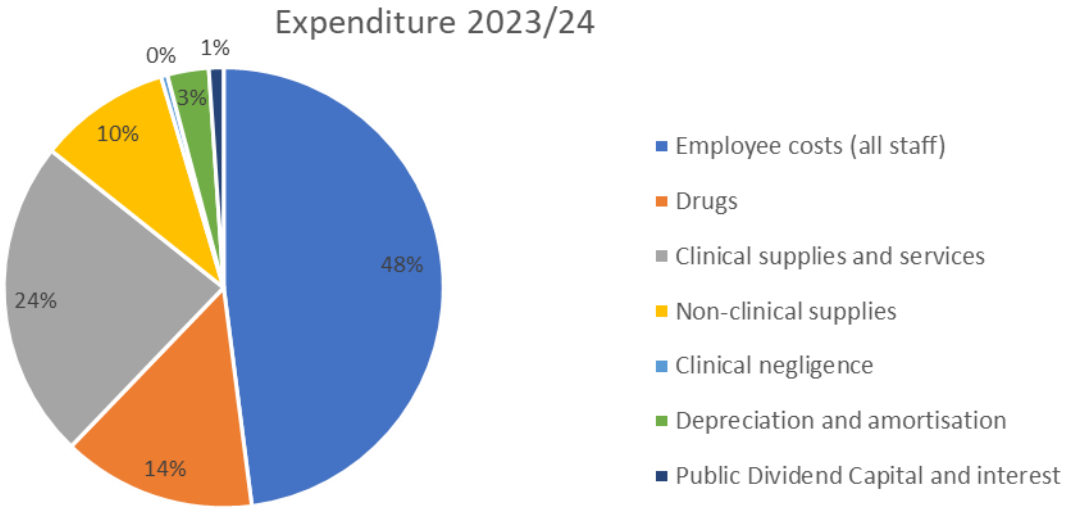
	£m	
	2023/24	**2022/23**
Income from patient care activities	223.8	206.2
Other income	20.6	24.9
Total income	**244.4**	**231.1**
Employee expenses	-112.4	-113.6
Non-pay expenses	-124.2	-104.8
Total expenditure	**-236.6**	**-218.4**
EBITDA	7.8	12.7
Depreciation and Amortisation	-7.2	-7.1
Total interest receivable/(payable)	2.2	0.8
PDC dividends	-2.4	-2.4
Other gains / (losses)	-0.2	0.2
Net surplus (as per annual accounts)	0.2	4.2
Normalising adjustments (incl. net impairments)	11.2	-1.0
Adjusted financial performance	11.4	3.2

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 £5.9m. 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	5.9	4.7	4.8

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. This is 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 2023/24 financial year, the total capital investment in improving hospital facilities was £16.6m. The main investments are highlighted below.

- Continuation of the Cath Lab development programme - £3.6m
- Estates investment for general maintenance and improvements - £2.9m
- IT investment - £0.1m
- CT scanner associated with the Targeted Lung Health Check programme - £1.3m
- £4.0m on Medical Equipment

After funding the capital programme outlined above, the Trust had a closing cash balance of £43.2m as at 31st March 2024.

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	23/24	
	Number	£'000
Non NHS		
Total bills paid in the year	27,782	142,341
Total bills paid within target	26,795	138,670
Percentage of bills paid within target	96.4%	97.4%
NHS		
Total bills paid in the year	1,706	23,548
Total bills paid within target	1,629	22,237
Percentage of bills paid within target	95.5%	94.4%
Total		
Total bills paid in the year	29,488	165,889
Total bills paid within target	28,424	160,907
Percentage of bills paid within target	96.4%	97.0%

Conclusion

The Trust continued to demonstrate strong financial performance, achieving a surplus of £11.4m whilst delivering recurrent savings and making planned investments for the benefit of patients and staff. The Trust has completed the year in a strong financial position and continues to be well placed to respond to the financial challenges ahead.

Liz Bishop
Chief Executive
26th June 2024

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 2023 to 31st March 2024, 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**	
John Doyle *Qualified accountant, management consultant and experienced NHS leader and executive.*	**Non Executive Director**	Took up post 11th March 2024
Claudette Elliott *Public sector senior manager with 40years' experience in health and social care. Currently Deputy Chair at Pennine Care NHS FT.*	**Non Executive Director**	Took up post 11th March 2024
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**	Served until 2nd January 2024
Jane Tomkinson *Qualified accountant and former Director of Finance positions – NHS England and Countess of Chester NHS Foundation Trust.*	**Chief Executive**	Served until 31st January 2024
Liz Bishop *Also Chief Executive at Clatterbridge Cancer Centre and previously Deputy Chief Executive at Royal Marsden NHS FT.*	**Chief Executive**	Took up post from 1st February 2024.
Dr Raphael Perry *Consultant Interventional Cardiologist of national standing.*	**Medical Director / Deputy Chief Executive**	Retired on 31st March 2024
Jonathan Mathews *Senior NHS operational leader with previous divisional manager experience.*	**Chief Operating Officer and Deputy Chief Executive**	Took up Deputy Chief Executive post from 1st March 2024
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**	Served until 18th February 2024
Joan Matthews *Senior nurse leader with vast experience in risk,*	**Director of Nursing and Quality**	Took up post from 1st February 2024

quality, safety, emergency planning and wards. Previously Deputy Director of Nursing.		
Sue Pemberton *BSc Hons, Diploma in Professional Nursing Practice; previous nurse leadership roles at LHCH and Salford Royal NHSFT.*	**Director of Nursing and Quality**	Served until 31st January 2024
James Thomson *Also Director of Finance at Clatterbridge Cancer Centre, and was previously Deputy Director of Finance at The Christie NHS Foundation Trust.*	**Chief Finance Officer**	Took up post from 19th February 2024

How the Board operates

During the year there were changes to the Board of Directors with one Non Executive Director (NED) leaving and two NEDs joining, and four Executive Directors leaving, and three starting in post, and one appointed in December 2023 to start from 1st April 2024.

As at 31st March 2024, the Board comprised the Chair, Chief Executive, six independent Non Executive Directors (one of whom is designated Deputy Chair) 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 12 serving members of the Board (voting) at 31st March 2024, five are female and seven 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 six 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. Board meetings in 2023/24 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 six times during the year. Attendance at meetings is recorded below.

Director	26th April 2023	31st May 2023	26th July 2023	27th Sept 2023	29th Nov 2023	31st Jan 2024
Chair						
Val Davies	✓	✓	✓	✓	✓	✓
Chief Executive						
Jane Tomkinson	✓	✓	✓	✓	✓	✓
Non Executive Directors						
Nicholas Brooks	✓	✓	✓	✓	✓	✓
Bob Burgoyne	✓	x	✓	x	✓	✓
Margaret Carney	✓	✓	✓	✓	✓	✓
Julian Farmer	x	✓	x	x	✓	✓
Louise Robson	✓	✓	✓	✓	✓	
Executive Directors						
Karen Edge	✓	✓	✓	✓	✓	✓
Jonathan Mathews	x	✓	✓	✓	✓	x
Sue Pemberton	✓	✓	✓	✓	✓	✓
Raphael Perry	✓	x	x	✓	✓	✓

**Board Meetings in 2023/24 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 2023/24, this comprised five elements:

i) **Regular evaluation of Board meetings** – the Board held face to face meetings throughout 2023/24, with virtual access provided for meetings in public. Evaluation of the Board meeting is a standing agenda item and also considered through Non Executive Director and Governor meetings. The quality of Board papers and contribution from members and officers has been positive. A number of extraordinary meetings were held during the year to ensure full Board engagement on specific items of business as these arose.

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 2023/24. All Terms of Reference were reviewed and an assurance report provided to the Board of Directors. Non Executive Directors chair the Assurance Committees and regularly discuss the key items arising to ensure a cohesive approach.

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, with mid year reviews also taking place. 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 and contributed to Non Executive Director appraisals in 2023/24. The new NHE England Chairs appraisal process and the Board Leadership Competency Framework checklists have been adopted for 2023/24. All Director appraisals for 2023/24 will be completed by June 2024.

Throughout 2023/24 the Chair has maintained regular one-to-one discussions with each Non Executive Director alongside collective meetings, as has the Chief Executive with each member of the Executive Team. There have been a number of changes to the Board during 2023/24, and the Board have been engaged in resetting Executive Team portfolios which will be aligned to 2024/25 objectives.

iv) **Well Led -** 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 Trust's last independent evaluation against the Well Led Framework was in 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 this during the Covid-19 pandemic.

This has been further considered by the Board in 2023/24 and agreement to commission an external review was deferred, with a plan now to undertake this in Q3 2024/25 aligned to the new CQC assessment framework.

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, and work collaboratively as part of the Cheshire and Merseyside Integrated Care System. In 2023/24 the Trust undertook an extensive well led self-assessment. In summary, whilst the Board has not commissioned an external review against the well led 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, and strategy.

v) **Board succession planning**
The Board succession plan has been a key focus for the Board in 2023/24 with a significant number of Board member changes. The Board dedicated specific time to reviewing the risks, opportunities and options. The Board succession plan is being reviewed for 2023/24 following the successful appointments made in year. This will include continued consideration of the diversity of the Board in the context of the succession plan and recruitment campaigns.

vi) **2023/24 Board Development Plan -** all Board Directors participated in the 2023/24 Board Development Plan with dedicated time scheduled throughout the year. In addition to the collective programme, individual Board members have participated in numerous online webinars, attended external events and reviewed briefing papers and guidance issued by NHS England, NHS Providers, Cheshire and Merseyside Integrated Care System, NHS Confederation, alongside the regular communications and leadership webinars. Topic areas included system development, collaborative working, health inequalities, strategy refresh, risk appetite, patient safety incident response framework (PSIRF), Anti-Racist Framework 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 Board has also continued to receive a series of presentations from clinical teams across the year, and a programme of walkabouts. The 2024/25 Board development plan will continue to build on these themes as well as a focus on team development.

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.

The Trust has facilitated in-person walkabouts, 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 2023/24.

Member	27th June 2023	11th July 2023	10th Oct 2023	9th Jan 2024	12th March 2024
Nicholas Brooks	✓	✓	x	✓	✓
Bob Burgoyne	✓	✓	x	✓	✓
Margaret Carney	✓	✓	✓	✓	✓
Louise Robson	✓	x	✓		
Julian Farmer	✓	✓	✓	✓	✓

**All Audit Committee Meetings in 2023/24 took 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 Risk and Improvement. 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 2023/24, by critically reviewing governance and assurance processes on which the Board of Directors place reliance is set out below.

During 2032/24 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 2023/24

The narrative below sets out the principal areas of review and significant issues considered by the Audit Committee during 2023/24, reflecting the key objectives as set out with the Committee's terms of reference.

Integrated governance, risk management and internal control

The Committee has reviewed relevant disclosure statements for 2023/24 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 2024 meeting. The Committee considers that the 2023/24 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 2023/24 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 to mitigate risks. The Trust has refreshed and embedded its risk appetite, and BAF reporting through the Board of Directors and Assurance Committees. The Audit Committee has received the BAF opinion from MIAA (the Trust's internal auditors) 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 key performance indicators (KPIs) and has received regular updates on the risk reporting developments as part of the new InPhase system implementation. Actions continue to be taken to improve KPI performance for both the risk register and incident reporting closure timeframes.

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

Regulatory action plans continue to be a standing item. There have been no significant regulatory issues this year for the Audit Committee to consider. The Trust has retained its Care Quality Commission (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 and the Integrated Care Systems have continued to evolve in 2023/24. The Audit Committee has formally considered these arrangements and this has been reflected in the Committee terms of reference and work plan.

The Audit Committee has received and reviewed committee effectiveness reports for 2023/24 from each assurance committee of the Board of Directors (March 2024). These reports confirmed the Assurance Committees had fit for purpose mechanisms to enable the effective discharge of responsibilities delegated to them by the Board of Directors.

The Committee has continued to ensure follow up in respect of audit work and has received receiving assurance of acceptable progress against agreed actions through the regular reports of the internal auditors.

The Committee has undertaken a comprehensive review of compliance with the new Foundation Trust Code of Governance and new Provider Licence. Processes for assessing compliance with the provider licence include a quarterly checklist of key provisions to identify any new or emerging licencing risks. Licence conditions relating to access and waiting times continued to be breached through the year due to the increased waiting lists as a result of the COVID pandemic, albeit recognising that the Trust's performance against recovery trajectories continues to be strong when benchmarked nationally and regionally. The compliance with the Code of Governance is extensive, with exceptions noted and explained in respect of extended Non Executive Director terms of office and the commissioning of a well led external review. The Trust is also continuing to focus on developments in the provision and use of data to support its work on health inequalities.

The Committee has received management assurance in respect of data quality during 2023/24.

Internal audit

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

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 2023/24 and has monitored delivery against the plan across the year. Assurance has been received that coverage is across all the mandated areas of strategic governance ie inform and involve, prevent and deter and hold to account.

The Anti Fraud Specialist 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

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 raised by the auditors for the year ended 31st March 2024. These included the following:

- Management override of controls
- Valuation of Land and Buildings

- Revenue recognition
- Expenditure recognition
- Value for money arrangements
- Going Concern and financial sustainability

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 2023/24 financial statements.

The Trust's land and buildings (including dwellings) at 31st March 2024 are valued at £81.23m 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 2023/24

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 2024 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 executive directors, 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 recommended their formal adoption by the Board. It has also considered any variations requested by hosted organisations and made recommendations to the Board of Directors.

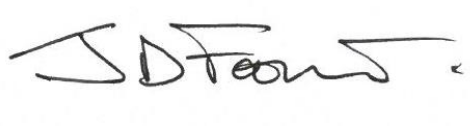
The Committee received assurance on the Trust's arrangements for raising concerns.

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

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. During the year, the Committee also considered the Healthcare finance Management Association (HfMA) Audit Committee handbook supplementary guidance ensuring continued compliance with best practice. 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
26th June 2024

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 had three meetings and conducted the following business.

- Review of Non Executive Director succession plan.
- Extension of Nicholas Brooks, Non Executive Director, for a third term to July 2026.
- Recruitment of two Non Executive Directors, commencing in post March 2024.

There was no review of Non Executive Directors or Chair remuneration in 2023/24, and in accordance with the guidance there was no inflationary pay award applied in 2023/24.

Review of the Chair and NED appraisal outcomes for 2022/23 was undertaken by the full Council of Governors at their meeting in private.

Review of the proposed Chair and Non Executive Director appraisal process for 2023/24 was undertaken by the full Council of Governors during their meeting in private in March 2024, including adoption of the new NHS England chair appraisal process and board leadership competency framework.

Nominations and Remuneration Committee (Executive)

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

The Committee met on nine occasions in 2023/24 and conducted the following business.

- Review of Chief Executive and executive team member appraisals and objectives.
- Review of Executive Team succession plan.
- Review of proposal to appoint Chief Executive Officer and appointment of joint Chief Executive Officer
- Approval of appointments of the Interim Chief People Officer, Director of Nursing, Medical Director, Chief Finance Officer, Director of Strategy, and Director of Governance and Risk.
- Review of executive portfolios to meet the changing needs of the Trust, including appointment of Chief Operating Officer as Deputy Chief Executive Officer and designation of voting Executive Directors.
- Review of Chief Executive Officer, Director of Nursing and Director of Strategic Partnerships support to the Countess of Chester Hospital NHS Foundation Trust.
- Approval of the VSM pay award in line with NHSE recommendations.

Attendance at Nominations and Remuneration Committee (Executive) in 2023/24:

Member	22nd May 2023	24th July 2023	27th Sept 2023	31st Oct 2023	29th Nov 2023	15th Dec 2023	20th Dec 2023	29th Jan 2024	6th March 2024
Val Davies (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nicholas Brooks	x	✓	✓	✓	✓	x	✓	✓	✓
Bob Burgoyne	✓	✓	x	✓	✓	✓	✓	✓	✓
Margaret Carney	✓	✓	✓	✓	✓	✓	x	✓	x
Julian Farmer	✓	x	x	✓	✓	✓	✓	✓	x
Louise Robson	✓	✓	✓	✓	✓	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 42).
- Details of future developments and strategic direction of the Trust can be found in Part 1; Performance Report (page 10).
- Trust policies on employment and training of disabled persons can be found in the Staff Report within the Accountability Report – Part 2.3 (page 24).
- 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 24).
- Details of the Trust's financial risk management objectives and policies and exposure to price, credit, liquidity and cash flow risk can be found in the notes of the annual accounts.

Related party transactions

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

Income disclosures

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

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

2.2 Remuneration Report

This report to stakeholders:

- sets out The Trust's remuneration policy
- explains the policy under which the chair, executive directors, and non- executive directors were remunerated for the financial period 1 April 2023 to 31 March 2024
- sets out tables of information showing details of the salary and pension interests of all directors for the financial period 1 April 2023 to 31 March 2024.

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 2024 are detailed below:

Single total figure table (audited)

Year ended 31st March 2024							
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
Dr Liz Bishop	Chief Executive	15 - 20	0	0	0	0	15 - 20
Jane Tomkinson	Chief Executive	75 - 80	6,600	0	0	0	80 - 85
Raphael Perry	Medical Director/Deputy Chief Executive	195 - 200	0	0	0	0	195 - 200
Jonathan Mathews	Chief Operating Officer/Deputy Chief Executive	125 - 130	0	0	0	27.5 - 30	150 - 155
James Thomson	Chief Finance Officer	5 - 10	700	0	0	0	10 - 15
Karen Edge	Chief Finance Officer	120 - 125	0	0	0	17.5 - 20	135 - 140
Joan Matthews	Director of Nursing, Quality & Safety	15 - 20	0	0	0	0	15 - 20
Susan Pemberton	Director of Nursing, Quality & Safety	75 - 80	0	0	0	0	75 - 80
Jonathan Develing	Director of Strategic Partnerships	90 - 95	1,500	0	0	0	90 - 95
Karan Wheatcroft	Director of Risk & Improvement	105 - 110	0	0	0	0	65 - 70
Kate Warriner	Chief Digital & Information Officer	50 - 55	0	0	0	5-7.5	55 - 60
Jane Royds	Chief People Officer	55 - 60	0	0	0	0	20 - 25
Karen Nightingall	Chief People Officer	75 - 80	600	0	0	45 - 47.5	120 - 125
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	300	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	5 - 10	0	0	0	0	5 - 10
Claudette Elliott	Non Executive Director	0 - 5	0	0	0	0	0 - 5
John Doyle	Non Executive Director	0 - 5	0	0	0	0	0 - 5

- *L Bishop was appointed Chief Executive of Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH) on 01/02/2024, as part of a shared role with the Clatterbridge Cancer Centre NHS Foundation Trust (CCC). Both trusts will contribute 50% of the remuneration costs as part of this shared role.*
- *J Thomson was appointed Chief Finance Officer of LHCH on 19/02/2024, as part of a shared role with the CCC. Both trusts will contribute 50% of the remuneration costs as part of this shared role.*
- *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 (CoCH) on 01/01/2023, whilst continuing in her role at LHCH. From 01/04/2023 to 31/01/2024, 40% of her salary was paid by LHCH and 60% was paid by CoCH. J Tomkinson ceased to be an Executive Director at LHCH on 31/01/2024.*
- *S Pemberton was appointed to the position of Acting Assistant Chief Executive of CoCH on 09/01/2023, whilst continuing in her role at LHCH. From 01/04/2023 to 31/01/2024, 40% of her salary was paid by LHCH and 60% was paid by CoCH. S Pemberton ceased to be an Executive Director at LHCH on 31/01/2024.*
- *J Develing was appointed to the position of Acting Director of Strategic Partnerships CoCH on 09/01/2023, whilst continuing in his role at LHCH. From 01/04/2023 to 31/03/2024, 80% of his salary was paid by LHCH and 20% was paid by CoCH. J Develing ceased to be an Executive Director at LHCH on 31/03/2024.*

- *K Wheatcroft's pension related benefits are negative £41k in 23/24. In accordance with the Group Accounting Manual (GAM), negative values are substituted with a zero. K Wheatcroft's total remuneration includes the negative pension benefits of £41k.*
- *J Royds was appointed the interim Chief People Officer on 13/11/2023. J Royds' pension related benefits are negative £37k in 23/24. In accordance with the Group Accounting Manual (GAM), negative values are substituted with a zero. J Royds' total remuneration includes the negative pension benefits of £37k.*
- *K Warriner was appointed to the position of Chief Digital & Information Officer on 01/07/2020, whilst continuing in her role at Alder Hey Children's NHS Foundation Trust (AHFT). 40% of her salary was paid by LHCH and 60% was paid by AHFT.*
- *K Nightingall ceased to be an Executive Director on 29/11/2023.*
- *L Robson ceased to be a Non-Executive Director on31/12/2023.*
- *C Elliott was appointed to the position of Non-Executive Director on 11/03/2024.*
- *J Doyle was appointed to the position of Non-Executive Director on 11/03/2024.*

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).

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, 40% of her salary was paid by LHCH and 60% 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.*
- *K Warriner was appointed to the position of Chief Digital & Information Officer on 01/07/2020, whilst continuing in her role at Alder Hey Children's NHS Foundation Trust (AHFT). 40% of her salary was paid by LHCH and 60% was paid by AHFT.*
- *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.

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.

2023/24								
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 2024 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31st March 2024 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2023	Real Increase /(decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2024	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
K Edge - Chief Finance Officer	0 - 2.5	32.5 - 35	35 - 40	85 - 90	611	161	850	0
J Mathews - Chief Operating Officer	0 - 2.5	0	15 - 20	0	113	47	187	0
K Nightingall - Chief People Officer	2.5 - 5	0	5 - 10	0	66	45	127	0
K Warriner - Chief Digital & Information Officer	0	12.5-15	10 - 15	35-40	173	72	269	0
J Matthews - Chief Nurse	0 - 2.5	0	10 - 15	0	175	0	209	0
J Royds - Chief People Officer	0	25 - 27.5	50 - 55	140 - 145	961	160	1,224	0
K Wheatcroft - Director of Risk & Improvement	0	20 - 22.5	30 - 35	85 - 90	471	120	653	0

- *In accordance with the Group Accounting Manual (GAM), negative values are substituted with a zero.*
- *Where members left the scheme on or before 31/3/2023 there will be no in-scheme revalued benefits.*
- *Where members have reached retirement age, there will be no in-scheme revalued benefits.*
- *L Bishop was appointed Chief Executive of Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH) on 01/02/2024, as part of a shared role with the Clatterbridge Cancer Centre NHS Foundation Trust (CCC). Both trusts will contribute 50% of the remuneration costs as part of this shared role. CCC will disclose 100% of L Bishop's pension benefit in 23/24 on CCC annual report.*
- *J Thomson was appointed Chief Finance Officer of LHCH on 19/02/2024, as part of a shared role with the CCC. Both trusts will contribute 50% of the remuneration costs as part of this shared role. CCC will disclose 100% of J Thomson's pension benefit in 23/24 on CCC annual report.*

- *K Warriner was appointed to the position of Chief Digital & Information Officer on 01/07/2020, whilst continuing in her role at Alder Hey Children's NHS Foundation Trust (AHFT). 40% of her pension benefit was disclosed by LHCH.*
- *J Royds was appointed the interim Chief People Officer on 13/11/2023.*

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 2024. HM Treasury published updated guidance on 25 January 2024; this guidance will be used in the calculation of 2024/25 CETV figures.

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.*
- *K Warriner was appointed to the position of Chief Digital & Information Officer on 01/07/2020, whilst continuing in her role at Alder Hey Children's NHS Foundation Trust (AHFT). 40% of her pension benefit was disclosed by LHCH.*

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.

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.

	2023/24	
	Percentage change for highest paid director	Percentage change for employees as a whole
Salary and allowances	6.00%	-2.32%
Performance pay/bonuses	0.00%	0.00%

The 2023/24 employees' salary as a whole is reduced by 2.32%. This is mainly because the 2022/23 employees' salaries included the one-off unconsolidated pay award.

	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%

The highest paid director did not receive any performance pay/bonuses in 23/24 or 22/23. Hence 100% reduction was disclosed in above table because of a bonus paid in 21/22.

The remuneration of the median, lower quartile, upper quartile salary and multiple to the highest paid employee of the Trust for 2023/24 and the prior year comparative is provided below:

Pay ratio information

	2023/24	2022/23
Band of Highest Paid Directors' total remuneration (£'000)	190	180
Median total (£)	35,037	34,947
Ratio	5	5
Lower Quartile (£)	26,580	26,815
Upper Quartile (£)	48,228	46,180

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 2023/24 was £190k (2022/23 £180k). This was 5 times (2022/23, 5 times) the median remuneration of the workforce, which was £35k, (2022/23 £35k). The median remuneration of the workforce for 2023/24 has increased by 0.3% comparing to 2022/23. The lower quartile remuneration of the workforce for 23/24 (£27k) has decreased by 0.9% comparing to 22/23 (£27k), and the upper quartile remuneration of the workforce for 23/24 (£48k) has increased by 4.4% comparing to 22/23 (£46k).

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.

	2023/24	2022/23
Highest Paid Director's total remuneration (£)	186,000	180,000
Salary component of total remuneration (£)	186,000	180,000
Lower Quartile Ratio	7:1	7:1
Median Pay Ratio	5:1	5:1
Upper Quartile Ratio	4:1	4:1

In 2023/24, 3 (2022/23, 10) employees received remuneration in excess of the highest paid director. Remuneration ranged from £13k to £204k (2022/23 £13k to £269k).

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 one executive, the Medical Director who are paid more than the Prime Minister. 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 2023/24 the total number of directors in office was 21 (2022/23, 15). The number of directors receiving expenses in the reporting period was 7 (2022/23, 6). The aggregate sum of expenses paid to these directors in the reporting period was £5,275 (2022/23, £2,466).

Expenses of the Governors

In 2023/24 the total number of governors in office was 22 (2022/23, 25). The number of governors receiving expenses in the reporting period was 6 (2022/23, 5). The aggregate sum of expenses paid to these governors in the reporting period was £1,512 (2022/23, £1,088).

Liz Bishop
Chief Executive
26th June 2024

2.3 Staff Report

At 31st March 2024, the workforce key performance indicators were as follows:

- Sickness absence was 1.24% above target.
- Turnover (all leavers) is 15.68% which is above target by 5.68%.
- Voluntary turnover is 10.43% which is above target by 0.43%.
- Appraisal completions are 89.43 % which is slightly below the Trust target of 90%.
- Mandatory training at 31/03/24 was 93.61% which is 1.39% 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.

2023/24 data

Key Performance Indicators	Sickness Absence (12 Months)	Turnover (All) (12 Months)	Voluntary Turnover (12 Months)	Mandatory Training	Appraisal
Actual	4.64%	15.68%	10.43%	93.61%	89.43%
Target	3.4%	10%	10%	95%	90%

2023/24 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

Male and female staffing figures

The table below shows the breakdown of male and female Trust staff as at 31st March 2024:

As at 31st March 2024	Male	Female	Total
Board of Directors:**			
Non Executive Directors	4	4	8
Executive Directors (voting)	3	2	5
Associate Directors (non-voting)	2	3	5
Senior Managers*	12	36	48
Trust Employees	493	1380	1873
Total Staffing	514	1425	1939

*** Senior Managers (Band 8b+) excludes Health Innovation – included in "Trust Employees" figure**

****Total figures include 5 Joint Exec appointments not included in tables below**

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				
	31/03/24		31/03/23	
Age Band	**Heads**	**%**	**Heads**	**%**
16-20	18	0.93%	23	1.18%
21-25	125	6.46%	131	6.70%
26-30	206	10.65%	239	12.22%
31-35	253	13.08%	274	14.01%
36-40	301	15.56%	271	13.85%
41-45	223	11.53%	225	11.50%
46-50	216	11.17%	200	10.22%
51-55	215	11.12%	215	10.99%
56-60	184	9.51%	202	10.33%
61-65	138	7.14%	130	6.65%
66-70	40	2.07%	30	1.53%
71+	15	0.78%	16	0.82%
Total	**1934**	**100%**	**1956**	**100%**

Gender Profile				
	31/03/24		31/03/23	
Gender	**Heads**	**%**	**Heads**	**%**
Female	1422	73.53%	1432	73.21%
Male	512	26.47%	524	26.79%
Total	**1934**	**100%**	**1956**	**100%**

** Transgender not recorded*

Disability Profile				
	31/03/24		31/03/23	
Disability	**Heads**	**%**	**Heads**	**%**
No	1359	70.27%	1361	69.58%
Not Declared	88	4.55%	91	4.65%
Undefined	410	21.20%	431	22.03%
Yes	77	3.98%	73	3.73%
Total	**1934**	**100%**	**1956**	**100%**

Religion Profile				
	31/03/24		31/03/23	
Religion	**Heads**	**%**	**Heads**	**%**
Atheism	231	11.94%	225	11.50%
Buddhism	6	0.31%	7	0.36%
Christianity	884	45.71%	883	45.14%
Hinduism	40	2.07%	39	1.99%
I do not wish to disclose my religion/belief	170	8.79%	186	9.51%
Islam	52	2.69%	44	2.25%
Judaism	2	0.10%	2	0.10%
Other	72	3.72%	74	3.78%
Sikhism	7	0.36%	10	0.51%
Undefined	470	24.30%	486	24.85%
Total	**1934**	**100%**	**1956**	**100%**

Sexual Orientation Profile				
	31/03/24		31/03/23	
Sexual Orientation	**Heads**	**%**	**Heads**	**%**
Bisexual	16	0.83%	11	0.56%
Gay or Lesbian	28	1.45%	27	1.38%
Heterosexual or Straight	1366	70.63%	1370	70.04%
I do not wish to disclose my sexual orientation	125	6.46%	144	7.36%
Other sexual orientation not listed	2	0.10%	3	0.15%
Undecided	3	0.16%	0	0%
Undefined	394	20.37%	401	20.50%
Total	**1934**	**100%**	**1956**	**100%**

Ethnicity Profile				
	31/03/24		31/03/23	
Ethnic Origin	Heads	%	Heads	%
A White – British	1420	73.42%	1462	74.74%
B White – Irish	22	1.14%	31	1.58%
C White – Any other White background	50	2.59%	50	2.56%
D Mixed – White & Black Caribbean	3	0.16%	4	0.20%
E Mixed – White & Black African	7	0.36%	5	0.26%
F Mixed – White & Asian	5	0.26%	5	0.26%
G Mixed – Any other mixed background	13	0.67%	9	0.46%
H Asian or Asian British – Indian	237	12.25%	232	11.86%
J Asian or Asian British – Pakistani	14	0.72%	12	0.61%
K Asian or Asian British – Bangladeshi	2	0.10%	1	0.05%
L Asian or Asian British – Any other Asian background	20	1.03%	24	1.23%
M Black or Black British – Caribbean	4	0.21%	4	0.20%
N Black or Black British – African	22	1.14%	19	0.97%
P Black or Black British – Any other Black background	13	0.67%	15	0.77%
R Chinese	11	0.57%	9	0.46%
S Any Other Ethnic Group	32	1.65%	24	1.23%
Undefined	46	2.38%	37	1.89%
Z Not Stated	13	0.67%	13	0.66%
Total	**1934**	**100%**	**1956**	**100%**

Analysis of staffing costs and numbers

Staff costs						
					2023/24	2022/23
	Permanent		Other		Total	Total
	£000		£000		£000	£000
Salaries and wages	87,928		1,340		**89,268**	90,824
Social security costs	9,058		-		**9,058**	8,625
Apprenticeship levy	440		-		**440**	424
Employer's contributions to NHS pension scheme	13,188		-		**13,188**	12,967
Pension cost – other	-		-		**-**	-
Other post employment benefits	-		-		**-**	-
Other employment benefits	-		-		**-**	-
Termination benefits	-		-		**-**	-
Temporary staff	-		922		**922**	1,167
Total gross staff costs	**110,614**		**2,262**		**112,876**	**114,006**
Recoveries in respect of seconded staff	-		-		**-**	-
Total staff costs	**110,614**		**2,262**		**112,876**	**114,006**
Of which						
Costs capitalised as part of assets	442		-		**442**	431
Average number of employees (WTE basis)						
					2023/24	2022/23
	Permanent		Other		Total	Total
	Number		Number		Number	Number
Medical and dental	194		4		**198**	195
Ambulance staff	-		-		**-**	-
Administration and estates	486		14		**500**	526
Healthcare assistants and other support staff	272		10		**282**	303
Nursing, midwifery and health visiting staff	624		36		**660**	633
Nursing, midwifery and health visiting learners	-		-		**-**	-
Scientific, therapeutic and technical staff	267		10		**277**	249
Healthcare science staff	-		-		**-**	-
Social care staff	-		-		**-**	-
Other	-		-		**-**	-
Total average numbers	**1,843**		**74**		**1,917**	**1,905**
Of which:						
Number of employees (WTE) engaged on capital projects	8		-		**8**	7

Expenditure on consultancy

Total expenditure during 2023/24 on consultancy has totalled **£335k**.
In 2022/23 this was £207k.

Off-payroll engagements

Highly-paid off-payroll worker engagements as at 31 March 2024 earning £245 per day or greater

Number of existing engagements as of 31 March 2024	
Of which…	
Number that have existed for less than one year at time of reporting.	0
Number that have existed for between one and two years at time of reporting.	0
Number that have existed for between two and three years at time of reporting.	0
Number that have existed for between three and four years at time of reporting.	0
Number that have existed for four or more years at time of reporting.	0

All highly-paid off-payroll workers engaged at any point during the year ended 31 March 2024 earning £245 per day or greater

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

* A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Trust must undertake an assessment to determine whether that worker is in scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024

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.	8

Table 6: Exit packages (audited)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total value of exit packages
<£10,000	-	-	-
£10,000 – £25,000	-	2	£26,057.16
£25,001 – £50,000	-	2	£71,081.67
£50,001 – £100,000	1	-	£79,313.37
£100,000 – £150,000	1	-	136,095.37
£150,001 – £200,000	1	-	177,940.00
Total resource cost	**3**	**4**	**£490,487.57**

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

	Agreements Number	Total Value of Agreements
Voluntary redundancies including early retirement contractual costs	1	£41,741.52
Mutually agreed resignations (MARS) contractual costs	2	£42,994.89
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice	1	£12,402.42
Exit payments following Employment Tribunals or court orders	-	-
Non-contractual payments requiring HMT approval *	-	-
Total	**4**	**£97,138.83**

Equality, Diversity, Inclusion & Belonging

The Trust refreshed its EDIB Strategy in 2022 which was incorporated into the wider People Strategy. The strategy set out our ambition to have a culture of belonging and trust, and to understand, encourage and celebrate diversity in all its forms.

The is EDIB strategy supported by an operational action plan with a number of thematic actions designed to support delivery of the strategy.

Key achievements include:

- Action Plan developed to support the delivery of the NHS EDI Improvement Plan and Anti Racism Framework.

- A number of Staff Networks have started to be developed across LHCH supporting the objective to enhance visibility and grow LHCH Belonging Network:

- The Trust published its Equality Monitoring Report in line with our requirements under the Equality Act 2010 and public sector specific duties.

- A weekly EDIB and HWB newsletter has been developed to improve communication across the organisation and to celebrate diversity through awareness, staff stories and lived experience.

- The trust has an ambition to receive GOLD Employee Recognition Scheme (ERS) and a robust action plan and application has been developed to support this work.
- A range of EDIB awareness sessions have taken place, including an event to mark Black History Month.

- The Trust continues in its commitment to reducing health inequalities. The Liverpool Healthy Families project is making steady progress and the outreach testing is reaching out to the people most in need and most vulnerable in society.

- We continue to work closely with EDI regional groups to share best practice and exploring opportunities for collaboration.

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/.resources/6603e519a005f1.01090234.pdf

Communicating and engaging with staff

The Trust maintains strong communication and engagement with its workforce. During 20232/24, the following initiatives have taken place linked to staff engagement:

Team Brief

- The Team Brief approach to encourage staff involvement continued during 2023/24, 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.

Staff Intranet

- Following feedback received from members of staff across the Trust, a brand new staff intranet was launched in November 2023. This important communications channel provides alerts, latest news, education and training information, health and wellbeing support and much more, and is accessible on PC, laptop, and importantly via mobile phone, both inside and outside the hospital site, so that staff can access the information they require 24/7.

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 video updates

- Following the arrival of the Trust's new chief executive in early 2024, new monthly chief executive video updates have been produced and circulated to all staff. These contain latest news, performance updates, key messages, patient feedback and staff recognition and have been well received to date.

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, 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, InPhase. 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.

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 Brew Monday and Mental and physical health awareness. Live Well Work Well events are held twice a year where health checks are promoted for all staff.

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

- We are committed to creating a fairer and more diverse organisation. One of the ways we wish to achieve our ambition is through our Staff Networks. They are an important mechanism to allow colleagues to discuss their experiences, offering a safe space, and help us to shape our organisational culture to create a fairer and inclusive work environments for all.

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

- The Centre hosts 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 2023 we have launched a leadership framework with all internal and external development opportunities for leaders and managers.
- In 2023 we continued to successfully deliver the Foundation of Leadership Programme
- New Manager Induction was delivered successfully during 2023 and this will be delivered regularly during 2024 alongside a new 'Manager's Essentials' training.
- Leadership and management skills sessions are also developed and delivered as part of the Preceptorship Programme.
- As local hosts to the NHS Leadership Academy Mary Seacole programme, LHCH has successfully supported 4 internal/regional cohorts in 2023 and supported Trust's from outside the region with programme delivery which generated an income.
- 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.

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 due to be launched in September 2025.

Partnership Forum

- Liverpool Heart and Chest Hospital NHS Trust recognise that partnership working has a vital role to play in the planning and delivery of high-quality health care services.

- To support this, the Trust has a Partnership Forum, which promotes partnership working between management and staff representatives on matters relating to staff employed by the Trust. The primary objective is to provide a structure for engagement, consultation, and negotiation, as appropriate, between management and trade unions/professional bodies with the objective of delivering the Trust mission and its people strategy.

- A Partnership Agreement and Facilities Framework is in place which describes the principles of partnership working and the processes and structures in place that support effective staff and Trade Union involvement in decision making. The framework is underpinned by the Trust Values and Behaviours and Be Civil Be Kind Principles.

Policy Development Group

- The monthly Policy Development Group has delegated responsibility to develop and ratify 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 2022 to 31st March 2023 as per statutory regulations. Updated reporting covering the period 1st April 2023 to 31st March 2024 will be published on the Trust's website by 31st July 2024.

Trade Union Facility Time 1 April 2022 to 31 March 2023	
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:	£114006000.00
Total cost of facility time:	£36,822.00
Percentage of pay spent on facility time:	0.03%
Paid trade union activities	
Hours spent on paid facility time:	1536.5
Hours spent on paid trade union activities:	284.00
Percentage of total paid facility time hours spent on paid TU activities:	18.48%

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 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.

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 2023/4 by:

- An increase in the update of trained 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 Trust continues to have support from a Health Psychologist for staff support and their role is dedicated to improving the psychological health of our people.

- The HWB team continue to partner with the Strategic Partnership Team to run a series of wellbeing events for staff at LHCH with a continued focus on '*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 also strengthened the resilience of our people by:

- Continuing Schwartz Rounds within the organisation running a different themed round every month.
- Revised our learning support offer by providing virtual learning sessions
- Continuing to embed the 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 within the Trust has become firmly established within the new management structure. The latest Health & Safety MIAA audit, conducted in November 2022, resulted in the Trust receiving substantial assurance, indicating significant improvements. The action list reflects no outstanding high-risk actions, affirming the effective performance of the health and safety function.

COSHH is presently transitioning from risk management to the health and safety team, necessitating significant administrative effort. Meanwhile, the DSE function has undergone enhancements, notably with a digitalised eyewear reimbursement process, simplifying procedures for staff. Additionally, there have been notable improvements in spill kits and first aid arrangements across the site.

During the past reporting year, fire safety underwent two external audits conducted by Merseyside Fire & Rescue Service and DRLC (approved AE auditor). Both audits concluded that the Trust is in excellent condition regarding fire safety management. The overall compliance rating received was *'Comprehensive',* indicating high standards in Governance, Internal Control, and Risk Management. Minor residual risks were identified, which the Trust either accepts or is actively managing.

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 Policy Development Group (where appropriate), which acts on delegated responsibility from the People Committee.

The following policies have been reviewed and/or developed in 2023/24:

- Appraisal
- Apprenticeship
- Bullying & Harassment at Work
- Corporate and Local Induction & Mandatory Training
- Electronic Rostering
- Employee Expenses
- Grievance
- Honorary Contract & Letters of Access
- Hybrid Working
- Managing Attendance

- Maternity, Paternity, Adoption and Shared Parental Leave
- Menopause
- Pay Step Progression
- Special Leave
- Stress Prevention & Management in the Workplace
- Supporting Staff following Work Related Traumatic or Stressful Incidents
- Temporary Staffing

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 2024/25. In addition to this the Trust held an 'Access to Medicine' course for prospective medical students in 2023, attended by 17 Year 12 students from across the local region.

- Traineeships were initially developed for young people between the ages of 16 and 24 years, but recently 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 19 trainees into the Trust and we are due to begin a new cohort later this year working with The Prince's Trust.

- The T Level 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. Last year we welcomed 13 T Level Health and Social Care students into the Trust and we are currently hosting a new cohort of 3 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. To date, 3 of these interns have gone on to secure permanent roles within the Trust. Last year, we hosted placements for 4 interns throughout the Trust and we have received great feedback from both staff members and the interns themselves and we will continue to host these placements in 2024/25.

- In 2024/25 there is a plan to continue delivering Pre-Employment and Functional Skills programmes.

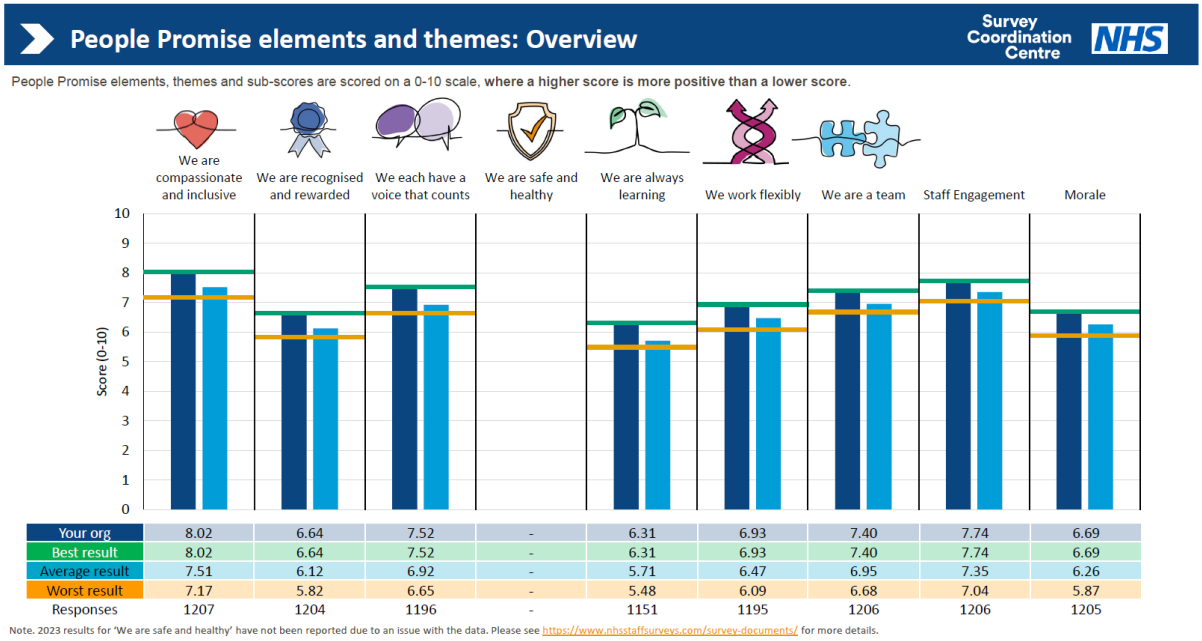
Summary of performance – NHS Staff Survey results 2023

A total of 1,209 staff out of 1,903 eligible staff completed the 2023 NHS Staff Survey which represents a response rate of 64%. This was lower than the 2023 response rate of 69%.

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 2022 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 2023 was a mixed method including online and paper surveys. Scores for each indicator together with that of the **survey benchmarking group** (Acute Specialist Trusts) are presented below.

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



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Your org	8.02	6.64	7.52	-	6.31	6.93	7.40	7.74	6.69
Best result	8.02	6.64	7.52	-	6.31	6.93	7.40	7.74	6.69
Average result	7.51	6.12	6.92	-	5.71	6.47	6.95	7.35	6.26
Worst result	7.17	5.82	6.65	-	5.48	6.09	6.68	7.04	5.87
Responses	1207	1204	1196	-	1151	1195	1206	1206	1205

Note. 2023 results for 'We are safe and healthy' have not been reported due to an issue with the data. Please see https://www.nhsstaffsurveys.com/survey-documents/ for more details.

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Note. 2023 results for 'We are safe and healthy' have not been reported due to an issue with the data. Please see https://www.nhsstaffsurveys.com/survey-documents/ for more details.

	2023/24		2022/23		2021/22	
	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)
We are Compassionate and Inclusive	8.02	7.51	7.9	7.5	7.8	7.5
We are recognised and rewarded	6.64	6.12	6.3	6.0	6.3	6.1
We each have a voice that counts	7.52	6.92	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	6.31	5.71	6.1	5.7	5.9	5.6
We work flexibly	6.93	6.47	6.5	6.4	6.4	6.3
We are a team	7.40	6.95	7.2	6.9	7.1	6.9
Staff engagement	7.74	7.35	7.6	7.2	7.5	7.3
Morale	6.69	6.26	6.4	6.1	6.3	6.0

Source: *RBQ-benchmark-2023 / NSS22 Benchmark Reports_RBQ*

Note. 2023 results for 'We are safe and healthy' have not been reported due to an issue with the data. Please see https://www.nhsstaffsurveys.com/survey-documents/ for more details.

	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
Morale	6.4	6.4	6.5	6.4	6.4	6.3
Quality of care	8	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	7.5	7	7.6	6.9
Staff engagement	7.6	7.4	7.6	7.5	7.7	7.4
Team working	7	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'*, 'Care is our top priority', 'We are compassionate and inclusive', 'We each have a voice that counts', '*Staff engagement'* and 'Morale'
- 3rd for "*A place for treatment*"
- 1st in 8 out of 8* of the People Promise elements & themes, benchmarked against 'Acute Specialist Trusts'.
- 1st in all four areas benchmarked against all Trusts in Cheshire and Merseyside

*Note. 2023 results for 'We are safe and healthy' have not been reported due to an issue with the data. Please see https://www.nhsstaffsurveys.com/survey-documents/ for more details.

The top and bottom 5 scores and those most/least improved from the 2023 survey are shown in the below.

Most improved scores	Org 2023	Org 2022
q3i. Enough staff at organisation to do my job properly	54%	43%
q4c. Satisfied with level of pay	38%	28%
q6b. Organisation is committed to helping balance work and home life	64%	54%
q10b. Don't work any additional paid hours per week for this organisation, over and above contracted hours	67%	59%
q12b. Never/rarely feel burnt out because of work	43%	34%

Most declined scores	Org 2023	Org 2022
q14d. Last experience of harassment/bullying/abuse reported	48%	58%
q13d. Last experience of physical violence reported	73%	76%
q24a. Organisation offers me challenging work	69%	72%
q15. Organisation acts fairly: career progression	66%	67%
q6a. Feel my role makes a difference to patients/service users	91%	91%

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Picker

Tables are based on absolute % differences, not statistical significance

Source: RBQ NSS23 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.

Divisional action plans will be presented at People Delivery Group, Operational Board 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?"

2019	2020	2021/22			2022/23				2023/24			
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	People Pulse Q1	People Pulse Q2	Staff Survey Q3	People Pulse Q4
76%	76%	62%	74%	66%	N/A	77%	78%	69%	76%	85%	83%	89%

*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?"

2019	2020	2021/22			2022/23				2023/24			
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	People Pulse Q1	People Pulse Q2	Staff Survey Q3	People Pulse Q4
94%	92%	87%	92%	88%	N/A	88%	91%	86%	95%	94%	92%	96%

*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 Code of Governance ('The Code') on a 'comply or explain basis'. A revised Code of Governance came into place for 2023/24.

During 2023/24, the Board of Directors has maintained governance policies and processes that reflect the principles and provisions within 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.
- A Constitution which was updated in 2023/24 to reflect the new Code of Governance, and Addendum for Governors.
- At least half the Board of Directors, excluding the Chair, comprises independent Non Executive directors;
- The appointment of a Senior Independent Director;
- Regular private meetings between the Chair and Non Executive Directors;
- Robust annual appraisal process for the Chair and Non Executive Directors that has been developed and approved by the Council of Governors;
- Robust recruitment process for the appointment of Non Executive and Executive Directors;
- Induction process for Non Executive and Executive Directors;
- Comprehensive induction programme and ongoing training programme for Governors;
- Annual review of Non Executive Director independence;
- Annual review of compliance with Fit and Proper Persons' criteria for all Directors;
- Publicly accessible Register of Interests for Directors, Governors and senior staff;
- New Lead Governor appointed in 2023/24;
- 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 2023/24.

Liverpool Heart and Chest Hospital departed from:

- *Provision C.4.7 - All Trusts are strongly encouraged to carry out externally facilitated developmental reviews of their leadership and governance using the Well Led Framework every three to five years, according to their circumstances. The external reviewer should be identified in the annual report and a statement made about any connection it has with the Trust or individual Directors or Governors*

  The Trust's last independent evaluation against the Well Led Framework was in 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 this during the Covid-19 pandemic.

  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, and continued to work collaboratively as part of the Cheshire and Merseyside Integrated Care System. In 2023/24 the Trust undertook an extensive well led self-assessment.

  In summary, whilst the Board has not commissioned an external review against the well led 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, and strategy.

  The intention is to commission an external review in Q3 2024/25 aligned to the new CQC assessment framework.

- *Provision B.2.6 - The Board of Directors should identify in the Annual Report each Non Executive Director it considers to be independent.*

The Code of Governance includes circumstances that are likely to impair, or could appear to impair, a Non Executive Director's independence. One of these is serving on the Trust Board for more than six years from the date of their first appointment.

As noted in previous years, Julian Farmer (Non Executive Director) was 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). In addition, Nicholas Brooks has been re-appointed for a third and final term to the 10th July 2026.

A review of independence and performance including the importance of continuity in light of other NED changes was undertaken by the Council of Governors. The Senior Independent Director role was re-assigned to Bob Burgoyne (NED) as part of this process. The NED succession plan has been subject to regular review and two new NEDs have been appointed and commenced in post in March 2024.

The compliance with the Code of Governance is extensive, and the Trust is also continuing to focus on developments in respect of the provision and use of data to support its work on health inequalities.

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 & Community Engagement 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 & Community Engagement Strategy and making recommendations to the Board of Directors, for approval of revisions to the strategy. The implementation of the Membership & Community Engagement Strategy is monitored by the Membership and Communications Sub Committee of the Council of Governors, which is chaired by an elected governor.

The membership plans are to:

- support greater engagement with the general public as well as membership supporting delivery of the Trust strategy 'Patients, Partnerships and Populations' in improving population health. Building awareness of key health topics, the importance of taking ownership of our own health and taking steps to remove health inequalities.
- continue to build a membership that is representative of the demographics of the population.

- Involve and engaged with members and the community, enabling them to have a voice, on the patient and family experience including the quality of LHCH service.
- Enhance the Trust's profile and reputation through communication and engagement with membership, governors and the public at large.
- Attract and nurture members who may be interested in becoming our governors of the future.
- Consider opportunities to work with our partners collaboratively to achieve our aims.

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 population.

During the year, the implementation of the communications, recruitment and engagement plan, entitled LHCH Membership and Community Calendar, 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.

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 canvas 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 of members and to improve representation. Governors attend a number of recruitment events throughout the year to support this work including events at local universities. This is in addition to ongoing recruitment of members as part of our hospital volunteer scheme. The aim of the sub-committee is to enable better representation of younger age groups in the Foundation Trust membership.

Membership profile

Constituency			
Public Area	**As at 31st March 2024**	**As at 31st March 2023**	**Increase/ Decrease**
Cheshire	2,008	2,037	-29
Merseyside	4,495	4,502	-7
North Wales	1,368	1,422	-54
Rest of England and Wales	776	763	+13
Total - Public Constituency	**8,647**	**8,724**	**-77**
Staff Constituency	1,863	1,872	-9

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 2023, 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 2023/24 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 2023/24, 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 working 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) Delivered 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.
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.
xii) Continued to run and support the Membership and Communication Sub Committee which offers Governors the opportunity to shape and implement the Trust's membership strategy.
xiii) Supported Governor members of the Nomination and Remuneration Committee (NEDs) to review the Chair and NED succession plan, and manage the Chair and NED recruitment and re-appointments.
xiv) Continued to provide Governor development sessions related to key assurance committees.

Elections

The Board of Directors can confirm that elections for Public and Staff Governors held in 2023/24 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			
Merseyside (Election contested)	5	Peter Humphrey Elaine Holme Terence Comerford Ian Balmer Ian Ferguson	3
North Wales (Election contested)	2	Dusty Rhodes Peter Wareham	3
Staff			
Registered Nurses (Election contested)	1	Princey Santhosh	3
Allied Healthcare Professionals, Technical and Scientific (Election contested)	1	Dot Price	3
Non Clinical (Election uncontested)	2	Lynsey Jackson Harry Vlasman Keith Wilson (by election following resignation of Harry Vlasman on 17/11/23)	3
Registered Medical Practitioners **(Election uncontested)**	1	Dr Jonathan Kendall	3

Governor attendance at Council of Governor meetings 2023/24

Between 1st April 2023 and 31st March 2024, the Council of Governors met formally on four occasions. Attendance at meetings was either in-person or via video conference.

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			
	6th June 2023	19th Sept 2023	5th Dec 2023	5th March 2024
Public Constituency				
Merseyside				
Trevor Wooding (Senior Governor)	✓	✓		
Dorothy Burgess	✓	✓		
David Bromilow	✓	✓	x	x
Elaine Holme (Lead Governor)	✓	✓	✓	✓
Terence Comerford	✓	✓	✓	✓
Peter Humphrey	✓	✓	x	x
Ian Balmer			x	x
Ian Ferguson			✓	x
Cheshire				
Allan Pemberton	✓	✓	✓	✓
Dennis McAllister	✓	✓	✓	✓
Ray Davis	✓	✓	✓	✓
Stephen Storey	x	✓	✓	✓
North Wales				
Joan Burgen	✓	✓	✓	✓
Dusty Rhodes	✓	✓	✓	✓
Peter Wareham	✓	✓	✓	✓
Rest of England and Wales				
Lynne Addison	x	x		
Staff Constituency				
Registered Nurses and Non-Registered Nurses				
Michelle Beaver	✓	✓	✓	✓
Sharon Faulkner	x	✓	✓	✓
Princey Santhosh	x	✓	x	x
Non Clinical				
Megan Cromby	x	x		
Rachael McDonald	x	x		
Lynsey Jackson			✓	✓
Keith Wilson				✓
Allied Health Professionals, Technical and Scientific				
Dorothy Price	x	✓	x	✓
Registered Medical Practitioners				

Governor Name	Council of Governor Meeting Dates 2022/23			
	6th June 2023	19th Sept 2023	5th Dec 2023	5th March 2024
Dr Jonathan Kendall			✓	✓
Nominated Governors:				
Karen Higginbotham *(Liverpool John Moores University)*	x	x	✓	✓
Wendy Caulfied *(Friends of Robert Owen House)*	✓	✓	x	✓
James Roberts *(Liverpool City Council)*	x	x		
Neil French (University of Liverpool)	✓	✓	✓	✓
Board Members in attendance:				
Val Davies	✓	✓	✓	✓
Jane Tomkinson	✓	✓	✓	
Liz Bishop				✓
Sue Pemberton	✓	✓	✓	
Joan Matthews				✓
Raphael Perry	x	x	x	x
Karen Edge	✓	✓	✓	
James Thomson				✓
Jonathan Mathews	✓	✓	✓	✓
Nicholas Brooks	✓	✓	✓	✓
Margaret Carney	✓	✓	✓	✓
Julian Farmer	x	x	✓	x
Louise Robson	✓	✓	✓	
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 2024.

Current segmentation information for NHS trusts and foundation trusts is published on the NHS England 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.

Liz Bishop
Chief Executive
26th June 2024

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 2024 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 2023/24 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.

A new risk management and incident reporting system was implemented during 2023/24. Comprehensive risk management training for the new In-Phase system was 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.

The Board reviewed the strategic risk profile and risk appetite statement at the beginning of 2023/24, including ensuring this reflected wider system and collaboration arrangements. The Board of Directors received the BAF at each meeting with a full in-depth review undertaken on a quarterly basis.

The Trust has mechanisms in place to act upon alerts and recommendations made by central bodies such as the NHSE, the Central Alerting System (CAS) and the Health and Safety Executive (HSE). The Risk Management Committee received regular assurance on the effectiveness of 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.

The implementation of the new Patient Safety Incident Response Framework (PSIRF) in 2023/24 added a further focus on learning from incidents with new tools and techniques to respond to and learn from incidents. This included the introduction of a weekly patient safety incident review meeting and immediate sharing of learning. The organisation learning database was further developed for mortality reviews, PSIRF and wider sharing and learning.

Throughout 2023/24, the Trust reduced the 'Gold', 'Silver' and 'Bronze' Command arrangements that had enabled the Trust to respond quickly to risks, and make informed collective decisions to ensure patient and staff safety during the Covid-19 pandemic. These structures continued to be used to support the Trust's response to industrial action with a focus on ensuring safe services during periods of strike action and the continued recovery of the waiting list backlogs that arose during the Covid-19 pandemic. 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 Trust continued to face risks in performance against the diagnostic, cancer and referral to treatment (RTT) targets. 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 modelled within the Trust and at system level through the annual planning process). The Trust's position and forecast demonstrates strong performance and recovery in 2023/24 when benchmarked across the country. Industrial action and in year staffing challenges have continued to impact activity and performance 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 the In-Phase system. In addition, incident management and a range of other modules are now managed through an integrated In-Phase system. The new system has taken time to implement and embed, and further work is progressing to maximise the use of the system. The integrated system will bring many benefits, including universal electronic incident reporting, integration of incidents, claims and complaints.

Each department within the Trust has its own risk register on In-Phase, 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 and assurances has been provided. Risks 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:

- Completion of a strategic review of risk, the BAF and Board review of risk appetite.
- 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.
- Daily safety huddles to identify and mitigate operational safety risks.
- 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.

For the first 4 months of 2023/24, the Trust followed NHS England's guidance in reporting Serious Incidents and carrying out investigations. This included uploading all Serious Incidents onto StEIS (Strategic Executive Information System) for external review. Local commissioners and regulators were informed of the Trust's Serious Incidents and monitor the outcomes. As part of the Trust's incident reporting policy, all incidents which were reported as serious incidents had 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 were clearly documented, including the actions taken and submitted to the commissioners and regulators.

There has been one serious incident and no never events reported to STEIS in 2023/24. STEIS was also used to report two further incidents, one was a potential serious incident that was subsequently downgraded and the second was to escalate an incident drawing media attention. All incidents reported to STEIS, ensured duty of candour and were subject to full root cause analysis to ensure identification and cascade of organisational learning.

PSIRF was implemented in August 2023, with the new tools and techniques being used and learning shared across the Trust. There was one incidents in 2023/24 classified as a PSII (patient safety incident investigation).

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 incident response 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 (QSEC). A formal Board Assurance Committee for Quality meets quarterly and receives assurances from QSEC on progress with all of the Trust's quality initiatives. The Trust has also reintroduced the patient engagement sessions, which were stepped down during the Covid-19 pandemic, to support the shaping of quality priorities for 2024/25.

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. A well led self-assessment has also been completed in year involving the Board, Council of Governors, Operational Board and Divisional Triumvirates.

The Trust continued to operate an emergency preparedness resilience and response framework during 2023/24. The new NHS England assurance exercise identified a significant number of partially compliant areas leading to an overall percentage assessment of non-compliance. Actions were required to strengthen these arrangements and a robust action plan was developed and progressed in year.

Throughout 2023/24 work has continued to ensure the Trust has strong cyber security controls. The digital collaboration with Alder Hey has delivered 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, including implementation of prior year actions. A new Strategic Research and Innovation Committee was established in year including external stakeholders, and this continues to be developed.

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 (Divisional Medical Directors, Divisional Directors of Nursing and Divisional Directors 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 reporting routinely to the Board of Directors.

The governance structure facilitates a clear distinction between assurance (Non Executive led) and performance management (Executive led). During the year the Board and the Council of Governors moved to face to face meetings, with Assurance Committee meetings continuing to be held online. The annual workplans for Committees were established at the beginning of the year 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 strategy, culture, innovation, collaboration, health inequalities and equality, diversity and inclusion.

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, and the people strategy, including recruitment and retention; learning and development; equality, diversity, inclusion

and belong; and health and wellbeing. The continued challenges of Industrial Action during 2023/24 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 received a baseline assessment against the new provider licence in quarter 1 and quarterly checklist updates during the year.

In relation to oversight of the Trust's performance, the Board receives the strategic oversight framework (SOF) report at every meeting, with exception reports and action plans scrutinised by the Integrated Performance Committee for any areas of underperformance. This year has seen continued focus on the recovery plan trajectories, safe waiting list management, recovery of long waiters, and cancer target performance. A Trust Cancer Board has been established to further support the focus on cancer pathways and performance.

Board walkabouts have continued during 2023/24 with Non Executive Directors, Executive Directors and Governors being visible. The Board have received patient and staff stories and have been updated on a range of topics including community services, adult congenital heart disease (ACHD), pharmacy, tissue viability, mortality, disabilities and palliative care.

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. The Assurance Committees review the relevant BAF risks, and report on BAF key issues to the Board after each meeting. 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 2023/24.

The Board assures itself of its corporate governance and any risks in relation to compliance with the NHS provider licence 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.
- review of the Trust's performance through the strategic oversight framework.
- an annual review of the sufficiency and quality of evidence brought to the Board and its Committees throughout the year.

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

Future risks

i) Operational Recovery and Delivery

The Trust has performed well against the recovery trajectories to reduce long waiters, specifically waiting times for treatment and diagnostics. The impact of Industrial action has added a new risk to operational recovery and delivery of targets including cancer and diagnostics. 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 continuing to provide mutual aid where appropriate to the wider system.

ii) Recruitment, Retention and Staff Wellbeing

The wellbeing of the workforce and recruitment and retention will continue to be a key focus. This includes but is not limited to the impact of staff shortages in specific professional groups and ongoing industrial action.

iii) Leadership and Succession Planning

The Trust has seen as significant number of leadership changes. Progress has been made in respect of appointments to the Board, Triumvirates and senior leader roles. There will be a continued focus on leadership development and succession planning at all levels.

iv) Financial delivery and capital

The new financial framework continues to be embedded at system level. The Trust is continuing to work collaboratively as part of the Cheshire and Merseyside Integrated Care System to support system financial performance and the longer term financial strategy. The system capital envelope remains challenging and all organisations will need to continue to manage and mitigate local risks.

v) System Collaboration and Leadership

The Board will continue to ensure collaboration within the wider health and care system. The continued leadership of cardiac and respiratory networks will be important in ensuring the focus on the priorities including prevention and population health. 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 is currently reviewing and refreshing this strategy for launch in 2024/25.

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 has supported 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 is established as a Committee in Common. The Trust is also a member of the Liverpool Trust Joint Committee which was established in 2023/24 in response to the Liverpool Clinical Services Review, and is progressing joint workstreams through the Broadgreen Joint Sub Committee.

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 on the effects of climate change and severe weather and has developed a Green Plan following the guidance of the Greener NHS programme. The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. The Board of Directors receives updates on the delivery against the Green Plan.

Review of economy, efficiency and effectiveness of the use of resources

The financial plan is approved by the Board and submitted to Cheshire and Merseyside Integrated Care Board (ICB) and 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 2023/24. The Board itself reviews financial performance including key performance indicators and NHSE metrics at each Board meeting.

The Trust's resources are managed within the framework set by the Governance Manual, which includes Standing Financial Instructions and Scheme of Reservation and Delegation. Financial governance arrangements are supported by internal and external audit to ensure economic, efficient and effective use of resources.

The financial plan is developed through a robust process of 'confirm and challenge' meetings with divisions and departments to ensure best use of resources. All cost improvement plans (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 Quality Committee and to the Board of Directors as part of the annual plan approval. The Trust demonstrated a strong contribution to supporting the Cheshire and Merseyside Integrated Care System (ICS) financial strategy in 2023/24.

Information governance

The Data Security and Protection Toolkit (DSPT) baseline assessment was submitted in February 2024, with the final submission to be completed in June 2024. The submission process is supported by an independent audit undertaken by 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 2023/24.

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, Trust Patient Safety Lead, Divisional Directors of Operations, Divisional Directors 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. The introduction of the weekly patient safety incident meeting and sharing of learning has further enhanced these processes in 2023/24.

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 joint Data Quality Strategy with Alder Hey Children's NHS Foundation Trust. 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 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.

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 favourably 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. 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 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 2023/24.

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, well led self-assessment, and EECS reports.
- Internal audits of effectiveness of systems of internal control.

Conclusion

There were no significant control issues identified in 2023/24. During the year the Trust has actively managed risks and addressed the actions and organisational learning arising from incidents, maintaining an active oversight of the effectiveness of controls in place to mitigate the risk of harm and ensure delivery of operational targets.

Liz Bishop
Chief Executive
26 June 2024

SECTION 3: ANNUAL ACCOUNTS

Liverpool Heart and Chest Hospital NHS Foundation Trust
Annual Report and Accounts 2023/24

Annual accounts for the year ended 31st March 2024

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 2024, have been prepared by Liverpool Heart and Chest Hospital NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed 

Name Liz Bishop
Job title Chief Executive
Date **26th June 2024**

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:  Liz Bishop, Chief Executive

26th June 2024

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.

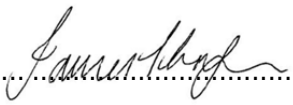
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They 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

26th June 2024 .....  .....Liz Bishop, Chief Executive

26th June 2024 .....  ..... James Thomson, 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 2023/24 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 NHS provider accounting policies issued by NHS England, 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.

James Thomson, Chief Finance Officer
26th June 2024

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 Foundation Trust is required to submit to NHS England.

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

Liz Bishop, Chief Executive
26th June 2024

Statement of Comprehensive Income

	Note	2023/24 £000	2022/23 £000
Operating income from patient care activities	3	223,777	206,186
Other operating income	4	20,583	24,864
Operating expenses	6, 8	(243,810)	(225,429)
Operating surplus/(deficit) from continuing operations		**550**	**5,621**
Finance income	10	2,345	866
Finance expenses	11	(95)	(63)
PDC dividends payable		(2,441)	(2,415)
Net finance costs		**(191)**	**(1,612)**
Other gains / (losses)	12	(199)	196
Surplus / (deficit) for the year from continuing operations		**160**	**4,205**
Surplus / (deficit) for the year		**160**	**4,205**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(887)	(507)
Revaluations	16	821	-
May be reclassified to income and expenditure when certain conditions are met:			
Total comprehensive income / (expense) for the period		**94**	**3,698**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		160	4,205
Remove net impairments not scoring to the Departmental expenditure limit		11,495	(675)
Remove I&E impact of capital grants and donations		(328)	(321)
Remove net impact of inventories received from DHSC group bodies for COVID response		25	30
Adjusted financial performance surplus / (deficit)		**11,352**	**3,239**

Statement of Financial Position

	Note	31 March 2024 £000	31 March 2023 £000
Non-current assets			
Intangible assets	13	74	109
Property, plant and equipment	14	108,365	115,230
Right of use assets	17	4,059	4,152
Receivables	20	114	146
Total non-current assets		**112,612**	**119,637**
Current assets			
Inventories	19	5,247	4,350
Receivables	20	12,265	13,111
Cash and cash equivalents	22	44,537	41,348
Total current assets		**62,049**	**58,809**
Current liabilities			
Trade and other payables	23	(34,209)	(37,558)
Borrowings	25	(769)	(719)
Provisions	27	(220)	(515)
Other liabilities	24	(6,547)	(7,462)
Total current liabilities		**(41,744)**	**(46,254)**
Total assets less current liabilities		**132,917**	**132,192**
Non-current liabilities			
Trade and other payables	23	(2,211)	(2,982)
Borrowings	25	(3,312)	(3,415)
Provisions	27	(5,153)	(5,032)
Other liabilities	24	(81)	(81)
Total non-current liabilities		**(10,756)**	**(11,509)**
Total assets employed		**122,161**	**120,683**
Financed by			
Public dividend capital		75,649	74,265
Revaluation reserve		11,373	11,439
Income and expenditure reserve		35,139	34,979
Total taxpayers' equity		**122,161**	**120,683**

The notes on the following pages form part of these accounts.

Name Dr Liz Bishop
Position Chief Executive Officer
Date 26th June 2024

Statement of Changes in Equity for the year ended 31 March 2024

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**74,265**	**11,439**	**34,979**	**120,683**
Surplus/(deficit) for the year	-	-	160	**160**
Impairments	-	(887)	-	**(887)**
Revaluations	-	821	-	**821**
Public dividend capital received	1,384	-	-	**1,384**
Taxpayers' and others' equity at 31 March 2024	**75,649**	**11,373**	**35,139**	**122,161**

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**
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**

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	2023/24 £000	2022/23 £000
Cash flows from operating activities			
Operating surplus / (deficit)		550	5,621
Non-cash income and expense:			
Depreciation and amortisation	6.1	7,160	7,084
Net impairments	7	11,495	(675)
Income recognised in respect of capital donations	4	(497)	(465)
(Increase) / decrease in receivables and other assets		989	(3,975)
(Increase) / decrease in inventories		(897)	(16)
Increase / (decrease) in payables and other liabilities		(5,662)	7,243
Increase / (decrease) in provisions		(173)	(2,458)
Net cash flows from / (used in) operating activities		**12,963**	**12,359**
Cash flows from investing activities			
Interest received		2,345	866
Purchase of intangible assets		(61)	(107)
Purchase of PPE		(10,510)	(16,844)
Sales of PPE		8	200
Receipt of cash donations to purchase assets		497	375
Net cash flows from / (used in) investing activities		**(7,720)**	**(15,510)**
Cash flows from financing activities			
Public dividend capital received		1,384	4,982
Movement on other loans		-	(3)
Capital element of finance lease rental payments		(790)	(820)
Other interest		-	(6)
Interest paid on finance lease liabilities		(95)	(80)
PDC dividend (paid) / refunded		(2,552)	(2,310)
Net cash flows from / (used in) financing activities		**(2,053)**	**1,763**
Increase / (decrease) in cash and cash equivalents		**3,190**	**(1,388)**
Cash and cash equivalents at 1 April - brought forward		**41,348**	**42,735**
Cash and cash equivalents at 31 March	22.1	**44,537**	**41,348**

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 2023/24 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 stopped hosting Liverpool Health Partnerships on 31st July 2023 (hosting arrangements commenced on 1st February 2020).

Liverpool Heart and Chest continues to host Health Innovation North West Coast (previously known as Innovation Agency, of which the hosting arrangements commenced on 1st April 2020). The Health Innovation North West Coast is one of the 15 Health Innovation Networks across England. HINWC work with healthcare organisations and businesses to support the spread of innovation within the NHS.

The Trust stopped hosting Liverpool Network Alliance on 31st March 2023 (hosting arrangements commenced on 1st December 2020).

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 NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare.

Aligned payment and incentive contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

High costs drugs and devices excluded from the calculation of national prices are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

In 2022/23 fixed payments were set at a level assuming the achievement of elective activity targets within 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 differed from the agreed level set in the fixed payments, the variable element either increased or reduced the income earned by the Trust at a rate of 75% of the tariff price.

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 and accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as 'other clinical income' in these accounts.

Elective Recovery Fund (ERF)

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. In 2023/24, trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the trust contributes to system performance and therefore the availability of funding to the trust's commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts.

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 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, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

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

Valuers Cushman & Wakefield have been appointed by LHCH to revalue trust land and buildings. They have provided a desktop valuation as at the 31st March 2024.

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 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 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, the Trust determines 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 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

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 or other systematic basis. 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 in 2022/23

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

The standard was 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 were only 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 were not 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 was used in determining the lease term where lease arrangements contained options for extension or earlier termination.

No adjustments were 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 had a value below £5,000. No adjustments were 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 2024:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.26%	3.27%
Medium-term	After 5 years up to 10 years	4.03%	3.20%
Long-term	After 10 years up to 40 years	4.72%	3.51%
Very long-term	Exceeding 40 years	4.40%	3.00%

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 2024:

	Inflation rate	Prior year rate
Year 1	3.60%	7.40%
Year 2	1.80%	0.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.45% in real terms (prior year: minus 1.70%).

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 27.2 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 Contigent Assets and Liabilities note, where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 28, 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 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 1.19 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2023/24.

Note 1.20 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 2024/25. Work has not yet started on understanding its impact in the NHS.

Note 1.21 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 2024 is disclosed at note 7.

Note 1.22 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 £812.31k and an increase of 5% would result in a net book value increase of £4,061.55k.

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 2024 was £244,360m of which 92% related to patient care activities for which NHS England and Integrated Care Boards account for 76% 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)	2023/24	2022/23
	£000	£000
Income from commissioners under API contracts - variable element*	48,301	-
Income from commissioners under API contracts - fixed element*	72,682	144,420
High cost drugs income from commissioners	31,006	28,086
Other NHS clinical income	24,011	-
Community services		
Income from commissioners under API contracts*	13,496	10,537
All services		
Private patient income	4,800	3,785
Elective recovery fund	-	5,559
National pay award central funding***	83	3,657
Additional pension contribution central funding**	4,019	3,923
Other clinical income	25,379	6,219
Total income from activities	**223,777**	**206,186**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2023/25 NHS Payment Scheme documentation.

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

**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)

	2023/24	2022/23
Income from patient care activities received from:	**£000**	**£000**
NHS England	147,329	139,902
Clinical commissioning groups	-	6,616
Integrated care boards	39,106	23,052
Other NHS providers	243	-
Non-NHS: private patients	4,800	3,714
Non-NHS: overseas patients (chargeable to patient)	67	71
Non NHS: other	32,230	32,831
Total income from activities	**223,777**	**206,186**
Of which:		
Related to continuing operations	223,777	206,186

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

	2023/24	2022/23
	£000	£000
Income recognised this year	67	71
Cash payments received in-year	34	60

Note 4 Other operating income	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,058	-	**2,058**	1,750	-	**1,750**
Education and training	3,236	271	**3,506**	3,159	325	**3,484**
Non-patient care services to other bodies	11,733	-	**11,733**	15,882	-	**15,882**
Receipt of capital grants and donations and peppercorn leases	-	497	**497**	-	465	**465**
Charitable and other contributions to expenditure	-	64	**64**	-	201	**201**
Other income	2,725	-	**2,725**	3,082	-	**3,082**
Total other operating income	**19,752**	**831**	**20,583**	**23,873**	**991**	**24,864**
Of which:						
Related to continuing operations			20,583			24,864

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

	2023/24	2022/23
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end		697
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods		

Note 5.2 Income from activities arising from commissioner requested services

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:

	2023/24	2022/23
	£000	£000
Income from services designated as commissioner requested services	214,890	198,477
Income from services not designated as commissioner requested services	8,887	7,708
Total	**223,777**	**206,185**

Note 6.1 Operating expenses

	2023/24	2022/23
	£000	£000
Purchase of healthcare from non-NHS and non-DHSC bodies	2,746	2,603
Staff and executive directors costs	109,285	111,041
Remuneration of non-executive directors	176	185
Supplies and services - clinical (excluding drugs costs)	52,416	47,218
Supplies and services - general	9,806	8,710
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	33,459	30,859
Consultancy costs	335	207
Establishment	1,825	2,663
Premises	4,679	8,364
Transport (including patient travel)	1,048	1,049
Depreciation on property, plant and equipment	7,064	6,906
Amortisation on intangible assets	96	178
Net impairments	11,495	(675)
Movement in credit loss allowance: contract receivables / contract assets	241	(1,297)
Increase/(decrease) in other provisions	(176)	(1,004)
Change in provisions discount rate(s)	(5)	-
audit services- statutory audit *	138	115
Internal audit costs	80	86
Clinical negligence	1,117	1,038
Legal fees	52	136
Insurance	178	128
Research and development	2,387	1,975
Education and training	1,369	1,292
Redundancy	311	134
Losses, ex gratia & special payments	4	3
Other	3,685	3,517
Total	**243,810**	**225,429**
Of which:		
Related to continuing operations	243,810	225,429

* The £138k statutory audit fees include £11k related to 22/23 additional fees.

Note 6.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2022/23: £2 million).

Note 7 Impairment of assets

	2023/24	2022/23
	£000	£000
Net impairments charged to operating surplus / (deficit) resulting from:		
Changes in market price	11,495	(675)
Total net impairments charged to operating surplus / (deficit)	**11,495**	**(675)**
Impairments charged to the revaluation reserve	887	507
Total net impairments	**12,382**	**(168)**

The impairment is mainly due to building value changes on Cath Lab project related buildings - Holly Suite. The Trust spent £15m on Cath Lab project building works, which was Asset under Construction in 21/22 and 22/23. The project was completed in 23/24.
Holly Suite was valued at £7m on 31st Mar 2023. The value of Holly Suite prior year-end valuation (after additions in 23/24 and reclassification from AUC) was £23m. The revalued amount as at 31 March 2024 was £13m. The building work costs do not reflect a straight increase in building value.

Note 8 Employee benefits

	2023/24	2022/23
	Total	Total
	£000	£000
Salaries and wages	89,268	90,824
Social security costs	9,058	8,625
Apprenticeship levy	440	424
Employer's contributions to NHS pensions	13,188	12,967
Temporary staff (including agency)	922	1,167
Total gross staff costs	**112,876**	**114,006**
Recoveries in respect of seconded staff	-	-
Total staff costs	**112,876**	**114,006**
Of which		
Costs capitalised as part of assets	442	431

Note 8.1 Retirements due to ill-health

During 2023/24 there were no early retirements from the trust agreed on the grounds of ill-health (none in the year ended 31 March 2023). The estimated additional pension liabilities of these ill-health retirements is 0k (0k in 2022/23).

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 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 the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care 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 2024, is based on valuation data as at 31 March 2023, updated to 31 March 2024 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 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

Note 10 Finance income

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

	2023/24	2022/23
	£000	£000
Interest on bank accounts	2,345	866
Total finance income	**2,345**	**866**

Note 11 Finance expenditure

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

	2023/24	2022/23
	£000	£000
Interest expense:		
Interest on overdrafts	-	6
Interest on lease obligations	95	80
Total interest expense	**95**	**86**
Unwinding of discount on provisions	-	(23)
Total finance costs	**95**	**63**

Note 12 Other gains / (losses)

	2023/24	2022/23
	£000	£000
Gains on disposal of assets	8	200
Losses on disposal of assets	(207)	(4)
Total gains / (losses) on disposal of assets	**(199)**	**196**
Total other gains / (losses)	**(199)**	**196**

Note 13.1 Intangible assets - 2023/24

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**1,910**	**1,910**
Additions	61	**61**
Disposals / derecognition	(528)	**(528)**
Valuation / gross cost at 31 March 2024	**1,443**	**1,443**
Amortisation at 1 April 2023 - brought forward	**1,801**	**1,801**
Provided during the year	96	**96**
Disposals / derecognition	(528)	**(528)**
Amortisation at 31 March 2024	**1,369**	**1,369**
Net book value at 31 March 2024	**74**	**74**
Net book value at 1 April 2023	**109**	**109**

Note 13.2 Intangible assets - 2022/23

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**1,804**	**1,804**
Additions	107	**107**
Valuation / gross cost at 31 March 2023	**1,910**	**1,910**
Amortisation at 1 April 2022 - as previously stated	**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 14.1 Property, plant and equipment - 2023/24

	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 2023 - brought forward	**1,925**	**70,196**	**1,624**	**16,576**	**31,662**	**23,991**	**402**	**146,376**
Additions	-	4,554	66	3,604	2,812	102	-	**11,137**
Impairments	-	(12,518)	-	-	-	-	-	**(12,518)**
Reversals of impairments	-	133	3	-	-	-	-	**136**
Revaluations	175	(1,506)	57	-	-	-	-	**(1,273)**
Reclassifications	-	16,531	(9)	(16,522)	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(5,800)	(2,081)	(65)	**(7,946)**
Valuation/gross cost at 31 March 2024	**2,100**	**77,390**	**1,741**	**3,657**	**28,674**	**22,013**	**337**	**135,911**
Accumulated depreciation at 1 April 2023 - brought forward	**-**	**-**	**-**	**-**	**15,055**	**15,743**	**347**	**31,146**
Provided during the year	-	2,065	29	-	2,612	1,528	8	**6,243**
Revaluations	-	(2,065)	(29)	-	-	-	-	**(2,095)**
Disposals / derecognition	-	-	-	-	(5,651)	(2,032)	(65)	**(7,748)**
Accumulated depreciation at 31 March 2024	**-**	**-**	**-**	**-**	**12,015**	**15,240**	**291**	**27,546**
Net book value at 31 March 2024	**2,100**	**77,390**	**1,741**	**3,657**	**16,658**	**6,773**	**46**	**108,365**
Net book value at 1 April 2023	**1,925**	**70,196**	**1,624**	**16,576**	**16,607**	**8,248**	**54**	**115,230**

Note 14.2 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 - as previously stated	**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)**
Transfers by absorption	-	-	-	-	-	-	-	**-**
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 - as previously stated	**-**	**-**	**-**	**-**	**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**
Revaluations	-	(1,810)	(36)	-	-	-	-	**(1,846)**
Disposals / derecognition	-	-	-	-	(11,051)	(3,019)	(2,170)	**(16,240)**
Accumulated depreciation at 31 March 2023	**-**	**-**	**-**	**-**	**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 14.3 Property, plant and equipment financing – 31 March 2024

	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	2,100	75,834	1,209	3,657	15,777	6,750	44	**105,372**
Owned - donated/granted	-	1,556	532	-	881	23	2	**2,993**
Total net book value at 31 March 2024	**2,100**	**77,390**	**1,741**	**3,657**	**16,658**	**6,773**	**46**	**108,365**

Note 14.4 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	68,669	1,076	16,534	15,729	8,216	52	**112,201**
Owned - donated/granted	-	1,527	548	42	878	32	2	**3,029**
Total net book value at 31 March 2023	**1,925**	**70,196**	**1,624**	**16,576**	**16,607**	**8,248**	**54**	**115,230**

Note 14.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

	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	2,100	77,390	1,741	3,657	16,658	6,773	46	**108,365**
Total net book value at 31 March 2024	**2,100**	**77,390**	**1,741**	**3,657**	**16,658**	**6,773**	**46**	**108,365**

Note 14.6 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 £497K received 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 equivalent asset basis as 31st March 2024.

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.

Note 17.1 Right of use assets - 2023/24

	Property (land and buildings)	Plant & machinery	Transport equipment	Information technology	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**1,633**	**4,060**	**7**	**150**	**5,850**	**1,139**
Additions	-	760	-	-	**760**	-
Remeasurements of the lease liability	(23)	-	-	-	**(23)**	3
Disposals / derecognition	(78)	-	-	-	**(78)**	-
Valuation/gross cost at 31 March 2024	**1,532**	**4,820**	**7**	**150**	**6,509**	**1,141**
Accumulated depreciation at 1 April 2023 - brought forward	**235**	**1,414**	**6**	**43**	**1,698**	**85**
Provided during the year	280	499	2	40	**821**	106
Disposals / derecognition	(68)	-	-	-	**(68)**	-
Accumulated depreciation at 31 March 2024	**447**	**1,913**	**7**	**83**	**2,450**	**191**
Net book value at 31 March 2024	**1,085**	**2,907**	**-**	**66**	**4,059**	**950**
Net book value at 1 April 2023	**1,398**	**2,646**	**2**	**106**	**4,152**	**1,053**
Net book value of right of use assets leased from other NHS providers						950

Note 17.2 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
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**	**-**
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**
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-	**-**	-
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

Note 17.3 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.

	2023/24	2022/23
	£000	£000
Carrying value at 31 March	**4,135**	**3,164**
Prior period adjustments	**-**	-
Carrying value at 31 March - restated	**4,135**	**3,164**
IFRS 16 implementation - adjustments for existing operating leases		1,791
Lease additions	760	-
Lease liability remeasurements	(23)	-
Interest charge arising in year	95	80
Lease payments (cash outflows)	(885)	(900)
Carrying value at 31 March	**4,082**	**4,135**

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 17.4 Maturity analysis of future lease payments

	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2024	31 March 2024	31 March 2023	31 March 2023
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	852	123	875	119
- later than one year and not later than five years;	2,550	613	2,756	597
- later than five years.	995	368	728	358
Total gross future lease payments	**4,397**	**1,103**	**4,359**	**1,075**
Finance charges allocated to future periods	(317)	(158)	(225)	(45)
Net lease liabilities at 31 March 2024	**4,080**	**945**	**4,134**	**1,030**
Of which:				
Leased from other NHS providers		945		1,030

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 2024	31 March 2023
	£000	£000
Drugs	416	345
Consumables	4,831	4,005
Total inventories	**5,247**	**4,350**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £70,320k (2022/23: £62,252k). Write-down of inventories recognised as expenses for the year were £0k (2022/23: £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 2023/24 the Trust received £14k of items purchased by DHSC (2022/23: £162k).

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 2024	31 March 2023
	£000	£000
Current		
Contract receivables	12,423	13,187
Allowance for impaired contract receivables / assets	(1,403)	(1,163)
Prepayments (non-PFI)	761	630
PDC dividend receivable	125	14
VAT receivable	39	277
Other receivables	320	166
Total current receivables	**12,265**	**13,111**
Non-current		
Other receivables	114	146
Total non-current receivables	**114**	**146**
Of which receivable from NHS and DHSC group bodies:		
Current	3,866	6,760
Non-current	114	146

Note 20.2 Allowances for credit losses

	2023/24 Contract receivables and contract assets	2022/23 Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	**1,163**	**2,740**
New allowances arising	241	322
Reversals of allowances	-	(1,619)
Utilisation of allowances (write offs)	-	(281)
Allowances as at 31 Mar 2024	**1,403**	**1,163**

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 2024 (2023: 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.

	2023/24	2022/23
	£000	£000
At 1 April	**41,348**	**42,735**
Net change in year	3,190	(1,387)
At 31 March	**44,537**	**41,348**
Broken down into:		
Cash at commercial banks and in hand	4	10
Cash with the Government Banking Service	44,534	41,338
Total cash and cash equivalents as in SoFP	**44,537**	**41,348**
Total cash and cash equivalents as in SoCF	**44,537**	**41,348**

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 2024	31 March 2023
	£000	£000
Current		
Trade payables	9,167	7,190
Capital payables	3,579	2,952
Accruals	15,113	21,608
Receipts in advance and payments on account	711	711
Social security costs	1,237	1,232
Other taxes payable	1,482	1,299
Pension contributions payable	1,293	1,269
Other payables	1,627	1,297
Total current trade and other payables	**34,209**	**37,558**
Non-current		
Receipts in advance and payments on account	2,211	2,982
Total non-current trade and other payables	**2,211**	**2,982**
Of which payables from NHS and DHSC group bodies:		
Current	6,586	5,182
Non-current	-	-

Note 24 Other liabilities

	31 March 2024 £000	31 March 2023 £000
Current		
Deferred income: contract liabilities	6,547	7,462
Total other current liabilities	**6,547**	**7,462**
Non-current		
Deferred income: contract liabilities	81	81
Total other non-current liabilities	**81**	**81**

Note 25.1 Borrowings

	31 March 2024 £000	31 March 2023 £000
Current		
Lease liabilities	769	719
Total current borrowings	**769**	**719**
Non-current		
Lease liabilities	3,312	3,415
Total non-current borrowings	**3,312**	**3,415**

Note 25.2 Reconciliation of liabilities arising from financing activities

	Other loans	Lease Liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2023	**0**	**4,134**	**4,135**
Cash movements:			
Financing cash flows - payments and receipts of principal	-	(790)	**(790)**
Financing cash flows - payments of interest	-	(95)	**(95)**
Non-cash movements:			
Additions	-	760	**760**
Lease liability remeasurements	-	(23)	**(23)**
Application of effective interest rate	-	95	**95**
Carrying value at 31 March 2024	**0**	**4,081**	**4,082**

	Other loans	Lease Liabilities	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 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 2023	**104**	**1,155**	**1,423**	**2,864**	**5,546**
Change in the discount rate	(5)	-	-	-	**(5)**
Arising during the year	17	-	603	1,641	**2,262**
Utilised during the year	(8)	(11)	(662)	-	**(682)**
Reversed unused	-	(1,134)	-	(614)	**(1,748)**
At 31 March 2024	**107**	**10**	**1,364**	**3,891**	**5,373**
Expected timing of cash flows:					
- not later than one year;	9	10	-	201	**220**
- later than one year and not later than five years;	36	-	1,364	156	**1,556**
- later than five years.	63	-	-	3,534	**3,597**
Total	**107**	**10**	**1,364**	**3,892**	**5,373**

The Foundation Trust has total provisions as at 31st March 2024 of £5,373k . The redundancy provision relates to Health Innovation North West Coast. Other provisions of £3,891k includes provisions for payments relating to Time owed and holiday pay, and various contracts. Provision has been made for legal claims estimated excesses as advised by the NHS Litigation Authority.

Note 27.2 Clinical negligence liabilities

At 31 March 2024, £4,687k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Liverpool Heart and Chest Hospital NHS Foundation Trust (31 March 2023: £4,791k).

Note 28 Contractual capital commitments

	31 March 2024	31 March 2023
	£000	£000
Property, plant and equipment	2,080	1,233
Total	**2,080**	**1,233**

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 2024	31 March 2023
	£000	£000
not later than 1 year	1,041	960
Total	**1,041**	**960**

Note 30 Defined benefit pension schemes

The Foundation Trust did not operate a separate defined benefit pension scheme for the year ended 31 March 2024 (2023: 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 2024	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	11,454	-	**11,454**
Cash and cash equivalents	44,537	-	**44,537**
Total at 31 March 2024	**55,992**	**-**	**55,992**

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**

Note 31.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	4,080	**4,080**
Trade and other payables excluding non financial liabilities	29,536	**29,536**
Total at 31 March 2024	**33,616**	**33,616**

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**

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 2024	31 March 2023
	£000	£000
In one year or less	30,388	35,176
In more than one year but not more than five years	2,550	2,756
In more than five years	995	728
Total	**33,933**	**38,660**

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

	2023/24		2022/23	
	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	12	4	6	235
Total special payments	**12**	**4**	**6**	**235**
Total losses and special payments	**12**	**4**	**7**	**237**

Compensation payments received

Note 33 Related parties

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

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

NHS England
Welsh Health Specialised Services Committee
Department of Health and Social Care - Isle of Man
Health Education England
NHS Cheshire and Merseyside ICB
NHS Lancashire and South Cumbria ICB
Alder Hey Childrens NHS Foundation Trust
Liverpool University Hospitals NHS Foundation Trust
Liverpool Heart and Chest Hospital Charity

Note 34 Transfers by absorption

There were no transfers by absorption in the Financial Statements of the Foundation trust for the year ended 31 March 2024.

Note 35 Prior period adjustments

There were no prior period adjustments in the Financial Statements of the Foundation trust for the year ended 31 March 2024.

Note 36 Events after the reporting date

There are no 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 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023-24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2024 and 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 2023-24; 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 2023-24 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 2023/24 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 2023/24; 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 the Chief Executive's responsibilities as the accounting officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial

statements in the form and on the basis set out in the Accounts Directions included in the NHS Foundation Trust Annual Reporting Manual 2023/24, 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 2023-24).
- 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 of management override of controls, fraud in revenue recognition and fraus in expenditure recognition. 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.
  - Expenditure recognition in respect of 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;
  - testing a suitable sample of variable income and receivables to supporting evidence;
  - agreeing, on a sample basis, expenditure to supporting evidence

- 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.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and building valuations. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- 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 2024.

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

27 June 2024