

2024/25

Annual Report & Accounts



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

Annual Report and Accounts 2024/25

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

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SECTION 1: PERFORMANCE REPORT

This report is prepared in accordance with:

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

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

Chair and Chief Executive's Foreword

Welcome to the Annual Report and Accounts for Liverpool Heart and Chest Hospital NHS Foundation Trust, for the period 1 April 2024 to 31 March 2025.

Having formally commenced our roles at the Trust as Chair and Chief Executive on 1st April 2025, we have already been extremely impressed with the quality of services provided at Liverpool Heart and Chest Hospital. The Trust has, for many years, had an outstanding reputation for patient care, staff experience and financial and operational performance, and we are incredibly proud of all that has been achieved this year. We look forward to working with all of our teams to ensure we continue delivering the same high standards, as well as playing our part in tackling some of the challenges that exist within the local healthcare system.

One of the most significant decisions during 2024/25, was the agreement between the five adult acute and specialist NHS trusts in Liverpool to become a city-wide hospital Group, called NHS University Hospitals of Liverpool Group (UHLG). A key ambition of UHLG is to develop a long-term strategy for healthcare services in Liverpool over the next few years, and to become one of the leading groups of healthcare providers globally, delivering the best care for patients in a research intensive and innovative environment.

The Group was officially formed on 1st November 2024 as Liverpool University Hospitals NHS Foundation Trust and Liverpool Women's NHS Foundation Trust came together. The indicative timescale is for LHCH to join the group next, subsequently followed by The Walton Centre NHS Foundation Trust and then The Clatterbridge Cancer Centre NHS Foundation Trust.

One of the most important times of the year, is hearing the views of our patients through the national NHS Adult Inpatient Survey. When the results were published in August 2024, we were delighted that LHCH was rated one of the best hospitals in the country to receive care and to work. **LHCH** was rated TOP in the country for the 'confidence and trust that patients had in the doctors treating them', and was also one of the top four trusts in the country overall.

Furthermore, in March 2025 we were exceptionally proud of the results of this year's national NHS Staff Survey. These showed, when benchmarked against all trusts, that LHCH was TOP in the country for 'place to work', 'place to receive treatment', 'care is our top priority', 'staff engagement', and 'staff morale'.

To be recognised so highly for the quality of care and services, is testament to every single member of staff and their total commitment to excellence, continuous improvement, learning and innovation.

It is commitment such as this which has enabled our cardio-oncology service to be awarded gold status as a centre of excellence from the International Cardio-Oncology Society; for the ongoing successful rollout of targeted lung health checks in Cheshire and Merseyside,

delivered by LHCH; and to be able to celebrate 25 years of providing an outstanding aortic surgery service in Liverpool.

Other reasons to be proud this year include:

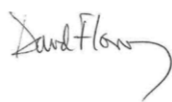
- successfully implanting the world's first leadless dual chamber pacemaker in November 2024
- celebrating 10 years of the LINQ implantation and monitoring service in February 2025
- and rolling out a new first-of-its-kind remote management model of care for patient with heart failure in February 2025.

Since our last Annual Report, the Board of Directors has undergone changes. At the end of March 2025, Liz Bishop and Val Davies departed Liverpool Heart and Chest Hospital from their roles as Chief Executive and Chair. We also said farewell to three of our non executive directors - Professor Bob Burgoyne and Margaret Carney, at the end of their terms of office in March 2025, and to Julian Farmer in May 2024. On behalf of everyone at LHCH, we thank them all for their dedication and achievements and wish them well for the future.

While there has been much to celebrate this year, we know that as the NHS continues to change and evolve, there will be clinical, operational and financial challenges ahead. However, we are confident that our exceptional teams will respond innovatively, effectively and collaboratively. We also know they will see such challenges as opportunities to further improve patient pathways, outcomes and services for people in Liverpool, across our region and beyond.

Finally, we would like to thank everyone at Liverpool Heart and Chest Hospital for their hard work and dedication over the past year – staff, volunteers and governors. Your commitment to providing exceptional care to our patients and families is truly inspiring.

We hope the information in this year's Annual Report provides an insight into the Trust's overall performance and progress during 2024/25. We look forward to 2025/26 and to continue delivering outstanding care for every patient and family.



David Flory, CBE
Chair



James Sumner
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 192 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 2024/25, there were 91,059 outpatient appointment attendances, 26,757 'virtual' attendances, plus 13,921 inpatient spells. These included:

- 1,614 cardiac surgery inpatients
- 8,820 cardiology inpatients
- 784 respiratory medicine inpatients
- 1,825 thoracic surgery inpatients

As shown in the staffing report in section 2.3, at 31st March 2025 the Trust's total staffing was 1,994, of whom 524 were male and 1,470 were female. This includes 49 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 14 were male and 35 were female. This also includes the Board of Directors which comprised 8 males and 7 females, of whom 4 were Associate Directors (non-voting).

The Trust aims to provide ‘*excellent, 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 its patients. The Trust has a strong culture of research, innovation and improvement underpinning its excellent clinical outcomes.

The Trust is a digitally enabled organisation, 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.

In October 2024, the five Adult Acute and Specialist NHS Trusts in Liverpool, including LHCH, announced they had agreed to integrate into a city-wide hospital Group, to be called NHS University Hospitals of Liverpool Group (UHLG).

Liverpool University Hospitals NHS Foundation Trust and Liverpool Women’s NHS Foundation Trust came together in group form on 1st November 2024. The indicative timescale is for LHCH to join the group next, subsequently followed by The Walton Centre NHS Foundation Trust and then The Clatterbridge Cancer Centre NHS Foundation Trust.

Representatives from each of the five Trusts sit on the Liverpool Adult Acute and Specialist Providers (LAASP) Joint Committee, which is overseeing delivery of this integration roadmap whilst also developing a five-year strategy to meet the following collective ambitions:

- Improve pathways for patients and reduce duplication and fragmentation between our organisations.
- Work together to improve patient safety and experience by aligning co-dependent services in a better way, reducing risk and the movement of patients between hospitals.
- Move toward the implementation of a single electronic patient record and digital strategy.
- Develop a research and innovation strategy which brings the knowledge and experience of all our organisations together to focus on a smaller number of big ambitions.
- Increase effectiveness and efficiency by creating shared services for key corporate support functions.
- Make the best use of collective resources to lower the operating cost of the acute hospital system in Liverpool in order to invest in the future.

This joint decision by the five Trusts is in line with the direction of travel nationally, regionally, and locally. Providers across the country are being encouraged to work together more closely, where it makes sense to do so, to better meet the needs of patients.

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 has a three year Equality, Diversity, Inclusion and Belonging Strategy (EDIB) outlining its commitments.

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 to lead by example and make LHCH the best place for treatment and to work. The strategy also supports the Trust's business objectives, vision, mission and values. The strategy aligns 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

Health inequalities are unjust and avoidable differences in people's health across the population and between specific groups. The health inequalities agenda is linked to, but separate from, the more general agenda of equality, diversity, and inclusion. The concept of health inequalities is also distinct from the concept of population health management, although the two are often conflated and confused.

A report was presented to the Trust's Board of Directors on health inequalities in September 2024, which:

- summarised the background to the health inequalities agenda
- clarified the role of NHS provider trusts in tackling health inequalities
- set out LHCH's work to-date in response to this agenda
- outlined the proposal for an ongoing programme of work to continue to tackle health inequalities by focusing on factors within the Trust's control.

The NHS Providers guidance helpfully sets out the two clear ways in which NHS services can address health inequalities:

1. By ensuring fair access, experience, and outcomes across different groups in the population.
2. By acting as an anchor institution to support work on the wider determinants of health

LHCH's health inequalities programme has adopted this helpful model, with the addition of a further supportive cross-cutting workstream that looks to develop the leadership and culture to tackle health inequalities within LHCH.

The Trust has established a new governance forum, the Health Inequalities and Anchor Institution Group, which aims to drive forward all parts of the health inequalities agenda.

The focus of this group, since its formation in October 2024, has been to seek to better understand the equitability of access to LHCH services. The initial data analysis has provided assurance of the fairness of the Trust's referral to treatment (RTT) waiting list, but has also indicated that outpatient did not attend (DNAs) is an area that requires future attention to try to lessen potential health inequalities.

The Trust also continues acting as an anchor institution, with significant progress in the last six months in sustaining its pilot CVD prevention services. The anchor focus for the coming months will be on environmental sustainability, with a report on the delivery of its Green Plan to be presented in April 2025 and a refreshed Green Plan to be published in summer 2025.

The risks to the programme remain those highlighted in the September 2024 position paper:

- reliance on the capacity of colleagues from across the Trust to engage in this work alongside their core activities
- reliance for coordination on a single project manager in the strategy team whose responsibilities are broader than health inequalities and anchor institution work.

Proposals are being developed to reconfigure the strategy team and identify clear resources to support the health inequalities and anchor institution agenda in future.

Further information on health inequalities is available from the March 2025 Board of Directors Meeting.

Task force on climate-related financial disclosures (TCFD)

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, risk management and metrics and targets pillars for 2024/25.

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.

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.
- An astounding 1,143 fluorescent light fittings will be replaced during this projects timespan which will not only reduce energy consumption and carbon emissions but will also improve the visual aesthetic of the hospital.

Volatile anaesthetic gases

- The Trust has made significant progress and is compliant 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. A large proportion of piped nitrous might be wasted due to cylinders expiring on manifolds without being used. LHCH has now removed the supply of nitrous oxide in all clinical areas where it is not used.

Net zero supplier performance

- This indicator has been introduced to ensure that the supply chain in providing services to the NHS are also contributing toward net zero. Industries such as digital, estates, food and nutrition, medical equipment and consumables, pharma, transport and distribution are all now part of a procurement specification that demands suppliers to demonstrate their commitment to the alignment of the NHS Net Zero targets.

Fleet vehicles / cars and transport

- Many NHS Organisations, especially Acute and community Trusts, have a considerable number of fleet vehicles used to transport products, services between sites. Hence, this measure has been introduced to consider the percentage of fleet vehicles meeting the %LEV standard. LHCH is fully compliant with this measure.

- The Trust runs a staff lease salary sacrifice scheme in partnership with NHS Fleet solutions which promote the use electric vehicles.
- The Trust also promotes.
 - Cycle to work (currently exploring new cycle storage with partners on the Broadgreen site)
 - Discounted public transport with Arriva buses.
 - Staff travel surveys within the last 12 months.

Food and nutrition

- The supply chain (sustainable palm oil) and the food waste in hospitals is significant and this measure seeks to promote the introduction of
 - Digital meal ordering to reduce waste.
 - Food waste systems
 - Healthier and lower carbon menus
 - The regularity of meal menu changes
 - Plant based menu option.
- LHCH 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 the Trust has an ambition to explore new ways of collecting waste at source so as to promote recycling within the Trust at all levels.

The LHCH Green Plan, available on the Trust website:

<https://www.lhch.nhs.uk/media/.resources/64b9058e135110.42722955.pdf> - is set to be refreshed and published in summer 2025.

Further detail is included in the Annual Governance Statement in section 2.7.

Quality priorities

The Trust's quality priorities for 2025/26 are as follows:

Priority 1: Aftercare

- To ensure a smooth transition from hospital to home or other care setting, all patients and their families will receive clear communication and a detailed plan of services and support that will be provided to them post discharge.
- To ensure a safe discharge, reduce readmissions, improve communication and empower patients, it is important they have clarity about services that are available in the community and information about what to expect after discharge, including rehabilitation goals, medications and wound management.

Priority 2: Pre-existing conditions and additional needs

- A clear and personalised plan of care will be agreed with the patient/carer, for all patients with additional or complex care needs to ensure appropriate care, communication and support is provided throughout the patient journey.
- To ensure care is delivered, which encompasses the patient's normal routine and specific needs, it is vital this is planned with them and that staff are knowledgeable of their specific needs. This aligns to the fourth step of LHCH's Patient and Family Experience Vision which focuses on 'Stay' and ensuring compassionate, safe and personalised care is provided and delivered with dignity and respect.

Priority 3: Communication letters

- To ensure patients have clear information regarding their admission and post discharge follow-up appointments, communication will be reviewed and streamlined.
- Patients should have clear, concise information regarding their admission dates and follow-up appointments and understand when they will receive it. This aligns to two steps within LHCH's Patient and Family Experience Vision - 'Pre-Care' and 'After stay'.

Priority 4: Pre-habilitation

- All cardiac surgery patients waiting for surgery on the 'to come in' (TCI) list to be offered pre-habilitation to improve their health in readiness 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. It is well documented that better health before surgery improves outcomes for patients and also reduces their length of stay. The first step of LHCH's Patient and Family Experience Vision focuses on pre-admission care. The aim is that while surgical patients are waiting for admission their condition could be optimised, which would improve outcomes, experience and length of stay.

Key achievements in 2024/25

- New Group Model announced in Liverpool – NHS University Hospitals of Liverpool Group - for 5 trusts including LHCH in October 2024.
- Appointed new Trust Chair, David Flory, in January 2025, effective from 1st April 2025.
- Appointed new Trust Chief Executive, James Sumner, in February 2025, effective from 1st April 2025.
- 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 August 2024. LHCH was **TOP** in the country for the ‘confidence and trust that patients had in the doctors treating them’. It was also one of the top four trusts in the country overall.
- Celebrated 25 years of Aortic Surgery in Liverpool in August 2024.
- Cardio-oncology service awarded gold status as a centre of excellence from the International Cardio-Oncology Society in October 2024.
- More than 10% of cancers found through the national NHS lung health check programme have been detected in Cheshire and Merseyside – after a successful rollout of the checks in the Trust’s area over the past few years, delivered by LHCH.
- Successfully Implanted the world’s first leadless dual chamber pacemaker in November 2024.
- Celebrated 10 years of the LINQ implantation and monitoring service in February 2025.
- Rolled out a new first-of-its-kind remote management model of care for patient with heart failure in February 2025.
- LHCH recognised TOP in the country for ‘place to work’, ‘place to receive treatment’, ‘care is our top priority’, ‘staff engagement’, and ‘staff morale’, according to the results of this year’s national NHS Staff Survey, when benchmarked against all trusts, published in March 2025.
- 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 2024/25.

Going concern

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

1.2 Performance Analysis

Summary

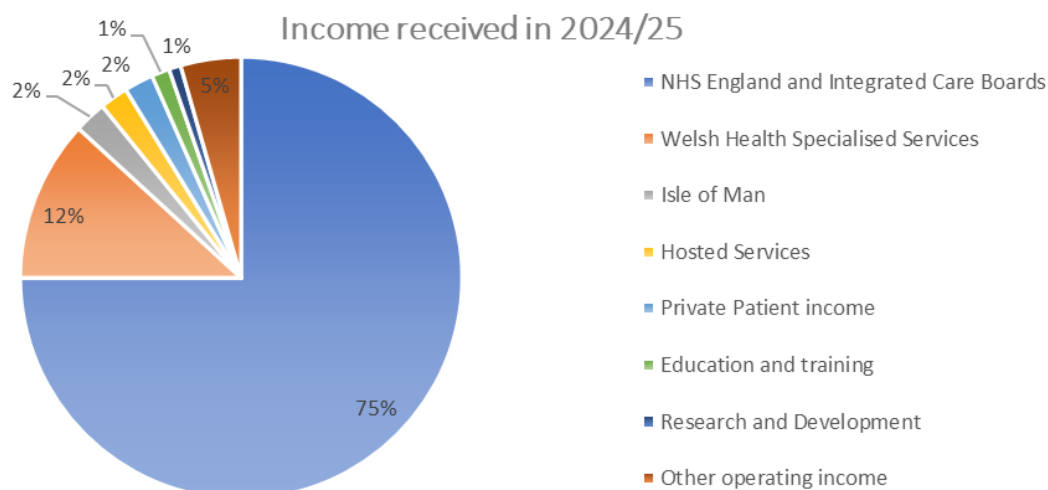
The main headlines for the financial framework and financial performance for the Trust in 2024/25:

- The contracts with NHS England and local English commissioners followed a hybrid approach. Much of the planned care was paid based on the numbers of patients seen and treated. All other elements, including emergency care, were paid on a fixed basis and did not vary based on actual activity levels. The Elective Recovery Fund (ERF) continued to provide funding to maximise planned care and address waiting lists.
- The operating surplus (after adjusting for impairment charges and non-operating transactions) was a surplus of £14.2m.
- The Trust identified and delivered £9.9m of cost improvements during the year, through a mix of recurrent and non-recurrent initiatives.

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

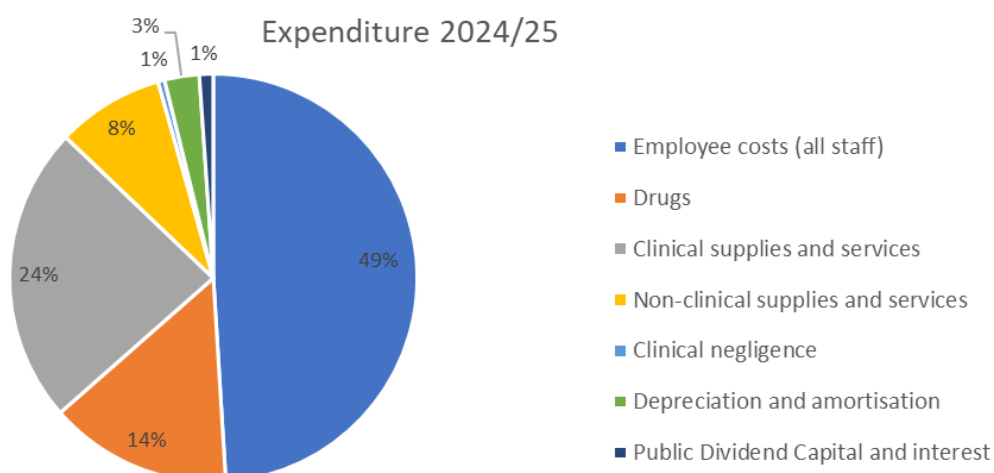
	£m	
	2024/25	2023/24
Income from patient care activities	247.6	223.8
Other income	20.8	20.6
Total income	268.4	244.4
Employee expenses	-125.6	-112.4
Non-pay expenses	-124.3	-124.2
Total expenditure	-249.9	-236.6
EBITDA	18.5	7.8
Depreciation and Amortisation	-7.1	-7.2
Total interest receivable/(payable)	2.3	2.2
PDC dividends	-2.7	-2.4
Other gains / (losses)	-0.1	-0.2
Net surplus (as per annual accounts)	10.9	0.2
Normalising adjustments (incl. net impairments)	3.3	11.2
Adjusted financial performance	14.2	11.4

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



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

The following pie chart sets out how the Trust spent its resources:



Cost improvement programme

The Trust's Cost Improvement Programme (CIP) target was increased in 2024/25 to allow the organisation to meet national savings targets, provide sufficient resource to make important investments, and support the wider health economy. The target was £10.6m. The actual delivery against this target is set out in the table below, with a proportion delivered non-recurrently:

	Plan (£m)	Delivered during the year (£m)	Recurrent impact (£m)
Cost Improvement Programme	10.6	9.9	7.2

CIP schemes are identified by clinical divisions and corporate departments and are subject to review by 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 and quality of care, and do not disadvantage any protected groups. The Medical Director and Director of Nursing are required to approve all CIP impact assessments.

Capital investments and cash flow

During the 2024/25 financial year, the total capital investment in improving hospital facilities was £8.2m. The main investments are highlighted below.

- Estates investment for general maintenance and improvements - £4.0m
- Cath Lab development programme - £0.5m
- Decant theatre – £1.4m
- IT investment - £0.9m
- £1.0m on Medical Equipment

After funding the capital programme outlined above, the Trust had a closing cash balance of £49.4m as at 31st March 2025.

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	24/25	
	Number	£'000
Non NHS		
Total bills paid in the year	24,920	136,685
Total bills paid within target	24,284	134,262
Percentage of bills paid within target	97.4%	98.2%
NHS		
Total bills paid in the year	1,232	26,790
Total bills paid within target	1,193	26,329
Percentage of bills paid within target	96.8%	98.3%
Total		
Total bills paid in the year	26,152	163,475
Total bills paid within target	25,477	160,591
Percentage of bills paid within target	97.4%	98.2%

Conclusion

The Trust continued to demonstrate strong financial performance, achieving a surplus of £14.2m 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.

A handwritten signature in black ink, appearing to read 'James Sumner', with a stylized, cursive script.

James Sumner

Chief Executive

24th June 2025

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 2024 to 31st March 2025, the following were members of the Trust's Board of Directors:

Name / Profile Overview	Title	Notes
Val Davies <i>Extensive experience in consultancy and strategic planning, and as Deputy Chair at St Helens and Knowsley Teaching Hospitals NHS Trust.</i>	Chair	Served until 31 st March 2025
Margaret Carney <i>Senior executive with a long career in local government – previously CEO at Sefton Council and Director of Finance and Corporate Resources at Warrington Council.</i>	Non Executive Director / Deputy Chair	Served until 31 st March 2025
Dr Nicholas Brooks <i>Consultant Cardiologist and former president of the British Cardiovascular Society and served on the Council of the Royal College of Physicians.</i>	Non Executive Director	
Professor Bob Burgoyne <i>Emeritus Professor at University of Liverpool with a long career in academia pursuing research in biomedical sciences.</i>	Non Executive Director / Senior Independent Director	Served until 31 st March 2025
John Doyle <i>Qualified accountant, management consultant and experienced NHS leader and executive.</i>	Non Executive Director / Chair of Audit Committee	
Claudette Elliott <i>Public sector senior manager with 40years' experience in health and social care. Currently Deputy Chair at Pennine Care NHS FT.</i>	Non Executive Director	
Julian Farmer <i>Qualified accountant with senior level experience as an auditor within health and local government sectors.</i>	Non Executive Director	Served until 31 st May 2024
Liz Bishop <i>Also Chief Executive at Clatterbridge Cancer Centre and previously Deputy Chief Executive at Royal Marsden NHS FT.</i>	Chief Executive	Served until 31 st March 2025
Mr Manoj Kuduvali <i>Consultant Cardiothoracic and Aortic Surgeon of national standing.</i>	Medical Director	
Jonathan Mathews <i>Senior NHS operational leader with previous divisional manager experience.</i>	Chief Operating Officer and Deputy Chief Executive	
James Thomson <i>Also Director of Finance at Clatterbridge Cancer Centre, and was previously Deputy Director of Finance at The Christie NHS Foundation Trust.</i>	Chief Finance Officer	
Joan Matthews <i>Senior nurse leader with vast experience in risk, quality, safety, emergency planning and wards. Previously Deputy Director of Nursing.</i>	Director of Nursing and Quality	

How the Board operates

During the year there was a change to the Board of Directors, with one non executive director (NED) leaving, whilst a number of changes are planned for and will be enacted from 1 April 2025.

As at 31st March 2025, the Board comprised the Chair, Chief Executive, five 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 & Governance (also the Company Secretary), the Chief People Officer, the Director of Strategy, and the Chief Digital and Information Officer (joint appointment with The Clatterbridge Cancer Centre NHS Foundation Trust).

The Trust is committed to having a diverse Board in terms of gender and diversity of experience, skill, knowledge and background and these factors are given careful consideration when making new appointments to the Board. Of the 11 serving members of the Board (voting) at 31st March 2025, five are female and six are male.

The Board regularly reviews the balance of skills and experience in the context of the operational environment and needs of the organisation. Strong clinical leadership is provided from within the complement of executive and non executive directors.

All directors have full and timely access to relevant information to enable them to discharge their responsibilities.

The Board met seven times during the year and at each meeting, directors received reports on quality and safety, patient experience and care, key performance information, operational activity, financial performance, key risks and strategy. Board meetings in 2024/25 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 & Governance), who ensures that procedures and applicable regulations are complied with in relation to meetings of the Board of Directors and Council of Governors. The appointment and removal of the Company Secretary is a matter for the full Board in consultation with the Council of Governors.

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

Balance, completeness and appropriateness

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

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

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

In accordance with the Code of Governance, all non executive directors are considered to be independent, including the Chair. In line with NHS England's guidance, the term of office of directors appointed to the antecedent NHS Trust are not considered material in calculation of the length of office served on the Board of the Foundation Trust.

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

The biographical details of directors, summarised above, demonstrate the wide range of skills and experience that they bring to the Board. The Board recognises the value of succession planning and the Board's Nominations and Remuneration Committee undertakes an annual process of succession planning review for Board members.

The Trust has a programme of full Board and individual appraisal to support the succession planning process and ensure the stability and effectiveness of the Board in the context of new challenges and the dynamic external environment within which the Trust operates.

Board meetings and attendance

The Board met seven times during the year. Attendance at meetings is recorded below.

Director	30 th April 2024	28 th May 2024	30 th July 2024	24 th Sept 2024	26 th Nov 2024	28 th Jan 2025	25 th March 2025
Chair							
Val Davies	✓	✓	✓	x	✓	x	✓
Chief Executive							
Liz Bishop	✓	✓	✓	✓	✓	✓	✓
Non Executive Directors							
Nicholas Brooks	✓	✓	✓	✓	✓	✓	✓
Bob Burgoyne	✓	✓	✓	✓	✓	✓	✓
Margaret Carney	✓	✓	x	✓	✓	✓	x
Julian Farmer	x	✓					
John Doyle	✓	✓	x	✓	✓	✓	✓
Claudette Elliott	✓	✓	✓	✓	x	✓	✓
Executive Directors							
Mr Manoj Kuduvali	✓	✓	✓	✓	✓	✓	✓
Jonathan Mathews	✓	✓	✓	✓	x	✓	✓
Joan Matthews	✓	✓	✓	✓	✓	✓	✓
James Thomson	✓	✓	✓	✓	✓	✓	✓

**Board Meetings in 2024/25 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 an opportunity to provide individual contribution when required due to absence. 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 2024/25, this comprised five elements:

- i) **Regular evaluation of Board meetings** – the Board held face to face meetings throughout 2024/25, 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 2024/25. 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 NHS England guidance. Governors were actively involved in the Chair's appraisal process and contributed to non executive director appraisals in 2024/25 and based wherever possible on the new NHE England appraisal processes and the Board Leadership Competency Framework checklists have been adopted for 2023/24. All director appraisals for 2024/25 will be completed by June 2025.

Throughout 2024/25 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.

- 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.

The proposal for 2024/25 was for the Board to commission an external review by quarter 3. However, in light of the LAASP developments and publication of a roadmap for Trusts to join UHLG, it was considered and agreed that a further deferral represented best value and a pragmatic way forward given the future.

However, 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. 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 was updated and reviewed in 2024/25 following the successful appointments made in year. The way forward within a LAASP context will be key to realisation of these intentions and should include consideration of the diversity of the Board in the context of the succession plan and recruitment campaigns.

- vi) **2024/25 Board Development Plan** - all Board Directors participated in the 2024/25 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 and board assurance, primary care and voluntary sector perspectives 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 2025/26 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 quarterly meetings 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 & Governance 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 John Doyle.

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 2024/25.

Member	25 th June 2024	9 th July 2024	8 th Oct 2024	14 th Jan 2025	12 th March 2024
John Doyle	✓	✓	✓	✓	✓
Nick Brooks	✓	✓	✓	X	X
Bob Burgoyne	✓	X	✓	✓	X
Margaret Carney	✓	✓	X	X	X
Claudette Elliot	✓	✓	✓	✓	✓

**All Audit Committee Meetings in 2024/25 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 Corporate Governance. 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 2024/25, by critically reviewing governance and assurance processes on which the Board of Directors place reliance is set out below.

During 2024/25 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 2024/25

The narrative below sets out the principal areas of review and significant issues considered by the Audit Committee during 2024/25, 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 2024/25 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 2025 meeting. The Committee considers that the 2024/25 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 2024/25 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 action planning in relation to cyber events experienced during the year. Assurance has been provided on the mitigations and action plans now in place to provide appropriate resilience in this arena.

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 System have continued to evolve in 2024/25. 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 2024/25 from each assurance committee of the Board of Directors (June 2025). 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 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 2024/25.

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 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 remains in progress - we note a new framework has been implemented and expect a robust action plan to detail associated delivery ensuring compliance over the course of the year ahead.

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 2025. 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 2024/25 financial statements.

The Trust's land and buildings (including dwellings) at 31st March 2025 are valued at £83.1m 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, 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 2025 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.

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. This confirmed compliance with the requirements and scope of its work as well as a strong assessment of the effectiveness and impact of the Committee.



John Doyle

Chair of Audit Committee

24th June 2025

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.

- Allocation of non executive director supplementary remuneration for Senior Independent Director and Vice Chair roles
- Extension of Margaret Carney, Non Executive Director, for a second term to 31 August 2027
- Recruitment of a Chair, commencing in post April 2025
- Recruitment of a non executive director, commencing in post April 2025

There was no review of non executive directors or Chair remuneration in 2024/25, and in accordance with the guidance there was no inflationary pay award applied in 2023/24.

Review of the Chair and non executive director appraisal outcomes for 2024/25 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 2024/25 was undertaken by the full Council of Governors during their meeting in private in March 2025.

Nominations and Remuneration Committee (Executive)

Membership: Chaired by the Trust Chair with all other non executive directors as members.

The Committee met on five occasions in 2024/25 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 Chief Digital and Information Officer.
- Approval of the VSM pay award in line with NHS England recommendations and associated salary reviews.
- Review and extension of secondments.

Attendance at Nominations and Remuneration Committee (Executive) in 2024/25:

	20 th May 2024	25 th July 2024	29 th October 2024	3 rd December 2024	30 th January 2025
Val Davies	✓	✓	✓	✓	x
Bob Burgoyne	✓	✓	✓	✓	x
Margaret Carney	✓	✓	✓	✓	✓
Nick Brooks	✓	✓	✓	✓	✓
Julian Farmer	x				
Claudette Elliott	x	✓	✓	x	✓
John Doyle	x	✓	✓	✓	x

Assurance Committees**Quality Committee**

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

Integrated Performance Committee

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

People Committee

- The People Committee is established as an Assurance Committee of the Board of Directors in order to provide the Board with assurance in respect of workforce governance.
- It is a non executive committee.

NHS England's 'Well Led' Framework

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

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

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

Directors' responsibility for preparing financial statements

The Directors of the Trust are responsible for the preparation of the annual report and accounts.

It is their consideration that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

Statement as to disclosure to auditors

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

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

For the purposes of this declaration:

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

Additional information

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

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

- A statement that accounting policies for pensions and other retirement benefits are set out in the notes to the accounts and details of senior employees' remuneration can be found below in Part 2.2; Remuneration Report within the Accountability Report.
- Details of future developments and strategic direction of the Trust can be found in Section 1; Performance Report.
- Trust policies on employment and training of disabled persons can be found in the Staff Report within the Accountability Report – Part 2.3.
- 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.
- 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 2024 to 31 March 2025
- sets out tables of information showing details of the salary and pension interests of all directors for the financial period 1 April 2024 to 31 March 2025.

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 2025 are detailed below:

Single total figure table (audited)

Year ended 31st March 2025							
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
Manoj Kuduvalli	Medical Director	230 - 235	0	0	0	247.5 - 250	475 - 480
Jonathan Mathews	Chief Operating Officer	145 - 150	1,100	0	0	42.5 - 45	190 - 195
Joan Mathews	Director of Nursing	115 - 120	0	0	0	32.5 - 35	150 - 155
Jane Royds	Interim Chief People Officer	115 - 120	0	0	0	12.5 - 15	125 - 130
Ben Vinter	Director of Risk and Corporate Governance	95 - 100	0	0	0	7.5 - 10	105 - 110
Liz Bishop	Chief Executive	100 - 105	0	0	0	0	100 - 105
James Thomson	Chief Finance Officer	75 - 80	5,600	0	0	0	80 - 85
Tom Pharaoh	Director of Strategy	55 - 60	0	0	0	0	55 - 60
Val Davies	Chair	40 - 45	1,900	0	0	0	45 - 50
Sarah Barr	Chief Digital Information Officer	40 - 45	0	0	0	0	40 - 45
Kate Warriner	Chief Digital Information Officer	15 - 20	0	0	0	7.5 - 10	25 - 30
Claudette Elliott	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Karan Wheatcroft	Director of Risk and Improvement	20 - 25	0	0	0	0	10 - 15
John Doyle	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Margaret Carney	Non Executive Director / Deputy Chair	10 - 15	0	0	0	0	10 - 15
Nick Brooks	Non Executive Director	10 - 15	900	0	0	0	10 - 15
Robert Burgoyne	Non Executive Director	10 - 15	0	0	0	0	10 - 15
Julian Farmer	Non Executive Director	0 - 5	0	0	0	0	0 - 5

- Liz 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.
- Mr Manoj Kuduvalli was appointed Medical Director of LHCH on 01/04/2024.
- 63% of Mr Kuduvalli's salary is for his work as a director. The other 37% relates to his medical role.
- Ben Vinter was appointed Director of Risk and Corporate Governance of LHCH on 10/06/2024.
- James 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.
- Karan Wheatcroft's pension related benefits are negative £9k in 24/25. In accordance with the Group Accounting Manual (GAM), negative values are substituted with a zero. Karan Wheatcroft's total remuneration includes the negative pension benefits of £9k.
- Kate 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.
- Tom Pharaoh was appointed to the position of Director of Strategy on 01/04/2024, as part of a shared roll with CCC. Both trusts will contribute 50% of the remuneration costs as part of this shared role.
- Sarah Barr was appointed to the position of Chief Digital Information Officer on 01/07/2024, as part of a shared roll with CCC. Both trusts will contribute 50% of the remuneration costs as part of this shared role.
- Karan Wheatcroft ceased to be an Executive Director on 09/06/2024.
- Kate Warriner ceased to be an Executive Director on 19/06/2024.
- Julian Farmer ceased to be a Non-Executive Director on 31/05/2024.

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 2024							
Name	Title	Salary (Bands of £5,000)	Expenses payments (taxable) to nearest £100	Perform ance 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

- Liz 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.
- James 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 Dr Perry's salary is for his work as a director. The other 30% relates to his medical role.
- Jane 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. Jane Tomkinson ceased to be an Executive Director at LHCH on 31/01/2024.
- Sue 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. Sue Pemberton ceased to be an Executive Director at LHCH on 31/01/2024.

- Jonathan 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. Jonathan Develing ceased to be an Executive Director at LHCH on 31/03/2024.
- Karan 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. Karan Wheatcroft's total remuneration includes the negative pension benefits of £41k.
- Jane Royds was appointed the interim Chief People Officer on 13/11/2023. Jane 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. Jane Royds' total remuneration includes the negative pension benefits of £37k.
- Kate 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.
- Karen Nightingall ceased to be an Executive Director on 29/11/2023.
- Louise Robson ceased to be a Non-Executive Director on 31/12/2023.
- Claudette Elliott was appointed to the position of Non-Executive Director on 11/03/2024.
- John 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).

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.

2024/25								
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 2025 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31st March 2025 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2024	Real Increase /(decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2025	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Karan Wheatcroft - Director of Risk and Improvement	0	0	30 - 35	85 - 90	653	0	673	0
Jonathan Mathews - Chief Operating Officer	2.5 - 5	0	20 - 25	0	187	20	237	0
Kate Warriner - Chief Digital Information Officer	0 - 2.5	0 - 2.5	2.5 - 5	7.5 - 10	269	7	69	0
Jane Royds - Interim Chief People Officer	0 - 2.5	0	55 - 60	145 - 150	1,224	22	1,344	0
Manoj Kuduvali - Medical Director	10 - 12.5	25 - 27.5	60 - 65	160 - 165	1,108	268	1,471	0
Joan Mathews - Director of Nursing	0 - 2.5	0	15 - 20	0	209	32	270	0
Ben Vinter - Director of Risk and Corporate Governance	0 - 2.5	0	40 - 45	0	601	7	661	0

- In accordance with the Group Accounting Manual (GAM), negative values are substituted with a zero.
- Where members left the scheme on or before 31/03/2025 there will be no in-scheme revalued benefits.
- Where members have reached retirement age, there will be no in-scheme revalued benefits.
- Liz 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 Liz Bishop's pension benefit in 24/25 on CCC annual report.
- James 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 James Thomson's pension benefit in 24/25 on CCC annual report.
- Tom Pharaoh was appointed Director of Strategy of LHCH on 01/04/2024, 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 Tom Pharaoh's pension benefit in 24/25 on CCC annual report.
- Sarah Barr was appointed Chief Digital Information Officer of LHCH on 01/07/2024, 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 Sarah Barr's pension benefit in 24/25 on CCC annual report.
- Kate 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 2025. HM Treasury published updated guidance on 25 January 2025; this guidance will be used in the calculation of 2025/26 CETV figures.

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 31/3/2024 there will be no in-scheme revalued benefits.
- Where members have reached retirement age, there will be no in-scheme revalued benefits.
- Liz 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 Liz Bishop's pension benefit in 23/24 on CCC annual report.
- James 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 James Thomson's pension benefit in 23/24 on CCC annual report.
- Kate 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.
- Jane 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.

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 2.36 and paragraphs 2.53 to 2.57), 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.

	2024/25	
	Percentage change for highest paid director	Percentage change for employees as a whole
Salary and allowances	12.32%	12.83%
Performance pay/bonuses	0.00%	0.00%

The 2024/25 employees' salary as a whole, is increased by 12.83%. This is mainly because of the 2024/25 consolidated pay award for Consultants, Resident Doctors & Agenda for Change staff.

	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 highest paid director did not receive any performance pay/bonuses in 24/25 or 23/24.

The remuneration of the median, lower quartile, upper quartile salary and multiple to the highest paid employee of the Trust for 2024/25 and the prior year comparative is provided below:

Pay ratio information

	2024/25	2023/24
Band of Highest Paid Directors' total remuneration (£'000)	210	190
Median total (£)	37,338	35,037
Ratio	6	5
Lower Quartile (£)	28,616	26,580
Upper Quartile (£)	50,760	48,228

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 2024/25 was £210k (2023/24 £190k). This was 6 times (2023/24, 5 times) the median remuneration of the workforce, which was £37k, (2023/24 £35k). The median remuneration of the workforce for 2024/25 has increased by 6.6% comparing to 2023/24. The lower quartile remuneration of the workforce for 24/25 (£29k) has increased by 7.7% comparing to 23/24 (£27k), and the upper quartile remuneration of the workforce for 24/25 (£51k) has increased by 5.2% comparing to 23/24 (£48k).

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.

	2024/25	2023/24
Highest Paid Director's total remuneration (£)	209,000	186,000
Salary component of total remuneration (£)	209,000	186,000
Lower Quartile Ratio	7:1	7:1
Median Pay Ratio	6:1	5:1
Upper Quartile Ratio	4:1	4:1

In 2024/25, 4 (2023/24, 3) employees received remuneration in excess of the highest paid director. Remuneration ranged from £12k to £225k (2023/24 £13k to £204k).

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 is paid more than the Prime Minister. The Medical Director is a Consultant Cardiothoracic Surgeon of national standing and holds regional responsibilities.

Expenses of the directors

In 2024/25 the total number of directors in office was 18 (2023/24, 21). The number of directors receiving expenses in the reporting period was 6 (2023/24, 7). The aggregate sum of expenses paid to these directors in the reporting period was £4,673 (2023/24, £5,275).

Expenses of the governors

In 2024/25 the total number of governors in office was 24 (2023/24, 22). The number of governors receiving expenses in the reporting period was 10 (2023/24, 6). The aggregate sum of expenses paid to these governors in the reporting period was £1,291 (2023/24, £1,512).



James Sumner

Chief Executive

24th June 2025

2.3 Staff Report

At 31st March 2025, the workforce key performance indicators were as follows:

- Sickness absence was 1.77% above target.
- Turnover (all leavers) is 12.47% which is above target by 2.47%.
- Voluntary turnover is 8.29% which is below target by 1.71%.
- Appraisal completions are 85.07% which is slightly below the Trust target of 90%.
- Mandatory training at 31/03/25 was 93.20% which is 1.80% 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.

2024/25 data

Key Performance Indicators	Sickness Absence (12 Months)	Turnover (All) (12 Months)	Voluntary Turnover (12 Months)	Mandatory Training	Appraisal
Actual	5.17%	12.47%	8.29%	93.20%	85.07
Target	3.4%	10%	10%	95%	90%

2024/25 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 2025:

As at 31 st March 2025	Male	Female	Total
Board of Directors**:			
- Non Executive Directors	3	3	6
- Executive Directors (voting)	3	2	5
- Associate Directors (non-voting)	2	2	4
Senior Managers*	14	35	49
Trust Employees	502	1,428	1,930
Total Staffing	524	1,470	1,994

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

**Total figure includes 5 joint Executive 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				
Age Band	31/03/25		31/03/24	
	Heads	%	Heads	%
16-20	20	1.01%	18	0.93%
21-25	122	6.13%	125	6.46%
26-30	218	10.96%	206	10.65%
31-35	254	12.77%	253	13.08%
36-40	308	15.49%	301	15.56%
41-45	236	11.87%	223	11.53%
46-50	221	11.11%	216	11.17%
51-55	219	11.01%	215	11.12%
56-60	190	9.55%	184	9.51%
61-65	141	7.09%	138	7.14%
66-70	45	2.26%	40	2.07%
71+	15	0.75%	15	0.78%
Total	1,989	100%	1,934	100%

Gender Profile				
Gender	31/03/25		31/03/24	
	Heads	%	Heads	%
Female	1,467	73.76%	1,422	73.53%
Male	522	26.24%	512	26.47%
Total	1,989	100%	1,934	100%

* Transgender not recorded

Disability Profile				
Disability	31/03/25		31/03/24	
	Heads	%	Heads	%
No	1,459	73.35%	1,359	70.27%
Not Declared	73	3.67%	88	4.55%
Undefined	361	18.15%	410	21.20%
Yes	96	4.83%	77	3.98%
Total	1,989	100%	1,934	100%

Religion Profile				
Religion	31/03/25		31/03/24	
	Heads	%	Heads	%
Atheism	248	12.47%	231	11.94%
Buddhism	8	0.40%	6	0.31%
Christianity	969	48.72%	884	45.71%
Hinduism	50	2.51%	40	2.07%
I do not wish to disclose my religion/belief	166	8.35%	170	8.79%
Islam	57	2.87%	52	2.69%
Judaism	1	0.05%	2	0.10%
Other	83	4.17%	72	3.72%
Sikhism	6	0.30%	7	0.36%
Undefined	401	20.16%	470	24.30%
Total	1,989	100%	1,934	100%

Sexual Orientation Profile				
Sexual Orientation	31/03/25		31/03/24	
	Heads	%	Heads	%
Bisexual	25	1.26%	16	0.83%
Gay or Lesbian	31	1.56%	28	1.45%
Heterosexual or Straight	1,460	73.40%	1,366	70.63%
I do not wish to disclose my sexual orientation	113	5.68%	125	6.46%
Other sexual orientation not listed	2	0.10%	2	0.10%
Undecided	4	0.20%	3	0.16%
Undefined	354	17.80%	394	20.37%
Total	1,989	100%	1934	100%

Ethnicity Profile				
Ethnic Origin	31/03/25		31/03/24	
	Heads	%	Heads	%
A White – British	1,412	70.99%	1,420	73.42%
B White – Irish	29	1.46%	22	1.14%
C White – Any other White background	55	2.77%	50	2.59%
D Mixed – White & Black Caribbean	6	0.30%	3	0.16%
E Mixed – White & Black African	8	0.40%	7	0.36%
F Mixed – White & Asian	7	0.35%	5	0.26%
G Mixed – Any other mixed background	13	0.65%	13	0.67%
H Asian or Asian British – Indian	251	12.62%	237	12.25%
J Asian or Asian British – Pakistani	15	0.75%	14	0.72%
K Asian or Asian British – Bangladeshi	4	0.20%	2	0.10%
L Asian or Asian British – Any other Asian background	16	0.80%	20	1.03%
M Black or Black British – Caribbean	4	0.20%	4	0.21%
N Black or Black British – African	40	2.01%	22	1.14%
P Black or Black British – Any other Black background	15	0.75%	13	0.67%
R Chinese	11	0.55%	11	0.57%
S Any Other Ethnic Group	40	2.01%	32	1.65%
Undefined	49	2.46%	46	2.38%
Z Not Stated	14	0.70%	13	0.67%
Total	1,989	100%	1934	100%

Analysis of staffing costs and numbers (audited)

Staff costs				
			2024/25	2023/24
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	97,355	2,155	99,510	89,268
Social security costs	9,421	-	9,421	9,058
Apprenticeship levy	525	-	525	440
Employer's contributions to NHS pension scheme	16,295	-	16,295	13,188
Pension cost - other	-	-	-	-
Other post employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Temporary staff	-	476	476	922
Total gross staff costs	123,596	2,631	126,227	112,876
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	123,596	2,631	126,227	112,876
Of which				
Costs capitalised as part of assets	603	-	603	442
Average number of employees (WTE basis)				
			2024/25	2023/24
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	189	2	191	198
Ambulance staff	-	-	-	-
Administration and estates	481	19	500	500
Healthcare assistants and other support staff	253	19	272	282
Nursing, midwifery and health visiting staff	627	35	662	660
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	267	2	269	277
Healthcare science staff	-	-	-	-
Social care staff	-	-	-	-
Other	-	-	-	-
Total average numbers	1,817	77	1,894	1,917
Of which:				
Number of employees (WTE) engaged on capital projects	9	-	9	8

Expenditure on consultancy

Total expenditure during 2024/25 on consultancy has totalled £28k. In 2023/24 this was £335k.

Off-payroll engagements

Highly-paid off-payroll worker engagements as at 31 March 2025 earning £245 per day or greater

Number of existing engagements as of 31 March 2025	
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 2025 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 2024 and 31 March 2025

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.	9

Exit packages (audited)

There were no exit packages.

Exit packages: non-compulsory departure payments (audited)

There were no exit packages.

Equality, diversity, inclusion & belonging

The Trust refreshed its equality, diversity, inclusion and belonging (EDIB) Strategy in 2022, which was incorporated into the Trust's wider People Strategy.

The strategy sets out the Trust's ambition to have a culture of belonging, and to understand, encourage and celebrate diversity in all its forms.

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

Key achievements include in 24/25 are:

- Development of staff networks including Menopause Cafe, LGBT+, International Staff, Carers, Disability and Chronic illness. These networks are becoming more established across LHCH.
- The Trust published its Equality Monitoring Report in line with its requirements under the Equality Act 2010 and public sector specific duties.
- LHCH achieved the Gold Award for the Armed Forces Employer Recognition Scheme accreditation. LHCH's Gold status reflects measures put in place to achieve Armed Forces Friendly recruitment and retention policies and support for local units.
- LHCH was awarded the Navajo Charter Mark which is a signifier of good practice, commitment and knowledge of the specific needs, issues and barriers facing LGBT+ people in Merseyside.
- LHCH launched an anti-racism campaign as part of the Trust's ongoing commitment to fostering an inclusive environment for both staff and patients. Anti-racism banners have been introduced across LHCH showcasing its commitment and to encourage staff and patients to report any incidents of racism or discrimination.
- A weekly EDIB and health and wellbeing newsletter continues to improve communication across the organisation and to celebrate diversity through awareness, staff stories and lived experience.
- A range of EDIB awareness sessions, including scenario based learning, and people with lived experiences presenting to the Trust.
- The Trust continues its commitment to reducing health inequalities. The Liverpool Healthy Families project is making steady progress and outreach testing is reaching out to the people most in need and most vulnerable in society.
- The Trust continues to work closely with EDI regional groups to share best practice and explore 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/resources/download/lhch-649c5ec9a13173.02407862>

Communicating and engaging with staff

The Trust maintains strong communication and engagement with its workforce. During 2024/25, the following initiatives have taken place linked to staff engagement:

Team Brief

- The Team Brief approach to encourage staff involvement continued during 2024/25, 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

- 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

- 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

- The Trust is committed to creating a fairer and more diverse organisation. One of the ways to achieve this ambition is through its Staff Networks. They are an important mechanism to allow colleagues to discuss their experiences, offering a safe space, and help shape 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.
- In 2024, the L&D team began producing a weekly bulletin to promote all learning and development opportunities available to staff.

Schwartz Rounds

- LHCH have successfully run bi-monthly Schwartz Rounds, open to all staff members. Schwartz Rounds are a forum provided to allow staff to discuss the emotional impact of the work that they do. The Trust has recently introduced 'Schwartz on the Road' which offers bespoke forums for individual groups of staff or departments.

Leadership and management

- In 2024, the Trust continued to expand its leadership offer with a wider range of internal and external development opportunities for leaders and managers.
- In line with best practices and the latest NHSE standards and frameworks, the Trust has launched the Manager's Essentials training for all colleagues with line management responsibilities.
- As a local host for the NHS Leadership Academy's Mary Seacole programme, LHCH successfully supported three internal and regional cohorts in 2024, and extended programme delivery to Trusts outside its region. Over the past year, the Trust introduced a new, financially sustainable model for the programme, continuing to generate income for LHCH.
- In 2024, the Trust continued to offer targeted leadership development interventions for clinicians through the LHCH Clinical Leadership Programme and external development opportunities.
- The Trust continued to successfully deliver the Foundations of Leadership programme throughout 2024.
- Leadership and management skills sessions have also been developed and delivered as part of the Preceptorship Programme.
- LHCH colleagues continue to access and benefit from NHS Leadership Academy programmes, including Elizabeth Garrett Anderson, Rosalind Franklin, Nye Bevan, and the Aspirant Executives programme.
- In 2024, the Trust maintained and strengthened its Coaching and Mentoring offer through the NHS Leadership Academy Hubs and its internal Coaching and Mentoring Platform.

- In 2024, the Trust launched Handling Difficult Conversations and Managing Challenging Behaviour sessions to support managers and leaders in effectively addressing issues and resolving conflicts in the workplace environment.

Knowledge hub and library services

- A new Library Strategy was launched in 2024 to enhance access to knowledge, learning resources, and evidence-based information for all staff. The strategy focuses on supporting personal and professional development, promoting a culture of continuous learning, and ensuring that colleagues have the tools they need to make informed decisions in clinical and non-clinical settings.
- Key priorities in 2024 were expanding digital resources, increasing outreach and visibility of library services, and aligning library support with organisational goals, including research, education, and quality improvement.

Partnership with Edge Hill University

- LHCH continues to strengthen its partnership with Edge Hill University, whilst maintaining good relationships with all other higher education institutions within Cheshire and Merseyside.
- The Trust currently offer, in partnership with Edge Hill University, two postgraduate certificate options in Advanced Cardiothoracic Care and Advanced Critical Care. The successful development of a Prevention of Cardiovascular Disease 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.

Partnership Forum

- The Trust recognises 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.

Policies that have been ratified over the last 12 months are:

- Flexible Working Policy
- Learning and Development Policy
- Clinical Supervision for Healthcare Professionals Policy
- Long Service and Retirement Awards Policy
- Managing Attendance and Wellbeing Policy
- Capability and Performance Policy
- Alcohol, Drugs or Solvent Misuse Policy

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 2023 to 31st March 2024 as per statutory regulations. Updated reporting covering the period 1st April 2024 to 31st March 2025 will be published on the Trust's website by 31st July 2025.

Trade Union Facility Time 1 April 2023 to 31 March 2024	
Employees in the organisation	
	1,501 to 5,000 employees
Trade union representatives and full-time equivalents	
Trade union representatives:	5
FTE trade union representatives:	4.45
Percentage of working hours spent on facility time	
0% of working hours:	0 representatives
1 to 50% of working hours:	5 representatives
51 to 99% of working hours:	0 representatives
100% of working hours:	0 representatives
Total pay bill and facility time costs	
Total pay bill:	£112,433.417
Total cost of facility time:	£40,037
Percentage of pay spent on facility time:	0.04%
Paid trade union activities	
Hours spent on paid facility time:	1821.5
Hours spent on paid trade union activities:	182.5
Percentage of total paid facility time hours spent on paid TU activities:	10.02%

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 its people remains a priority for the organisation. The Trust has extended its wellbeing offer in 2024/25 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 its 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.

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

- Continuing to run Schwartz Rounds within the organisation, offering a different themed session every other month. These are now also available 'on the road', allowing sessions to be arranged for specific teams in a safe and convenient space tailored to their needs.

- Revising its learning support offer by providing regular personal resilience and wellbeing sessions.
- Embedding content within internal development programmes to raise awareness of the organisational support and resources available to all colleagues to help manage their personal wellbeing.
- Embedding the Be Civil Be Kind campaign across the Trust, setting clear expectations, providing guidance to address incivility, and promoting positive behaviours to support a healthy and respectful workplace culture.
- Creating new visuals and marketing materials to support the Be Civil Be Kind campaign. These will be rolled out from May 2025, pending approval by the People Delivery Group.

Health & safety of staff

The Health and Safety Committee continues to meet on a quarterly basis and operates effectively in accordance with its terms of reference.

It remains an integral part of the Trust's governance framework, playing a key role in promoting and maintaining a safe environment for all staff, patients, and visitors.

During 2024/25, the Health & Safety Team underwent significant management changes, including the appointment of a new Health & Safety and Fire Safety Manager and a new Fire Safety Lead. This change has brought extensive experience from the healthcare and safety sectors, contributing fresh insight and leadership. These changes have brought renewed energy to the department, with a strong focus on reviewing and modernising existing systems and processes.

There has also been a focus on upskilling the existing team, with staff undertaking further professional development, including enrolment on Level 6 Occupational Health and Safety qualifications. This reflects the Trust's commitment to building internal expertise and strengthening its long-term capability in health and safety management.

In late 2024, responsibility for Control of Substances Hazardous to Health (COSHH) formally transitioned from the Risk Management team to Health & Safety. The team has since implemented a new COSHH electronic management system (Sypol) and launched Trust-wide training and guidance.

In 2025, the Trust commissioned an external fire safety audit by DRLC (Approved Authorising Engineer - Fire) and is currently awaiting the final report. In parallel, key infrastructure improvements have continued, with the Trust-wide fire alarm upgrade project nearing completion, leaving only the theatre areas outstanding. In addition, the implementation and enhancement of the WinMag fire management system has significantly improved emergency response, offering real-time visual prompts to aid faster identification

and action during activations. Additionally, the Fire Safety Team have initiated a coordinated review of fire compartmentation across the Trust and a review of the respective fire strategy, this is an important and lengthy piece of work that will have a massive benefit to the trust.

Looking ahead, key focus areas for 2025/26 include:

- Strengthening and standardising risk assessment processes.
- Reviewing current fire and health & safety administrative processes and seeking software applications to drive continual improvement.
- Expanding staff training programmes, both internally and externally.
- Reviewing and updating health and safety policies to ensure alignment with current legislation and best practice.

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, LHCH is committed to fulfilling its wider social responsibilities as a major local organisation. The Trust believes that investing in its local community enhances its reputation as an employer of choice, supporting its vision to "be the best."

To support this, the Trust offers a wide range of community engagement opportunities, aimed at creating meaningful connections and positive impact across the region.

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. All students are supported by LHCH Practice Education Facilitator and clinical supervisors.

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.

Liverpool Heart and Chest Hospital is committed to creating inclusive pathways into healthcare careers and supporting individuals at every stage of their learning journey.

Through a range of vocational programmes, work placements, and targeted initiatives in 2024, the Trust aims to widen access to employment opportunities—particularly for those from underrepresented or disadvantaged backgrounds. Central to this approach is the provision of dedicated pastoral support, helping individuals build confidence, overcome barriers, and thrive in both educational and workplace environments.

- 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 2025/26. In addition to this the Trust held an 'Access to Medicine' course for prospective medical students in 2024, attended by 12 Year 12 students from across the local region.
- Candidates are supported by their placement teams and the OD Co-ordinator, with pastoral care being a central element of this support. Many participants come from challenging backgrounds and have limited personal support, making this guidance crucial to their success.
- In 2024, the Trust continued its successful partnership with Hugh Baird College to support Traineeship programmes. Initially developed to support young people aged 16 to 24, these programmes have now expanded to include individuals of all ages. Participants receive employability training, alongside opportunities to improve their Maths and English skills—often gaining qualifications in these areas.
- Additionally, in 2024, the Trust began a new partnership with The King's Trust (formerly known as The Prince's Trust). This collaboration has already proven successful and was nationally recognised by the charity. Several trainees have successfully progressed to roles within LHCH, including apprenticeships, staff bank positions, and permanent roles. This partnership will continue, with a new cohort of trainees starting in April 2025.
- The T Level Programme has also evolved into a rolling annual initiative in 2024. First-year students gain placements in clinical areas, while second-year students become valuable members of the LHCH staff bank. Upon completion, students earn a Level 3 Health and Social Care qualification, preparing them for roles as healthcare assistants or enabling them to progress into nursing associate or registered nurse programmes.
- The collaboration with Project SEARCH continues in partnership with University Hospitals of Liverpool. This supported internship programme for individuals with learning difficulties has become an established annual offer. The success of the programme continues to make a significant impact, with several interns securing permanent roles within the Trust.
- In 2024, the Trust successfully launched and will continue to deliver pre-employment and functional skills programmes. These initiatives are designed to provide individuals with the essential skills and experience needed to access employment opportunities within the Trust and beyond.

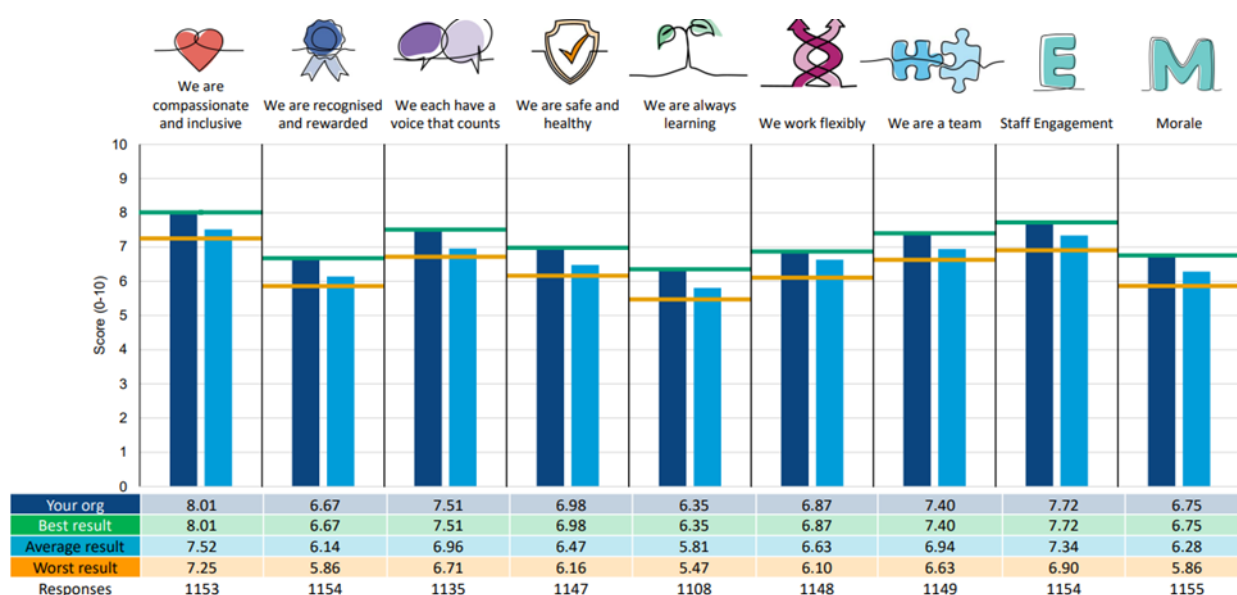
Summary of performance – NHS Staff Survey results 2024

A total of 1157 staff completed the 2024 NHS Staff Survey which represents a response rate of 62%. This was 2% lower than the 2023 response rate of 64%.

The high response rate to the NHS Staff Survey was achieved through a strong focus on staff engagement and visibility. The Trust 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 2024 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).



	2024/25		2023/24		2022/23		2021/22	
	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)	Trust	Benchmarking Group (Avg)
We are Compassionate and Inclusive	8.01	7.52	8.02	7.51	7.9	7.5	7.8	7.5
We are recognised and rewarded	6.67	6.14	6.64	6.13	6.3	6.0	6.3	6.1
We each have a voice that counts	7.51	6.96	7.52	6.92	7.4	7.0	7.3	7.0
We are safe and health	6.98	6.47	6.89	6.45	6.6	6.3	6.5	6.2
We are always learning	6.35	5.81	6.32	5.71	6.1	5.7	5.9	5.6
We work flexibly	6.87	6.63	6.93	6.47	6.5	6.4	6.4	6.3
We are a team	7.40	6.94	7.41	6.95	7.2	6.9	7.1	6.9
Staff engagement	7.72	7.34	7.74	7.35	7.6	7.2	7.5	7.3
Morale	6.75	6.28	6.69	6.25	6.4	6.1	6.3	6.0

Source: RBQ-benchmark-2024 / RBQ-benchmark-2023 / NSS22 Benchmark Reports_RBQ

	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 all People Promise Themes when benchmarked against all other Acute Specialist Trusts
- Nationally we ranked 1st for
 - Place to Work,
 - Place for Treatment,
 - Care is our Top Priority
 - Engagement
- 1st in all four of these areas benchmarked against all Trusts in Cheshire and Merseyside

The top and bottom 5 scores and those most/least improved from the 2024 survey are shown in the below.

Top 5 scores vs Organisation Average	Org	Picker Avg	Bottom 5 scores vs Organisation Average	Org	Picker Avg
q25f. Feel organisation would address any concerns I raised	74%	59%	q22. I can eat nutritious and affordable food at work	59%	64%
q8a. Teams within the organisation work well together to achieve objectives	76%	62%	q13d. Last experience of physical violence reported	70%	72%
q20b. Would feel confident that organisation would address concerns about unsafe clinical practice	77%	65%	q13a. Not experienced physical violence from patients/service users, their relatives or other members of the public	94%	94%
q19d. Feedback given on changes made following errors/near misses/incidents	78%	66%	q24a. Organisation offers me challenging work	70%	71%
q3i. Enough staff at organisation to do my job properly	55%	44%	q10b. Don't work any additional paid hours per week for this organisation, over and above contracted hours	65%	65%

Most improved scores	Org 2024	Org 2023	Most declined scores	Org 2024	Org 2023
q14d. Last experience of harassment/bullying/abuse reported	53%	48%	q7g. Team deals with disagreements constructively	62%	65%
q22. I can eat nutritious and affordable food at work	59%	55%	q9e. Immediate manager values my work	80%	83%
q15. Organisation acts fairly: career progression	69%	66%	q3h. Have adequate materials, supplies and equipment to do my work	73%	75%
q24c. Have opportunities to improve my knowledge and skills	80%	77%	q13d. Last experience of physical violence reported	70%	73%
q26c. I am not planning on leaving this organisation	67%	64%	q10b. Don't work any additional paid hours per week for this organisation, over and above contracted hours	65%	67%

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Tables are based on absolute % differences, not statistical significance

Source: RBQ NSS24 Picker Management Report

Areas highlighted for improvement

LHCH has been rated the best in the country across all People Promise themes when benchmarked against specialist trusts. The Trust is also pleased to have received the highest overall ratings for being a great place to work and to receive treatment, demonstrating our commitment to creating a compassionate and high-quality working environment. In recognition of its progress, NHS England formally acknowledged the exceptional staff survey results.

The Trust is committed to focusing on the area highlighted in the table above. This is notwithstanding the work already being progressed against the People Strategy, to improve 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

The People Pulse 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](#)

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				2024/25			
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	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%	91%	91%	83%	92%

*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				2024/25			
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	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%	97%	100%	93%	99%

*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 2024/25, 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;
- 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 key performance indicators and engagement plan reported to the Council of Governors;
- Nominations and Remuneration Committee meetings 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 2024/25.

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 was to commission an external review in Q3 2024/25 aligned to the new CQC assessment framework. This was deferred in light of the LAASP roadmap.

- *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, Nicholas Brooks (Non Executive Director) was re-appointed by the Council of Governors until 10th July 2027, at which point he will have served on the Board of the Foundation Trust for 3 terms (9 years).

A review of independence and performance including the importance of continuity in light of other non executive director changes was undertaken by the Council of Governors to support his extended period of office.

The 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 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 in improving population health. Building awareness of key health topics, the importance of taking ownership of 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 governors of the future.
- Consider opportunities to work with partners collaboratively to achieve 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 the Trust's 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 31 st March 2025	As at 31 st March 2024	Increase/ Decrease
Cheshire	1,947	2,008	-61
Merseyside	4,397	4,495	-98
North Wales	1,297	1,368	-71
Rest of England and Wales	762	776	-14
Total - Public Constituency	8,403	8,647	-244
Staff Constituency	1,911	1,863	48

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 12th November 2024, 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 2024/25 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 patients and the wider community.

During 2024/25, 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 (non executive directors) to review the Chair and non executive director succession plan, and manage the Chair and non executive director 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 2024/25 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)	2	David Bromilow (succeeded by Michael Carney as next highest polling candidate following David's resignation on 26/9/24) Kim Crowe	3
North Wales (Election uncontested)	1	Margaret Roberts	3
Cheshire (Election uncontested)	3	Ray Davis Denis McAllister Vivienne Carr (by election as seat remained vacant in first round of elections)	3
Rest of England & Wales	1	None. Position remains vacant	3

Governor attendance at Council of Governor meetings 2023/24

Between 1st April 2024 and 31st March 2025, 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 2024/25			
	4 th June 2024	17 th Sept 2024	3 rd Dec 2024	4 th March 2025
Public Constituency				
Merseyside				
David Bromilow	✓	x		
Michael Carney			✓	x
Terence Comerford	✓	✓	✓	✓
Kim Crowe			✓	✓
Ian Ferguson	✓	✓	✓	✓
Elaine Holme (Lead Governor)	✓	✓	✓	✓
Peter Humphrey	✓	✓	x	✓
Cheshire				
Vivienne Carr			✓	✓
Ray Davis	x	✓	✓	✓
Dennis McAllister	✓	✓	✓	✓
Stephen Storey	✓	✓	✓	✓
North Wales				
Joan Burgen	✓	x		
Dusty Rhodes	✓	✓	✓	✓
Peter Wareham	✓	x	✓	✓
Margaret Roberts			✓	✓
Rest of England and Wales				
Vacant	x	x	x	x
Staff Constituency				
Registered Nurses and Non-Registered Nurses				
Michelle Beaver	✓	✓	✓	✓
Sharon Faulkner	x	x	✓	✓
Princey Santhosh	x	x	✓	x
Non Clinical				
Lynsey Jackson	x	✓	✓	✓
Keith Wilson	✓	x	✓	✓
Allied Health Professionals, Technical and Scientific				
Dorothy Price	x	✓	x	✓
Registered Medical Practitioners				
Dr Jonathan Kendall	✓	✓	✓	✓
Nominated Governors:				

Governor Name	Council of Governor Meeting Dates 2024/25			
	4 th June 2024	17 th Sept 2024	3 rd Dec 2024	4 th March 2025
Karen Higginbotham (Liverpool John Moores University)	x	✓	x	✓
Wendy Caulfied (Friends of Robert Owen House)	✓	✓	x	✓
Cllr Richard McLean (Liverpool City Council)		✓	✓	✓
Neil French (University of Liverpool)	x	✓	✓	✓
Board Members in attendance:				
Val Davies	✓	✓	✓	✓
Liz Bishop	✓	✓	✓	✓
Jonathan Mathews	✓	✓	x	✓
Manoj Kuduvali	✓	✓	x	✓
Joan Matthews	✓	✓	✓	✓
James Thomson	✓	✓	x	✓
Nicholas Brooks	✓	✓	✓	x
Bob Burgoyne	✓	✓	✓	✓
Margaret Carney	✓	✓	✓	✓
John Doyle	✓	✓	x	✓
Claudette Elliott	✓	✓	x	✓

2.5 NHS Oversight Framework

NHS England's NHS Oversight Framework²⁴ 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 2025.

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 NHS Foundation Trust

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

NHS England has given Accounts Directions which require [name] 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.

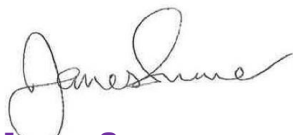
In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- 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 the NHS foundation trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

A handwritten signature in black ink, appearing to read 'James Sumner', with a stylized, cursive script.

James Sumner

Chief Executive

24th June 2025

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 2025 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 2024/25 the responsibility for risk management was delegated to the Director of Risk and Corporate Governance, who acted as Chief Risk Officer, working closely with the Director of Nursing, Quality and Safety. The Director of Risk and Corporate Governance 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.

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. This is supplemented by training which is delivered via corporate and local inductions for new staff and thereafter by participation in mandatory training and local training sessions. We are confident the risk management system rolled out 18 months ago is embedded and works for the Trust, supporting our teams to assess, describe, control, escalate and report risks from Ward to Board, as evidenced through two years of internal audit reviews.

The Board reviewed the strategic risk profile and risk appetite statement at the beginning of 2024/25, including ensuring this reflected wider system and collaboration arrangements. The Board of Directors received the BAF at each meeting including a full in-depth review, as a minimum, 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 Corporate Governance 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.

During 2024/5 we have made significant progress in further embedding the new Patient Safety Incident Response Framework (PSIRF) introduced in 2023/24 which has supplemented and enhanced our focus on learning from incidents applying new tools and techniques to respond to and learn from incidents which included the introduction of a weekly patient safety incident review meeting and immediate sharing of learning and the promotion and utilisation of our organisational learning database.

Throughout 2024/25, the Trust has operated a normalised approach to EPRR (emergency preparedness, resilience and response) following the end of the pandemic and industrial action. These arrangements have been both tested and trained and operationalised as events have required.

The Trust seeks assurance from key providers of external support through their service auditor reports, undertaken by independent auditors, on the effectiveness of the internal controls in place at relevant providers. These service auditor reports are reviewed by the Trust and by the Trust's own auditors to determine the level of reliance that can be placed on the third party provider's systems and controls, and to identify any areas that may require additional testing for audit purposes.

It has been noted that the service auditor report for NHS Shared Business Services Limited for 2024/25 included qualifications on the system of internal control at that provider. The Trust and our own external auditors have considered the issues identified, and do not consider them to be of sufficient significance to impact the Trust directly and that the Trust has sufficient compensatory controls in place to mitigate any risk.

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 2024/25 when benchmarked across the country. Industrial action and in year staffing challenges have continued to impact activity and performance trajectories as have continued pressures on the elective and non-

elective split across many of the Trust's services. Digital delivery has been experienced as a periodic risk throughout the year both through the occurrence of a number of cyber events but also in respect of project management capacity and rigour specifically with relation to EPRO patient letters.

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 also managed through this integrated system. 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.

The Trust follows NHS England's guidance for PSIRF and consequent learning or investigations. Local commissioners and regulators are informed of the PSII's as and when initiated and reported. During 2024/25 there were 6 PSII investigations commenced which included the identification of numerous recommendations. All incidents covered by the PSIRF framework were subject to duty of candour.

When things do go wrong, staff are encouraged to report incidents, whether or not there was any consequence, in order that opportunity for learning can be captured. Public stakeholders are involved in managing risks where there is an impact on them. For example, when a PSII 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.

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 2024/5 continue to demonstrate a high level of compliance across the CQC standards.

Throughout 2024/25 the Trust has encountered a number of digital challenges including cyber events and a response to suboptimal system deployment (EPRO - electronic patient-reported outcome system) which resulted in failed patient communications. Our digital service has been a purchased shared service, iDigital, a collaboration with Alder Hey. Both cyber events related to unauthorised access gained to remotely hosted systems, the organisation was alerted by national partners and preliminary analysis indicated an amount of poor cyber hygiene. Action plans have been developed and tracked with tasks completed to plan. Appropriate reporting and due diligence to support learning has taken place with organisational response signed off by the ICO. A decision has since been taken, in November 2024, that will result in the structured and planned disaggregation of the service.

An external review of the iDigital service and LHCH arrangements has been commissioned to support and embed learning and controls going forward. More generally assurance is gained by various measures throughout the year including penetration tests of our network with outputs and delivery monitored through the Trust's governance and committee structures which have included in year development of enhanced reporting for the Audit Committee. The Audit Committee has received assurance reports on cyber security and has embedded oversight of cyber security controls within its terms of reference and Board Strategy session has also taken place on this subject.

In addition to the Audit Committee, and Nominations and Remuneration Committee, the Board's committee structure comprises the Quality Committee, Integrated Performance Committee, Research and Innovation Committee and People Committee. All three assurance committees (Quality, IPC and People) 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 provide assurance on their operation in year, including implementation of prior year actions.

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). Council of Governors' meetings are held as face-to-face meetings, with Committee meetings continuing to be held online. The annual workplans for Committees are agreed 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, assurance, collaboration, the voluntary sector and primary care.

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 belonging; and health and wellbeing. The continued challenges of Industrial Action during 2024/25 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. The Trust's Cancer Board continues to focus on cancer pathways and performance.

Board walkabouts have continued during 2024/5 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 Medical Emergency Team, Edenfield Review, Therapies, Volunteers, Perfusion, Antimicrobial Stewardship Group, Physiologists, Pharmacy services.

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 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. 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. It is noteworthy that 2025/6 contains a national ambition for RTT 5% improvement and compliance in the future.

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, Succession Planning and System change

The Trust has stabilised following a significant number of leadership changes. Consolidation has been embedded in respect of appointments to the Board, triumvirates and senior leader roles. While this consolidation is welcome, when coupled with the emerging city agenda (LAASP) it means there should be a continued focus on leadership development and succession planning at all levels. It needs to be acknowledged, too, that change can be destabilising and in and of itself comes with and can create risk which need to be both explored and understood.

iv) Financial Delivery and Capital funding

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 but also develop a closer understanding of its role within and any impact arising from the LAASP joint working arrangements. 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's work in establishing a new Liverpool Joint Committee focussed on adult and specialist services means that the Trust has had to pause a number of significant areas of work in order to ensure alignment of strategic intent and direction within the city. This has inhibited Trust strategy development and research and innovation strategy development to the extent originally envisaged. Our efforts have been redirected with significant Trust contributions and leadership to LAASP workstreams. In the current period we continue to deliver against the principles of our 5 year strategic plan 'Patients, Partnerships and Populations' working in collaboration with the wider system. The Strategy demonstrates the Trust's conviction to both provide outstanding care for patients within the hospital and work with partners outside of the hospital in caring for the wider population. The Trust is part of LAASP which has plans to develop a Liverpool Strategy for 2030 in 2025/6.

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 CVD Prevention Board and a CMAST workstream on cardiology. More generally, 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

has also stood down the Broadgreen Joint Sub Committee alongside partners to focus on the work of the LAASP Joint 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 2024/5. 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 2024/25.

Information governance

The Data Security and Protection Toolkit (DSPT) baseline assessment was submitted in February 2025, with the final submission to be completed in June 2025. 2024/25 brought forward a different and evolving approach for DPST reporting, enhancing cyber focus. NHSE have advised that they anticipate a lower benchmarked outturn for all NHS organisations given these developments. 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 that the Trust will submit a compliant return.

Outputs and delivery of the information governance work programme are monitored through the Trust's governance and committee structures. There have been two reportable data security incidents during 2024/25 as detailed elsewhere.

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.

During the year the Trust has operated 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 has been one 'limited' assurance report from Internal Audit during 2024/25 (quality spot checks - PAT testing) for which there is an agreed action plan with implementation in progress.

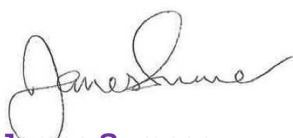
I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and its Standing Committees.

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 sustained control issues identified in 2024/25 but one significant cyber event has occurred. 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.



James Sumner

Chief Executive

24th June 2025

SECTION 3: ANNUAL ACCOUNTS

Liverpool Heart and Chest Hospital NHS Foundation Trust
Annual Report and Accounts 2024/25

Annual accounts for the year ended 31st March 2025

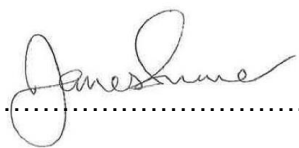
These accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Foreword to the accounts

Liverpool Heart and Chest Hospital NHS Foundation Trust

These accounts, for the year ended 31 March 2025, 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

James Sumner

Job title

Chief Executive Officer

Date

24th June 2025

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

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2024/25 have been completed and this certificate accompanies them.

Finance Director Certificate

1. I certify that the TAC schedules have been compiled and are in accordance with:
 - the financial records maintained by the NHS Foundation 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 [****except for** [insert text on where the schedules differ from the accounts and explain the differences]].



James Thomson, Chief Finance Officer
24th June 2025

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.



James Sumner, Chief Executive
24th June 2025

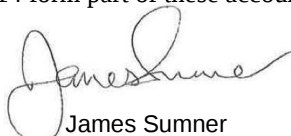
Statement of Comprehensive Income

		2024/25	2023/24
	Note	£000	£000
Operating income from patient care activities	3	248,168	223,777
Other operating income	4	20,810	20,583
Operating expenses	6,8	(257,567)	(243,810)
Operating surplus/(deficit) from continuing operations		11,411	550
Finance income	10	2,302	2,345
Finance expenses	11	(108)	(95)
PDC dividends payable		(2,720)	(2,441)
Net finance costs		(526)	(191)
Other gains / (losses)	12	34	(199)
Surplus / (deficit) for the year from continuing operations		10,919	160
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	14	-	-
Surplus / (deficit) for the year		10,919	160
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(613)	(887)
Revaluations	16	950	821
Total comprehensive income / (expense) for the period		11,256	94
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		10,919	160
Remove net impairments not scoring to the Departmental expenditure limit		3,180	11,495
Remove I&E impact of capital grants and donations		85	(328)
Remove net impact of DHSC centrally procured inventories		-	25
Adjusted financial performance surplus / (deficit)		14,184	11,352

Statement of Financial Position

		31 March 2025	31 March 2024
	Note	£000	£000
Non-current assets			
Intangible assets	13	125	74
Property, plant and equipment	14	107,151	108,365
Right of use assets	17	3,549	4,059
Receivables	20	121	114
Total non-current assets		110,946	112,612
Current assets			
Inventories	19	4,694	5,247
Receivables	20	16,026	12,265
Cash and cash equivalents	21	49,386	44,537
Total current assets		70,106	62,049
Current liabilities			
Trade and other payables	22	(33,447)	(34,209)
Borrowings	24	(778)	(769)
Provisions	25	(349)	(220)
Other liabilities	23	(5,450)	(6,547)
Total current liabilities		(40,024)	(41,744)
Total assets less current liabilities		141,028	132,917
Non-current liabilities			
Trade and other payables	22	(1,500)	(2,211)
Borrowings	24	(2,811)	(3,312)
Provisions	25	(2,911)	(5,153)
Other liabilities	23	-	(81)
Total non-current liabilities		(7,222)	(10,756)
Total assets employed		133,806	122,161
Financed by			
Public dividend capital		76,038	75,649
Revaluation reserve		11,710	11,373
Income and expenditure reserve		46,058	35,139
Total taxpayers' equity		133,806	122,161

The notes on pages 105-14 form part of these accounts


 Name James Sumner
 Position Chief Executive
 Date 24th June 2025

Statement of Changes in Taxpayers Equity for the year ended 31 March 2025

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2024 - brought forward	75,649	11,373	35,139	122,161
Surplus/(deficit) for the year	-	-	10,919	10,919
Impairments	-	(613)	-	(613)
Revaluations	-	950	-	950
Public dividend capital received	389	-	-	389
Taxpayers' and others' equity at 31 March 2025	76,038	11,710	46,058	133,806

Statement of Changes in Taxpayers 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	-	-	161	161
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

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

		2024/25	2023/24
	Note	£000	£000
Cash flows from operating activities			
Operating surplus / (deficit)		11,411	550
Non-cash income and expense:			
Depreciation and amortisation	6.1	7,063	7,160
Net impairments	7	3,180	11,495
Income recognised in respect of capital donations	4	(92)	(497)
(Increase) / decrease in receivables and other assets		(3,841)	989
(Increase) / decrease in inventories		553	(897)
Increase / (decrease) in payables and other liabilities		108	(5,662)
Increase / (decrease) in provisions		(2,115)	(173)
Net cash flows from / (used in) operating activities		16,267	12,963
Cash flows from investing activities			
Interest received		2,302	2,345
Purchase of intangible assets		-	(61)
Purchase of PPE and investment property		(10,645)	(10,510)
Sales of PPE and investment property		34	8
Receipt of cash donations to purchase assets		92	497
Net cash flows from / (used in) investing activities		(8,217)	(7,720)
Cash flows from financing activities			
Public dividend capital received		389	1,384
Capital element of lease rental payments		(838)	(790)
Interest paid on lease liability repayments		(98)	(95)
PDC dividend (paid) / refunded		(2,647)	(2,552)
Cash flows from (used in) other financing activities		(8)	-
Net cash flows from / (used in) financing activities		(3,202)	(2,053)
Increase / (decrease) in cash and cash equivalents		4,849	3,190
Cash and cash equivalents at 1 April - brought forward		44,537	41,348
Cash and cash equivalents at 31 March	21.1	49,386	44,537

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 2024/25 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 and intangible assets.

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 Charity

These accounts are for Liverpool Heart and Chest NHS Foundation Trust alone. The Trust is the corporate trustee to the Liverpool Heart and Chest Hospital Charity. The Trust has assessed its relationship to the Charity 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 Charity and has the ability to affect those returns and other benefits through its power over the Charity.

The Charity'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 2024/25. Details of the transactions with the Charity are included in the related parties note.

Hosting

Liverpool Heart and Chest hosts 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.

Transactions relating to HINWC are included within Trust's annual accounts.

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). 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. 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.

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 are 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.

Revenue from private patients

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

Education and training

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

Elective Recovery Fund (ERF)

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. 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.

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 a grant 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 apprenticeship service 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.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial

Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

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

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

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

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
Information technology	4	15
Furniture & fittings	7	10

Note 1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance controlled by the Trust. They are capable of being sold separately from the rest of the trust's business or arise from contractual or other legal rights. Intangible assets 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 where it meets recognition criteria.

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.

Between 2020/21 and 2023/24 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. Distribution of inventories by the Department ceased in March 2024.

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 bank 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 and financial liabilities are 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 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 4.72% applied to new leases commencing in 2024 and 4.81% to new leases commencing in 2025.

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

Subsequent measurement

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

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

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 2025:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.03%	4.26%
Medium-term	After 5 years up to 10 years	4.07%	4.03%
Long-term	After 10 years up to 40 years	4.81%	4.72%
Very long-term	Exceeding 40 years	4.55%	4.40%

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 2025:

	Inflation rate	Prior year rate
Year 1	2.60%	3.60%
Year 2	2.30%	1.80%
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 2.40% in real terms (prior year: 2.45%).

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 25.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

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

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

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

Note 1.17 Value added tax

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

Note 1.18 Corporation tax

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

Note 1.19 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 1.20 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2024/25.

Note 1.21 Standards, amendments and interpretations in issue but not yet effective or adopted

The DHSC GAM does not require the following IFRS Standards to be applied in 2024/25:

IFRS 17 Insurance Contracts – The Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 has been adopted by the FReM from 1 April 2025. Adoption of the Standard for NHS bodies will therefore be in 2025/26. The Standard revises the accounting for insurance contracts for the issuers of insurance. [Application of this standard from 2025/26 is not expected to have a material impact on the financial statements.]

IFRS 18 Presentation and Disclosure in Financial Statements – The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

Changes to non-investment asset valuation – Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to valuation frequency, valuation methodology and classification which are effective in the public sector from 1 April 2025 with a 5 year transition period. NHS bodies are adopting these changes to an alternative timeline.

Changes to subsequent measurement of intangible assets and PPE classification / terminology to be implemented for NHS bodies from 1 April 2025:

- Withdrawal of the revaluation model for intangible assets. Carrying values of existing intangible assets measured under a previous revaluation will be taken forward as deemed historic cost.
- Removal of the distinction between specialised and non-specialised assets held for their service potential. Assets will be classified according to whether they are held for their operational capacity.

These changes are not expected to have a material impact on these financial statements.

Changes to valuation cycles and methodology to be implemented for NHS bodies in later periods:

- A mandated quinquennial revaluation frequency (or rolling programme) supplemented by annual indexation in the intervening years.
- Removal of the alternative site assumption for buildings valued at depreciated replacement cost on a modern equivalent asset basis. The approach for land has not yet been finalised by HM Treasury.

The impact of applying these changes in future periods has not yet been assessed. PPE and right of use assets currently subject to revaluation have a total book value of £86m as at 31 March 2025. Assets valued on an alternative site basis have a total book value of £86m at 31 March 2025.

Note 1.22 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 31 March 2025 is disclosed at Note 7.

Note 1.23 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 provided by the Trust's 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 £831k and an increase of 5% would result in a net book value increase of £4,153k.

Note 2 Operating Segments

The activities of the Trust are all healthcare-related and treated as a single segment for the purpose of the accounts. The Trust's total revenue for the year ended 31 March 2025 was £268,978k, of which 92% related to patient care activities for which NHS England and Integrated Care Boards account for 81% of the revenue.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2024/25	2023/24
	£000	£000
Income from commissioners under API contracts - variable element*	61,559	48,301
Income from commissioners under API contracts - fixed element*	69,407	72,682
High cost drugs income from commissioners	34,328	31,006
Other NHS clinical income	24,710	24,011
Community services		
Income from commissioners under API contracts*	12,680	13,496
All services		
Private patient income	5,649	4,800
National pay award central funding***	289	83
Additional pension contribution central funding**	6,435	4,019
Other clinical income	33,111	25,379
Total income from activities	248,168	223,777

*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/>

**Increases to the employer contribution rate for NHS pensions since 1 April 2019 have been funded by NHS England. NHS providers continue to pay at the former rate of 14.3% with the additional amount being paid over by NHS England on providers' behalf. The full cost of employer contributions (23.7%, 2023/24: 20.6%) and related NHS England funding (9.4%, 2023/24: 6.3%) have been recognised in these accounts.

***Additional funding was made available directly to providers by NHS England in 2024/25 and 2023/24 for implementing the backdated element of pay awards where government offers were finalised after the end of the financial year. NHS Payment Scheme prices and API contracts are updated for the weighted uplift in in-year pay costs when awards are finalised.

Note 3.2 Income from patient care activities (by source)

	2024/25	2023/24
	£000	£000
Income from patient care activities received from:		
NHS England	75,068	147,329
Integrated care boards	127,141	39,106
Other NHS providers	38	243
Non-NHS: private patients	5,649	4,800
Non-NHS: overseas patients (chargeable to patient)	121	67
Non NHS: other	40,151	32,230
Total income from activities	248,168	223,777
Of which:		
Related to continuing operations	248,168	223,777

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

	2024/25	2023/24
	£000	£000
Income recognised this year	121	67
Cash payments received in-year	55	34

Note 4 Other operating income

	2024/25			2023/24		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,280	-	2,280	2,058	-	2,058
Education and training	3,619	330	3,949	3,236	271	3,506
Non-patient care services to other bodies	12,248		12,248	11,733		11,733
Receipt of capital grants and donations and peppercorn leases		92	92		497	497
Charitable and other contributions to expenditure		26	26		64	64
Other income	2,215	-	2,215	2,725	-	2,725
Total other operating income	20,362	448	20,810	19,752	831	20,583
Of which:						
Related to continuing operations			20,810			20,583

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

	2024/25	2023/24
	£000	£000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	345	-

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:

	2024/25	2023/24
	£000	£000
Income from services designated as commissioner requested services	235,342	214,890
Income from services not designated as commissioner requested services	12,205	8,887
Total	<u>247,547</u>	<u>223,777</u>

Note 6.1 Operating expenses

	2024/25	2023/24
	£000	£000
Purchase of healthcare from non-NHS and non-DHSC bodies	3,669	2,746
Staff and executive directors costs	122,655	109,285
Remuneration of non-executive directors	172	176
Supplies and services - clinical (excluding drugs costs)	56,844	52,415
Supplies and services - general	10,741	9,806
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	37,219	33,459
Consultancy costs	28	335
Establishment	2,470	1,825
Premises	4,984	4,679
Transport (including patient travel)	1,045	1,048
Depreciation on property, plant and equipment	7,045	7,064
Amortisation on intangible assets	18	96
Net impairments	3,180	11,495
Movement in credit loss allowance: contract receivables / contract assets	(476)	241
Increase/(decrease) in other provisions	161	(176)
Change in provisions discount rate(s)	(110)	(5)
Fees payable to the external auditor		
audit services- statutory audit	128	138
other auditor remuneration (external auditor only)	7	-
Internal audit costs	85	80
Clinical negligence	1,358	1,117
Legal fees	63	52
Insurance	243	178
Research and development	2,565	2,387
Education and training	1,449	1,369
Redundancy	-	311
Losses, ex gratia & special payments	30	4
Other	1,995	3,685
Total	257,567	243,810
Of which:		
Related to continuing operations	257,567	243,810
Related to discontinued operations	-	-

Note 6.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1,000k (2023/24: £1,000k).

Note 7 Impairment of assets

	2024/25	2023/24
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	3,180	11,495
Total net impairments charged to operating surplus / deficit	3,180	11,495
Impairments charged to the revaluation reserve	613	887
Total net impairments	3,793	12,382

The impairment is mainly due to building value changes on the Cath Lab project and the decant theatre project related buildings. The Trust spent £4m on these works which were assets under construction in 2023/24. The projects were completed in 2024/25, which increased the building values by £1.5m. The building work costs do not reflect a straight increase in building value.

Note 8 Employee benefits

	2024/25	2023/24
	Total	Total
	£000	£000
Salaries and wages	99,510	89,268
Social security costs	9,421	9,058
Apprenticeship levy	525	440
Employer's contributions to NHS pensions	16,295	13,188
Temporary staff (including agency)	476	922
Total gross staff costs	126,227	112,876
Recoveries in respect of seconded staff	-	-
Total staff costs	126,227	112,876
Of which		
Costs capitalised as part of assets	603	442

Note 8.1 Retirements due to ill-health

During 2024/25 there was 1 early retirement from the Trust agreed on the grounds of ill-health (none in the year ended 31 March 2024). The estimated additional pension liabilities of these ill-health retirements is £58k (£0k in 2023/24).

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

Note 9 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2025, is based on valuation data as at 31 March 2024, updated to 31 March 2025 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 1 April 2024 at 23.7% of pensionable pay (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.

	2024/25	2023/24
	£000	£000
Interest on bank accounts	2,302	2,345
Total finance income	2,302	2,345

Note 11.1 Finance expenditure

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

	2024/25	2023/24
	£000	£000
Interest expense:		
Interest on lease obligations	98	95
Total interest expense	98	95
Unwinding of discount on provisions	2	-
Other finance costs	8	-
Total finance costs	108	95

Note 12 Other gains / (losses)

	2024/25	2023/24
	£000	£000
Gains on disposal of assets	34	8
Losses on disposal of assets	-	(207)
Total gains / (losses) on disposal of assets	34	(199)
Total other gains / (losses)	34	(199)

Note 13.1 Intangible assets - 2024/25

	Software licences £000	Total £000
Valuation / gross cost at 1 April 2024 - brought forward	1,443	1,443
Reclassifications	(175)	(175)
Valuation / gross cost at 31 March 2025	1,268	1,268
Amortisation at 1 April 2024 - brought forward	1,369	1,369
Provided during the year	18	18
Reclassifications	(244)	(244)
Amortisation at 31 March 2025	1,143	1,143
Net book value at 31 March 2025	125	125
Net book value at 1 April 2024	74	74

Note 13.2 Intangible assets - 2023/24

	Software licences £000	Total £000
Valuation / gross cost at 1 April 2023 - as previously stated	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 - as previously stated	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 14.1 Property, plant and equipment - 2024/25

	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 2024 - brought forward	2,100	77,390	1,741	3,657	28,674	22,013	337	135,911
Additions	-	3,880	-	2,066	1,142	798	-	7,887
Impairments	-	(4,936)	(64)	-	-	-	-	(5,000)
Revaluations	175	(125)	(3)	-	-	-	-	47
Reclassifications	-	2,896	(0)	(3,657)	403	288	(75)	(145)
Valuation/gross cost at 31 March 2025	2,275	79,105	1,674	2,066	30,219	23,099	262	138,700
Accumulated depreciation at 1 April 2024 - brought forward	-	0	(0)	-	12,015	15,240	291	27,546
Provided during the year	-	2,068	42	-	2,697	1,373	10	6,190
Impairments	-	(1,187)	(20)	-	-	-	-	(1,207)
Revaluations	-	(881)	(22)	-	-	-	-	(903)
Reclassifications	-	-	-	-	(346)	348	(79)	(77)
Accumulated depreciation at 31 March 2025	-	-	-	-	14,366	16,961	222	31,549
Net book value at 31 March 2025	2,275	79,105	1,674	2,066	15,853	6,138	40	107,151
Net book value at 1 April 2024	2,100	77,390	1,741	3,657	16,658	6,773	46	108,365

Note 14.2 Property, plant and equipment - 2023/24

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2023 - as previously stated	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 - as previously stated	-	0	(0)	-	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	-	0	(0)	-	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 14.3 Property, plant and equipment financing - 31 March 2025

	Land	Buildings excluding dwellings	Dwellings construction	Assets under	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	2,275	77,761	956	2,066	15,054	6,124	39	104,275
Owned - donated/granted	-	1,344	718	-	799	14	1	2,876
Total net book value at 31 March 2025	2,275	79,105	1,674	2,066	15,853	6,138	40	107,151

Note 14.4 Property, plant and equipment financing - 31 March 2024

	Land	Buildings excluding dwellings	Dwellings construction	Assets under	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 15 Donations of property, plant and equipment

During the year there were donations of £65K received from the Liverpool Heart and 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 2025.

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

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

The Trust has standard operating leases in respect of rented land and buildings, medical equipment and IT equipment.

The Trust has applied IFRS 16 to account for such lease arrangements

Note 17.1 Right of use assets - 2024/25

	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 2024 - brought forward	1,532	4,820	7	150	6,509	1,141
Additions	346	-	-	-	346	-
Reclassifications	(0)	89	(0)	0	89	(0)
Valuation/gross cost at 31 March 2025	1,877	4,909	7	150	6,943	1,141
Accumulated depreciation at 1 April 2024 - brought forward	447	1,913	7	83	2,450	191
Provided during the year	275	558	-	22	855	106
Reclassifications	-	89	(0)	(0)	89	-
Accumulated depreciation at 31 March 2025	722	2,560	7	105	3,394	297
Net book value at 31 March 2025	1,155	2,349	-	45	3,549	844
Net book value at 1 April 2024	1,085	2,907	(0)	66	4,059	950
Net book value of right of use assets leased from other NHS providers						844

Note 17.2 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	(0)	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 17.3 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 24.1.

	2024/25	2023/24
	£000	£000
Carrying value at 1 April	4,081	4,134
Lease additions	346	760
Lease liability remeasurements	-	(23)
Interest charge arising in year	98	95
Lease payments (cash outflows)	(936)	(885)
Carrying value at 31 March	3,589	4,081

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 2025	31 March 2025	31 March 2024	31 March 2024
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	857	123	852	123
- later than one year and not later than five years;	2,305	613	2,550	613
- later than five years.	685	245	995	368
Total gross future lease payments	3,847	981	4,397	1,103
Finance charges allocated to future periods	(258)	(127)	(317)	(158)
Net lease liabilities at 31 March 2025	3,589	854	4,080	945
Of which:				
Leased from other NHS providers		854		945

Note 18 Disclosure of interests in other entities

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

Note 19 Inventories

	31 March 2025 £000	31 March 2024 £000
Drugs	62	416
Consumables	4,632	4,831
Total inventories	4,694	5,247
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £80,095k (2023/24: £70,320k). Write-down of inventories recognised as expenses for the year were £0k (2023/24: £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. Distribution of inventory by the Department ceased in March 2024.

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 2025 £000	31 March 2024 £000
Current		
Contract receivables	15,484	12,423
Allowance for impaired contract receivables / assets	(886)	(1,403)
Prepayments (non-PFI)	1,089	761
PDC dividend receivable	52	125
VAT receivable	141	39
Other receivables	146	320
Total current receivables	16,026	12,265
Non-current		
Other receivables	121	114
Total non-current receivables	121	114
Of which receivable from NHS and DHSC group bodies:		
Current	5,233	3,866
Non-current	121	114

Note 20.2 Allowances for credit losses

	2024/25 Contract receivables and contract assets £000	2023/24 Contract receivables and contract assets £000
Allowances as at 1 April - brought forward	1,403	1,163
New allowances arising	422	241
Changes in existing allowances	72	-
Reversals of allowances	(970)	-
Utilisation of allowances (write offs)	(41)	-
Allowances as at 31 Mar 2025	886	1,403

Note 20.3 Exposure to credit risk

The Trust is not exposed to material financial credit risk.

Note 21.1 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.

	2024/25 £000	2023/24 £000
At 1 April	44,537	41,348
Net change in year	4,849	3,190
At 31 March	49,386	44,537
Broken down into:		
Cash at commercial banks and in hand	5	4
Cash with the Government Banking Service	49,381	44,534
Total cash and cash equivalents as in SoFP	49,386	44,537
Total cash and cash equivalents as in SoCF	49,386	44,537

Note 22.1 Trade and other payables

	31 March 2025 £000	31 March 2024 £000
Current		
Trade payables	11,070	9,167
Capital payables	821	3,579
Accruals	15,329	15,113
Receipts in advance and payments on account	711	711
Social security costs	1,164	1,237
Other taxes payable	1,398	1,482
Pension contributions payable	1,400	1,293
Other payables	1,554	1,627
Total current trade and other payables	33,447	34,209
Non-current		
Receipts in advance and payments on account	1,500	2,211
Total non-current trade and other payables	1,500	2,211
Of which payables from NHS and DHSC group bodies:		
Current	7,557	6,586
Non-current	-	-

Note 23 Other liabilities

	31 March 2025 £000	31 March 2024 £000
Current		
Deferred income: contract liabilities	5,450	6,547
Total other current liabilities	5,450	6,547
Non-current		
Deferred income: contract liabilities	-	81
Total other non-current liabilities	-	81

Note 24.1 Borrowings

	31 March 2025 £000	31 March 2024 £000
Current		
Lease liabilities	778	769
Total current borrowings	778	769
Non-current		
Lease liabilities	2,811	3,312
Total non-current borrowings	2,811	3,312

Note 24.2 Reconciliation of liabilities arising from financing activities

	Lease Liabilities	Total
	£000	£000
Carrying value at 1 April 2024	4,081	4,081
Cash movements:		
Financing cash flows - payments and receipts of principal	(838)	(838)
Financing cash flows - payments of interest	(98)	(98)
Non-cash movements:		
Additions	346	346
Application of effective interest rate	98	98
Carrying value at 31 March 2025	3,589	3,589

	Lease Liabilities	Total
	£000	£000
Carrying value at 1 April 2023	4,134	4,134
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	4,081	4,081

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2024	107	10	1,364	3,891	5,373
Change in the discount rate	-	-	(32)	(79)	(112)
Arising during the year	11	35	-	489	535
Utilised during the year	(9)	(10)	-	(68)	(87)
Reversed unused	(25)	(5)	-	(2,427)	(2,457)
Unwinding of discount	2	-	-	6	8
At 31 March 2025	86	30	1,332	1,812	3,260
Expected timing of cash flows:					
- not later than one year;	8	30	-	311	349
- later than one year and not later than five years;	31	-	-	1,382	1,413
- later than five years.	47	-	1,332	119	1,498
Total	86	30	1,332	1,812	3,260

The Trust has total provisions as at 31st March 2025 of £3,260k. The redundancy provision relates to Health Innovation North West Coast. Other provisions of £1,812k include 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 Resolution.

Note 25.2 Clinical negligence liabilities

At 31 March 2025, £5,115k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Liverpool Heart and Chest Hospital NHS Foundation Trust (31 March 2024: £4,687k).

Note 26 Contractual capital commitments

	31 March 2025 £000	31 March 2024 £000
Property, plant and equipment	473	2,080
Total	473	2,080

Note 27 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 2025 £000	31 March 2024 £000
not later than 1 year	1,082	1,041
Total	1,082	1,041

Note 28 Financial instruments

Note 28.1 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) and NHS England, and the way ICBs and NHS England are financed, The 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 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 Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. The Trust's treasury 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 2025 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 ICBs 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 28.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2025	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	14,856	14,856
Cash and cash equivalents	49,386	49,386
Total at 31 March 2025	64,242	64,242

Carrying values of financial assets as at 31 March 2024	Held at amortised cost £000	Total book value £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

Note 28.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2025	Held at amortised cost £000	Total book value £000
Obligations under leases	3,589	3,589
Trade and other payables excluding non financial liabilities	28,333	28,333
Total at 31 March 2025	31,922	31,922

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost £000	Total book value £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

Note 28.4 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 2025 £000	31 March 2024 £000
In one year or less	29,190	30,388
In more than one year but not more than five years	2,305	2,550
In more than five years	685	995
Total	32,180	33,933

Note 29 Losses and special payments

	2024/25		2023/24	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Bad debts and claims abandoned	53	40	-	-
Total losses	53	40	-	-
Special payments				
Ex-gratia payments	2	-	12	4
Total special payments	2	-	12	4
Total losses and special payments	55	40	12	4

Note 30 Gifts

The Trust received no material gifts during the year ended 31 March 2025 (31 March 2024: £nil).

Note 31 Related parties

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

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

- NHS England
- Welsh Health Specialised Services Committee
- Department of Health and Social Care - Isle of Man
- NHS Cheshire and Merseyside ICB
- NHS Lancashire and South Cumbria ICB
- NHS Greater Manchester ICB
- Alder Hey Childrens NHS Foundation Trust
- Liverpool University Hospitals NHS Foundation Trust
- The Clatterbridge Cancer Centre NHS Foundation Trust
- Manchester University NHS Foundation Trust
- Mersey and West Lancashire Teaching Hospitals NHS Trust
- Liverpool Heart and Chest Hospital Charity

Note 32 Events after the reporting date

In October 2024, the five Adult Acute and Specialist NHS Trusts in Liverpool, including LHCH, announced they had agreed to integrate into a city-wide hospital Group, to be called NHS University Hospitals of Liverpool Group (UHLG).

The Trust will be formally joining the Group during financial year 2025/26.

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 2025, 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 material accounting policy information. 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 2024-25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2025 and its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2024-25; 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 (2024) ("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 2024-25 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 2024) 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 and accounts, 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 and accounts. 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 November 2024 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 2024/25 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 2024/25; and
- based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

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

Responsibilities of the Accounting Officer

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS Foundation Trust Annual Reporting Manual 2024/25, 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 2024-25).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, fraud in revenue recognition and fraud 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;
 - revenue recognition in respect of variable income from API contracts, other clinical income and non-patient care services to other bodies; and
 - 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 income and receivables to supporting evidence; and
- agreeing, on a sample basis, expenditure and payables 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 relating to land and building valuations. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's 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 2025.

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 November 2024.

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 – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Liverpool Heart And Chest Hospital NHS Foundation Trust for the year ended 31 March 2025 in accordance with the requirements of Chapter 10 of the National Health Service Act 2006 and the Code of Audit Practice until we have received confirmation from the National Audit Office that the audit of the NHS group consolidation is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

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.



Elizabeth Luddington, Key Audit Partner

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

Manchester

24 June 2025

