Annual Report and Accounts 2017/18

Liverpool Heart and Chest Hospital NHS Foundation Trust

Annual Report and Accounts **2017/18**

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

CONTENTS

SECTION 1: PERFORMANCE REPORT

This report is prepared in accordance with:

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

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

Chair and Chief Executive's Foreword

Welcome to our annual report and accounts for 2017/18.

It has been another successful year at Liverpool Heart and Chest Hospital in which we were delighted to announce the launch of the UK's first robotic heart and lung surgery programme.

Thanks to the support of the LHCH Charity and investment from the Trust, our new robotics programme will enable more patients requiring specialist cardiothoracic treatment to benefit from cutting edge surgery. It will mean we can significantly increase the number of patients who can undergo minimally invasive surgery, whilst also being able to reduce their post-operative pain, lower their risk of infection, and ensure that their stay in hospital is considerably reduced, getting them back to their family and loved ones quicker. Furthermore it will also enable us to develop a training and research programme that will ensure we can attract top trainees and consultants in the future.

We were also pleased that NHS England announced that congenital heart disease services in the North West would be provided in a new network approach. As part of this approach, NHS England will directly commission its congenital heart disease services from three trusts, including Liverpool Heart and Chest Hospital, working under the governance arrangements of The North West Congenital Heart Disease Network.

Despite the ongoing financial, operational and strategic challenges faced by all NHS trusts, we were pleased once again to have been rated by our patients as one of the top two trusts in the country for 'overall patient experience' in the Care Quality Commission's National Inpatient Survey, published in in May 2017.

This achievement was also supported by the views of our workforce in the NHS Staff Survey, published in March 2018, which showed that LHCH was ranked top in the country, among similar organisations, for eight out of 32 key findings.

This year, we also announced plans to share our reputation for high quality care and patient experience with a new global audience. For the first time, we showcased our services at Arab Health in Dubai, before joining a UK government trade mission to India to mark the 70th anniversary of the NHS.

As a result of receiving increasing numbers of requests for help with international healthcare projects, we believe we can make a unique contribution to specialist cardiothoracic training and education, and also provide bespoke support in many other areas. Therefore, in future, we hope that our knowledge, expertise and our outstanding reputation for patient and family centred care will enable us to deliver high quality healthcare and services to even greater numbers of patients.

This year we have continued working closely with our commissioners and other stakeholders in the wider health economy, whilst extensive work has taken place during 2017/18 to consider the future provision of cardiovascular disease services across Cheshire and Merseyside. As part of this workstream, we have been successful in setting up a working group, including stakeholders from NHS providers, commissioning groups and the ambulance service, to develop the best pathway for the management of Acute Coronary Syndromes.

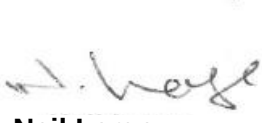
As we look to celebrate the 70th anniversary of the NHS in July this year, and recognise the outstanding patient and family centred care provided by all of our 1,600 staff, we are also excited by our plans to make further investments in our patient services and facilities, including a new CT scanner and medical equipment, upgrades to our theatres and catheter laboratories and improvements to our IT infrastructure.

Since our last Annual Report, the Board of Directors was delighted to welcome Nicholas Brookes and Darren Sinclair as Non Executive Directors following the retirement of Professor Lawrence Cotter, and the departure of David Bricknell at the end of his term of office.

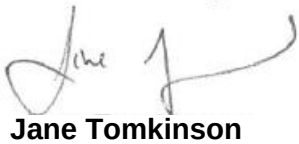
We must also acknowledge, once again, the contribution of our members and the invaluable support of our Governors who give their time voluntarily to raise awareness of the work of the hospital in their constituencies and assist the Board of Directors on a range of issues.

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

We have no doubt that many more challenges lie ahead in 2018/19. However we are equally confident that each one of these challenges will be fully met by our 'Outstanding' team at Liverpool Heart and Chest Hospital, as we retain our focus on delivering exceptional patient and family centred care, and adding value to our services wherever possible.



Neil Large
Chairman, MBE



Jane Tomkinson
Chief Executive, OBE

1.1 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

Excellent, Compassionate and Safe Care for every patient, every day.

In this report you can read more about how Liverpool Heart and Chest Hospital is developing to ensure a clinically and financially sustainable future for its patient population.

Liverpool Heart and Chest Hospital is one of the largest single site specialist heart and chest hospitals in the UK, providing specialist services in cardiothoracic surgery, cardiology, respiratory medicine including adult cystic fibrosis and diagnostic imaging**.**

The Trust serves a population of 2.8million spanning Merseyside, Cheshire, North Wales and the Isle of Man. The Trust also receives referrals from outside of its core population base for some of its highly specialised services such as aortics.

The Trust has 195 beds.

In 2017/18, it treated (inc. NHS and Private Patients):

- 2,281 cardiac surgery inpatients
- 8,759 cardiology inpatients
- 414 respiratory inpatients
- 1,314 thoracic surgery inpatients
- 693 other inpatients (including cystic fibrosis)
- 69,304 hospital outpatients

As at 31st March 2018, the Trust employed 1,613 staff of whom 430 were male and 1,183 were female. There were also 19 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 8 were male and 11 were female. In addition, the Board of Directors comprised 7 males and 4 females, as well as 3 Associate Directors of whom 1 was male and 2 were female.

The Trust aims to provide 'e*xcellent, compassionate and safe care to every patient, every day*' and has firmly embedded the values and behaviours that are expected of all its staff and volunteers.

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

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

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

The Trust operates in a challenging financial environment and continues to strive to develop a portfolio of services that are clinically and financially sustainable. Demand is increasing due to demographic and lifestyle factors. Heart and lung diseases continue to be amongst the biggest killers in the UK and all business decisions and opportunities are considered in the context of benefits for our patients. The Trust has a strong culture of research and innovation underpinning its excellent clinical outcomes.

The Trust is a digitally enabled organisation and seeks to improve clinical and operational performance and the patient and family experience. Alongside significant investments in its IT infrastructure, further investments have been made to the estates infrastructure and medical equipment.

The Trust recognises the challenges it is facing but sees opportunities to strengthen its position through extending integrated models of care through collaborative working. The Trust has developed a long term plan that it continues to execute with success, which will help to ensure that the Trust continues to succeed and that commissioner focus on service quality (national standards, NICE implementation and delivery of the NHS Constitution) remains a key strength.

Within this context, the plan continues to focus on where it is possible to form strong clinical and organisational relationships. There is clear evidence that partnerships enhance the role of the Trust, improve patient care and outcomes at partner Trusts and reduce streamline patient pathways.

Key achievements in 2017/18

- LHCH launched the UK's first robotic cardiothoracic surgery programme.

- NHS England announced a new network approach for the delivery of congenital heart disease services in the North West and will directly commission its congenital heart disease services from three trusts, including LHCH.

- LHCH ranked top in the country, among similar organisations, in eight out of 32 key findings in the NHS Staff Survey 2017.

- LHCH was rated second in the country for '*overall patient experience'* in the Care Quality Commission's National Inpatient Survey, published in May 2017.

- Professor Gregory Lip was appointed as Chair of Cardiovascular Medicine at the University of Liverpool, in partnership with the University of Liverpool and Liverpool John Moores University.

- LHCH hosted the seventh biennial Aortic Surgery Symposium.

- LHCH hosted the second annual Aortic Dissection Awareness Conference.

- LHCH's Keith Wilson won the Outstanding Contribution to Patient and Public Involvement Award at the North West Coast Research and Innovation Awards 2018.

- LHCH was accredited by the Skills Development Network as a *Level 1 Towards Excellence Finance* organisation.

- LHCH's Pulmonary Function Team was a shortlisted finalist for an Innovation Award at the Advancing Healthcare Awards 2017.

- No improvements identified by the Care Quality Commission following 'Outstanding' status given in April 2016.

- 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 2017/18.

Going concern

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

The Board of Directors has a reasonable expectation that the Trust has adequate resources to continue its operations for the foreseeable future. For this reason the accounts continue to be prepared under the going concern basis.

1.2 Performance Analysis

Activity carried out by the Trust comprises both elective and emergency referrals from surrounding district general hospitals, general practitioners and clinicians from across the country. The Trust's core services are cardiology and chest medicine, cardiac and thoracic surgery and the provision of community-based care services for chronic long term conditions.

The total annual operating revenue for the Trust in 2017/18 was £144.5m - an increase of 11% from 2016/17. The vast majority of this increase is related to the change in tariff currency from HRG4 to HRG4+.

The total income was derived from a number of key contracts: £87.5m from NHS England Specialised Commissioning for Tertiary Care activity; £16.6m from the Welsh Health Specialised Services Committee; £17.9m from North West Clinical Commissioning Groups for secondary care activity; £4.0m from community contracts; £3.6m for the Isle of Man contract; £3.3m from private patient work; £2.7m for clinical education and training, and £1.6m in support of research and development activities.

The table below demonstrates the movement in patient activity numbers since 2013/14.

Activity	2013/14	2014/15	2015/16	2016/17	2017/18	5 year Growth
Surgery Inpatients	3,724	3,709	3,653	3,591	3,634	**-2%**
Medicine Inpatients	8,976	8,986	9,317	9,409	9,173	**2%**
Outpatients	65,758	73,029	72,711	68,918	69,304	**5%**

As at March 31st 2018, the Trust was compliant with 18 weeks and cancer waiting times. Diagnostic waiting times were non-compliant for the year to date.

Performance against the Welsh 26 week target was below plan for admitted and incomplete pathways as of March 31st 2018 but compliant for non-admitted pathways.

Analysis of 2017/18 financial performance

The Trust's financial plans for 2017/18 required the delivery of a surplus of £6.9m in line with its externally set 'Control Total' agreed with NHS Improvement. The Trust delivered a normalised deficit (excluding the impact of impairments) of £8.4m, which was £1.5m better than plan. This position included delivery of £3.6m Cost Improvement and was after receiving £4.1m of Strategic and Transformation Funding (STF).

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

Financial Performance	2017/18		
	£m		
	Plan	Actual	Variance
Operating Revenue	140.5	144.5	4.0
Expenditure			
Employee Expenses	(73.8)	(73.3)	0.5
Non-pay Expenses	(45.1)	(45.4)	(0.2)
Overheads	(7.5)	(10.1)	(2.6)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**14.0**	**15.7**	**1.6**
Net financing expenses	(7.2)	(4.9)	2.3
Net Surplus/ (Deficit) as per Annual Accounts	**6.9**	**10.8**	**4.0**
Remove Exceptional Items*	(0.0)	(2.4)	(2.4)
Trust normalised Surplus/Deficit (Control Total)	**6.9**	**8.4**	**1.5**

**Exceptional items include an impairment reversal (£2.4m) and transactions related to donated assets*

The Trust's operating revenue at £144.5m is a £4.0m increase against the planned income for 2017/18. The main elements of this include the following:

- An additional £1.5m of STF funding from NHS Improvement notified in April 2018.
- The tertiary contract with NHS England over-performed by £2.0m (2%) (or net in total. The tertiary contract with NHS England over performed by £2.0m (2%) This mainly related to an over performance of £1.4m on non elective and £1.2m on planned inpatients offset slightly by an under performance of £0.3m on outpatients and £0.2m for high cost drugs and devices.
- The remaining secondary care contracts slightly underperformed by £0.2m (0.5%), relating to underachievement of KPIs related to the COPD contract with Knowsley CCG.
- Private patient income was below plan by £0.02m (0.6%).
- Non patient related income was above plan by £0.7m (36%) materially driven by increased demand for radiology services from other provider organisations and an increase in research and development.

Costs and productivity

The Trust's total costs in 2017/18 were £136.1m, above plan by £2.4m.

Pay costs were £0.5m (1%) below plan. Agency costs were slightly lower than the previous year £1.5m in 2017/18 compared to £1.6m in 2016/17. In addition medical costs were £0.6m lower than plan due to unfilled vacancies, while nursing costs were £0.2m higher than planned, arising from increased ward pressures during the winter months.
Direct non pay costs were above plan by £2.9m (5%). This is made up of a number of areas: the largest being the provision of additional radiology services to meet increased demand has resulted in £0.5m of additional costs, an increase in drug costs of 2% (£0.2m) and an increase in costs associated with research and development.

The bad debt provision has also increased following a review of aged debt associated with private patients, as well as to accommodate a number of outstanding drug, device and activity challenges from NHS England that have yet to be resolved.

The Trust had a Cost Improvement Programme target (CIP) of £3.7m or 2.8% of its planned operating expenditure over the period. The actual delivery against this target is set out in the table below:

Performance by Category	Plan	Actual	Variance
	£m		
Income	0	0.06	0.06
Pay	2.0	1.6	-0.4
Non Pay	1.7	1.5	-0.3
Total	**3.7**	**3.1**	**-0.7**

The underperformance on the CIP programme was partially offset in year through non-recurrent savings totalling £0.5k.

The Trust has been actively using benchmarking information to identify and drive CIPs, taking advantage of NHS Improvement's initiatives, such as Model Hospital, Back-office benchmarking and GIRFT (Getting it Right First Time), alongside long-standing reviews such as the National Cardiac Benchmarking Reports.

CIP schemes are identified by Trust Divisions and are subject to review via the Trust Senior Management Team, overseen by the Business Transformation Steering Group, reporting to the Operations Board and providing assurance through the Integrated Performance Committee. Quality Impact Assessments are undertaken on all CIP schemes above a *de minimus* value and are reviewed through the Quality Committee to ensure that schemes are not agreed which will have a detrimental effect upon patient safety or quality of care. The Medical Director and Director of Nursing are required to approve all CIP schemes to provide assurance that they will not adversely impact upon patient care.

The Trust remains an active member of the Cheshire and Merseyside Strategic Transformation Plan and is leading the cardiovascular disease (CVD) transformation project

across the region. Many of the Trust's efficiency schemes in 2018/19 and beyond will be focussed on pathway redesign over this wider planning footprint.

Capital investments and cash flow

During the 2017/18 financial year, the total capital investment in improving the hospital facilities was £6.0m. The main investments are highlighted below.

- The purchase of a surgical robot (£1.4m)
- IT investment and network upgrades (£1.5m, including £0.6m on cyber security)
- The purchase of medical equipment (£1.3m)
- Estates infrastructure costs (£1.3m) include commencement of the same-day admissions unit, refurbishment of wards and theatres, replacement of chillers for theatres, and other improvements across the site.
- Completion of the bedside monitoring system (£0.4m).

After funding the capital programme outlined above, the Trust had a closing cash balance of £7.5m as at 31st March 2018. The Trust's cash position was £1.9m below plan due to contractual payments falling into 2018/19.

Financing

Under its licence conditions, the Trust's ability to service borrowings is measured through the capital service capacity risk rating. The total amount of lease obligations remaining as at 31st March 2017 is £0.6m.

Financing activities are managed in accordance with the Trust's approved Treasury Management Policy which is reviewed by the Investment Committee and approved annually by the Board of Directors. During the year, cash investments accrued £19k of interest.

Better Payment Practice Code

The Better Payment Practice Code requires trusts to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

Performance against the Better Payment Practice Code has improved in 2017/18 for non-NHS suppliers. For NHS invoices, there has been a slight deterioration in the number of NHS invoices paid within target but an improvement in the overall amount paid within target.

Year to Date BPCC	2017/18	
	Number	£'000
Non NHS		
Total bills paid in the year	29,827	78,311
Total bills paid within target	28,290	73,350
Percentage of bills paid within target	94.8%	93.7%
NHS		
Total bills paid in the year	1,217	11,271
Total bills paid within target	830	10,492
Percentage of bills paid within target	68.2%	93.1%
Total		
Total bills paid in the year	**31,044**	**89,582**
Total bills paid within target	**29,120**	**83,842**
Percentage of bills paid within target	**93.8%**	**93.6%**

Treasury management

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. The Trust's treasury management activity is subject to review by internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations, 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 2018 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with CCGs and NHS England, which are financed from resources voted annually by Parliament. The Trust finances its capital expenditure from internally generated funds. The Trust is not, therefore, exposed to significant liquidity risks.

Risk management

Please refer to page 71-76 in the Annual Governance Statement.

Key performance indicators

Please refer to the key performance indicators on page 136 in the Quality Report.

Environmental matters

The Trust continues to follow its Environmental Strategy which aims to:

- identify and implement environmentally responsible practices and procedures
- reduce the Trust's carbon footprint and reduce energy costs
- ensure that the Trust achieves compliance with relevant legislation and regulatory standards and guidance.

The Trust has an executive lead for all environmental issues and continues to implement a number of low energy projects across the Estate. The Trust also undertakes feasibility studies into alternative energy projects that will provide more sustainable energy and more resilient services to the Trust.

Social matters

The Trust has an Equality and Inclusion Strategy which sets out our commitment to taking equality, diversity and human rights into account in everything we do. The Trust takes its legal, ethical and moral duties and obligations around equality, inclusion and human rights seriously and the strategy has been aligned with The NHS Public Sector Duty and the requirements set out within the Workforce Race Equality Standard.

For further details, visit: www.lhch.nhs.uk/about-lhch/equality-and-inclusion/

The Trust has an Anti-Fraud, Bribery and Corruption Policy and is committed to reducing levels of fraud, bribery and corruption within both the Trust and the wider NHS to an absolute minimum. The Trust does not tolerate fraud, bribery and corruption and aims to eliminate all such activity as far as possible, and will seek the appropriate disciplinary, regulatory, civil, and criminal sanctions against fraudsters and where possible will attempt to recover losses.

Conclusion

The Trust has met its externally set financial targets for the year with the achievement of a normalised surplus of £8.4m against its planned surplus of £6.9k (£1.5m better than plan).

Plans for 2018/19 have been set which aim to build upon this year's strong financial performance. This, together with the progress being made on our efficiency programme, means the Trust is well placed to continue to rise to the financial challenges ahead.

Jane Tomkinson
Chief Executive
29th May 2018

SECTION 2: ACCOUNTABILITY REPORT

This report is prepared in accordance with:

- Sections 415, 4165 and 418 of the Companies Act 2006 (section 415(4) and (5) and section 418(5) and (6) do not apply to NHS foundation trusts);
- Regulation 10 and Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the Regulations")
- Additional disclosures required by the *FReM*
- Additional disclosures required by NHS Improvement

2.1 Directors' Report

This section of the annual report sets out the role and work of the Board of Directors and explains how the Trust is governed.

The Board of Directors

The Board of Directors has collective responsibility for setting the strategic direction and organisational culture; and for the effective stewardship of the Trust's affairs, ensuring that the Trust complies with its licence, constitution, mandated guidance and contractual and statutory duties. The Board must also provide effective leadership of the Trust within a robust framework of internal controls and risk management processes.

The Board approves the Trust's strategic and operational plans, taking into account the views of Governors; it sets the vision, values and standards of conduct and behaviour, ensuring that its obligations to stakeholders, including patients, members and the wider public are met.

The Board is responsible for ensuring the safety and quality of services, research and education and application of clinical governance standards including those set by NHS Improvement, the Care Quality Commission, 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 2017 to 31st March 2018, the following were members of the Trust's Board of Directors:

Name / Profile Overview	Title	Notes
Neil Large *Qualified accountant and diverse NHS career spanning 40 years.*	**Chairman**	Also Non Executive Director at Christie Hospital NHS FT
David Bricknell *Master in Research and PhD in strategic decision making with a career as a lawyer in industry.*	**Deputy Chair / Non Executive Director / Senior Independent Director**	Served until 28th February 2018
Nicholas Brooks *Consultant Cardiologist and former president of the British Cardiovascular Society and served on the Council of the Royal College of Physicians*	**Non Executive Director**	Took up post on 11th July 2017
Lawrence Cotter *Consultant Cardiologist and Honorary Professor of Medical Education at University of Manchester.*	**Non –Executive Director**	Served until 31st May 2017
Julian Farmer *Qualified accountant with senior level experience as an auditor within the health and local government sectors.*	**Deputy Chair / Non Executive Director / Chair of Audit Committee**	Appointed Deputy Chair with effect from 1st March 2018
Mark Jones *Senior executive with international career in pharmaceutical industry.*	**Non Executive Director**	
Marion Savill *Business investor and Board level strategic advisor.*	**Non Executive Director / Senior Independent Director**	Appointed Senior Independent Director with effect from 1st March 2018
Darren Sinclair *Senior executive with extensive experience within the retail industry.*	**Non Executive Director**	Took up post on 1st July 2017
Jane Tomkinson *Qualified accountant and former Director of Finance positions– NHS England and Countess of Chester NHS Foundation Trust.*	**Chief Executive**	
Dr Raphael Perry *Consultant Interventional Cardiologist of national standing.*	**Medical Director/Deputy Chief Executive**	
Claire Wilson *Previously Chief Finance Officer at NHS Bury Clinical Commissioning Group with more than 20 years' finance experience*	**Chief Finance Officer**	
Sue Pemberton *BSc Hons, Diploma in Professional Nursing Practice; previous nurse leadership roles at LHCH and Salford Royal NHSFT.*	**Director of Nursing and Quality**	
Tony Wilding *Senior level experience at University Hospital of North Staffordshire prior to joining LHCH*	**Director of Strategic Partnerships & Chief Operating Officer**	

How the Board operates

During the year, there were some changes to the Non- Executive Directors (NEDs), with two NEDs leaving at the end of their respective terms and two NEDs joining. Between July 2017 and February 2018, there were six independent NEDs serving the Board of Directors during this period of transition. The roles of Deputy Chair and Senior Independent Director were re-assigned in March 2018.

As at 31st March 2018, the Board comprised the Chairman, Chief Executive, five independent Non Executive Directors (one of whom is designated Senior Independent Director) and four Executive Directors. The Board is supported by three additional non-voting directors – the Director of Research and Innovation, Director of Corporate Affairs (also the Company Secretary) and the Director of Workforce Development.

The Trust is committed to having a diverse Board in terms of gender and diversity of experience, skill, knowledge and background and these factors are given careful consideration when making new appointments to the Board. Of the 11 serving members of the Board at 31st March 2018, 4 are female and 7 are male. The Board regularly reviews the balance of skills and experience in the context of the operational environment and needs of the organisation. Strong clinical leadership is provided from within the complement of Executive and Non Executive Directors.

All Directors have full and timely access to relevant information to enable them to discharge their responsibilities. The Board met seven times during the year and at each meeting Directors received reports on quality and safety, patient experience and care, key performance information, operational activity, financial performance, key risks and strategy. The Board has in place a dashboard to monitor progress on delivery of strategic objectives and is responsible for approving major capital investments. The Board engages with the Council of Governors, senior clinicians and management, and uses external advisors where necessary. The proceedings at all Board meetings are recorded and a process is in place that allows any director's individual concerns to be noted in the minutes. Meetings of the Board are held in public and the minutes of these meetings along with agendas and papers are published on the Trust's public website.

Directors are able to seek professional advice and receive training and development at the Trust's expense in discharging their duties. The Directors and Governors have direct access to independent advice from the Company Secretary (Director of Corporate Affairs), who ensures that procedures and applicable regulations are complied with in relation to meetings of the Board of Directors and Council of Governors. The appointment and removal of the Company Secretary is a matter for the full Board in consultation with the Council of Governors.

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

Balance, completeness and appropriateness

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

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

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

In accordance with the Code of Governance, all Non Executive Directors are considered to be independent, including the Chairman. In line with NHS Improvement's guidance, the term of office of Directors appointed to the antecedent NHS Trust are not considered material in calculation of the length of office served on the Board of the Foundation Trust.

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

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

Director	25th April 2017	30th May 2017	25th July 2017	31st Oct 2017	28th Nov 2017	30th Jan 2018	27th March 2018
Chairman							
Neil Large	✓	✓	✓	✓	x	✓	✓
Chief Executive							
Jane Tomkinson	✓	✓	✓	✓	✓	✓	✓
Non Executive Directors							
David Bricknell	✓	✓	✓	✓	✓	x	✓
Nicholas Brooks			✓	✓	✓	✓	✓
Lawrence Cotter	✓	✓					
Julian Farmer	✓	✓	✓	✓	✓	✓	✓
Mark Jones	✓	✓	✓	✓	✓	✓	✓
Marion Savill	✓	✓	✓	✓	✓	✓	x
Darren Sinclair			✓	x	✓	✓	✓
Executive Directors							
Sue Pemberton	✓	✓	✓	✓	✓	✓	✓
Raphael Perry	✓	✓	x	✓	✓	✓	✓
Tony Wilding	✓	x	✓	✓	✓	✓	✓
Claire Wilson	✓	✓	✓	✓	✓	✓	✓

Evaluation of Board and committees

Each Board Committee has undertaken a review of its effectiveness in delivering its terms of reference and these reports are reviewed by the Audit Committee before being reported to the Board. Board members have evaluated the performance and conduct of the Board at the end of each Board meeting and an annual evaluation report completed.

During 2017/18, the Board has put in place developmental work following its independent 'Well Led Review', which reported in March 2017 and which concluded that the Trust is well led with no significant findings *(please refer to Annual Governance Statement in section 2.7)*. The Trust has followed up this work with further reviews of the effectiveness of its Assurance Committees and identified opportunities to streamline the terms of reference and business cycles to eliminate duplication.

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

All Directors received an individual appraisal in 2017/18. In the case of the Chief Executive, this was led by the Chairman; for the executive directors, the process was led by the Chief Executive; and for the Non-Executives by the Chairman. The Chairman's appraisal was led by the Senior Independent Director and followed a process approved by the Council of

Governors that involved all governors and directors having the opportunity to input relevant feedback.

Understanding the views of Governors, members and the public

The Board recognises the value and importance of engaging with Governors in order that Governors may properly fulfil their role as conduit between the Board and the members, public and stakeholders.

The Board and Council of Governors meet regularly and enjoy a strong working relationship. The Chair ensures that each body is kept advised of the other's work and key decisions.

All members of the Board regularly attend Council of Governor meetings (quarterly) and Non Executive Directors present reports on a cyclical basis of the work of the Board's Assurance Committees. A report from the Audit Committee is provided at every meeting of the Council of Governors.

The Council of Governors is provided with a copy of the agenda and minutes of every Board meeting and Governors are always welcome to attend to observe meetings of the Board which are held in public. Through observation of the Board in action, Governors have opportunity to observe the challenge and scrutiny of reports brought to the Board, helping them to better understand the work of the Board and how it operates.

Prior to every meeting of the Council of Governors, there is an opportunity for Governors to participate in an organised walkabout led by the Chairman. This is followed by informal 'interest groups' at which Governors divide into three groups, each led by an Executive Director and a Non- Executive Director sponsor to discuss topical issues relating to either 'quality and safety', 'patient and family experience' or 'finance and performance'. These informal sessions also provide opportunity for Governors to prepare further questions for debate at the formal Council meeting that follows.

At the start of each Council meeting, the Governors receive a patient story and also a short presentation from either a clinical or operational manager on a particular service, in order to enhance Governor understanding and awareness of the services provided by the Trust.

In addition to the Council of Governors meetings, the Chair hosts a quarterly informal lunch meeting, at which Governors are updated on news and have opportunity to network and feedback on any matters they wish to raise. These meetings are followed up with a Chair's Bulletin which is sent to all Governors, ensuring that every governor is updated on any communications, news and forthcoming events.

At every Council of Governors meeting the agenda includes a standing item for governors to feedback on any networks, events or issues raised by constituency members.

The Trust also organises an annual development day for governors at which part of the time is allocated to joint working with Directors.

It is through this variety of mechanisms that the Chairman ensures strong working relationships and effective flow of communication between the Board and Council such that

the Board is able to understand and take account of the views of governors, members and the public.

Registers of interests

The Trust maintains a register of interests of Directors and a register of interests of Governors and these are reviewed periodically by the respective bodies to identify any potential conflicts and where such conflicts are material, consider how these are to be managed.

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

Board committees

The Board has three statutory committees.

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

There are three additional assurance committees.

- Quality Committee
- Integrated Performance Committee
- People Committee

Each of the above committees is chaired by an independent Non Executive Director; the Nominations and Remuneration Committee (Executive Directors) is chaired by the Chairman.

A second Nominations and Remuneration Committee (Non Executive Directors) deals with the nomination and remuneration of Non Executive Directors and reports to the Council of Governors. This Committee is also chaired by the Chairman (or the Deputy Chair when matters pertaining to the tenure or remuneration of the Chairman are to be discussed).

A report on the work of the Audit Committee is set out below along with reports on the Nominations and Remuneration Committee (Executives) and Nominations and Remuneration Committee (Non-Executives).

Statutory committees: Audit Committee

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

The Committee met on four occasions during 2017/18.

Member	30th May 2017	17th July 2017	7th November 2017	29th January 2018
Julian Farmer	✓	✓	✓	✓
David Bricknell	✓	✓	✓	x
Marion Savill	✓	x	✓	✓
Lawrence Cotter	x			
Mark Jones	✓	✓	✓	✓
Darren Sinclair		✓	x	x
Nicholas Brooks		x	✓	✓

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 work of the Audit Committee in 2017/18 has been to review the effectiveness of the organisation and its systems of governance, risk management and internal control through a programme of work involving the scrutiny of assurances provided by internal audit, external audit, local anti-fraud officer, Trust managers, finance staff and the clinical audit team along with reports and reviews from other external bodies.

An annual work programme is set at the start of the year along with agreement of the internal audit and anti-fraud work plans, with provision to meet contingency requirements.

Principal review areas in 2017/18

The narrative below sets out the principal areas of review and significant issues considered by the Audit Committee during 2017/18 reflecting the key objectives of the committee as set out in its terms of reference.

- **Internal control and risk management**

The Committee, having reviewed relevant disclosure statements for 2017/18 and other appropriate independent assurance, together with the Director of Internal Audit Opinion, external audit opinion (at its May 2018 meeting), considers that the 2017/18 Annual Governance Statement is consistent with the Committee's view on the Trust's system of internal control. Accordingly the Committee supported the 2017/18 Annual Governance Statement for approval by the Board of Directors.

The Trust has continued to further embed the risk management systems in place during 2017/18. The Datix system is now embedded and has led to improved incident reporting and integration of incidents, claims, complaints and risk management. The Committee reviewed the risk management KPIs throughout the year and undertook a comprehensive review of compliance with the risk management policy in November 2017.

The Committee has undertaken a review of the Well Led Report in relation to the effectiveness of assurance committees (July 2017) and has also received and reviewed annual reports for 2017/18 from each Assurance Committee of the Board of Directors; these enable the Audit Committee to test the effectiveness of the Assurance Committees and be satisfied that the assurance mechanisms are fit for purpose in terms of discharging the responsibilities delegated by the Board of Directors. Mersey Internal Audit Agency (MIAA) followed up the 'Well Led' review with more detailed reviews of the Assurance Committees and made recommendations enabling the Trust to further streamline reporting and eliminate duplication.

Other risk priority areas identified by the Committee for review included community services administrative processes review, mobile computing, Consultant job planning, charitable fund processes, expenses , cyber security, combined financial systems, controlled drugs and payroll , together with a review of evidence to support provider licence self-certification and review of conflict of interest arrangements.

- **Internal audit**

Throughout the year, the Committee worked effectively with internal audit to ensure that the design and operation of the Trust's internal control processes are sufficiently robust.
The Committee has given considerable attention to the importance of follow up in respect of internal audit work in order to gain assurance that appropriate management action has been implemented. The latest follow up report received by the committee in January 2018, noted much improvement in the degree of progress since the previous year, demonstrating the impact of improved management controls.

The Committee has considered the major findings of internal audit and where appropriate has sought management assurance that remedial action has been taken.

The Committee reviewed and approved the internal audit plan and detailed programme of work for 2017/18 at its March 2017 meeting. This included a range of key risks identified through discussion with Management and Executives and review of the Trust's Board Assurance Framework (BAF). Reviews were identified across a range of areas, including financial systems, IM&T, Performance, Clinical Quality, Workforce, Governance and Risk.

MIAA has supported the Non Executive Directors over the year through the provision of networking events, policy advice, and Insight updates.

MIAA routinely reviews the papers received by the Board of Directors and minutes of Board meetings to pick up on areas of potential risk for inclusion in the audit programme.

- **Anti-Fraud**

The Committee reviewed and approved the counter fraud work plan for 2017/18 at its March 2017 meeting noting coverage across all mandated areas of strategic governance, inform and involve, prevent and deter and hold to account. The Committee also during the course of the year regularly reviewed updates on proactive counter fraud work and one fraud investigation was undertaken, completed and closed.

- **External audit**

The external audit service was market tested during 2017/18 with a new contract awarded by the Council of Governors to Grant Thornton with effect from October 2017. An audit task group was appointed to oversee the appointment process. Whilst the previous audit contract was also with Grant Thornton, there has been a change to the audit team to ensure objectivity and independence.

The Committee routinely receives a progress report from the external auditor, including an update annual accounts audit timetable and programme of work, updates on key emerging national issues and developments which may be of interest to Committee members alongside a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

- **Management assurance**

The Committee has frequently assessed the adequacy of wider corporate assurance processes as appropriate and has requested and received assurance reports from executives, managers and wider Committee representation throughout the year. These have included review of CIP delivery assurance, actions to address MIAA findings in relation to review of Community administrative processes, review of Freedom to Speak Up Policy and arrangements, NICE guidance review and monitoring of risk management KPIs. The Committee also noted findings of the Informatics Review and will carry forward to conclusion (2018/19 business cycle) assurance that effective arrangements are in place for data quality.

- **Financial assurance**

The Committee has reviewed the accounting policies and annual financial statements prior to submission to the Board and considered these to be accurate. It has ensured that all external audit recommendations have been addressed.

- **Other assurance**

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

The Committee has reviewed and updated the Governance Manual including Standing Financial Instructions and Schemes of Delegation and has formally adopted the revised manual. A new policy on Managing Conflicts of Interests was incorporated into the Corporate Governance Manual following publication of new national guidelines in July 2017.

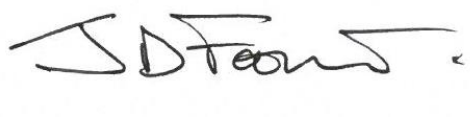
Members of the Committee have met privately with the internal and external auditors, without the presence of any Trust officer.

- **Review of Audit Committee effectiveness**

The Trust's first independent 'Well Led' Review was completed in March 2017 and this included a review of the effectiveness of the Board's assurance committees, including the Audit Committee. There were no significant findings and a developmental action plan was put in place with oversight by the Board of directors. The key outstanding assurance gap relates to data quality following an external review of the informatics function. The Audit Committee has reflected on the previous positive assurances received in relation to data quality and during 2018/19 will ensure that the Trust has in place new and effective assurance mechanisms for data quality.

In view of the recent governance review, the Audit Committee limited its annual self-assessment to a review of compliance with the Audit Committee checklist, as set out in the Audit Committee handbook. All Audit Committee members completed the checklist and a follow up workshop session was facilitated by MIAA to discuss the responses and identify any areas for development. Alongside this process, the two newly appointed NEDs completed the LHCH Audit Committee induction with the Chair of the Audit Committee.

The review also included follow up review of actions identified from the February 2016 review which were confirmed to be complete.



Julian Farmer
Chair of Audit Committee
29th May 2018

Statutory Committees: Nominations and Remuneration Committees

The Trust has in place two Nominations and Remuneration Committees – one deals with nominations and remuneration for Non-Executive appointments (including the Chair) and the other with nominations and remuneration for Executive appointments.

Nominations and Remuneration Committee (Non-Executive)

Membership: Chaired by the Trust Chairman with membership comprising the Deputy Chair and not less than three elected governors from the public constituency (If the Chair is being appointed, the Committee would comprise the Deputy Chair, one other Non Executive Director and not less than three elected governors from the public constituency).

During this financial year, the committee met on two occasions and made the following recommendations to the Council of Governors:

- The appointment of Darren Sinclair as Non Executive Director, with effect from 1st July 2017 for a term of three years ending 30th June 2020.
- The appointment of Nicholas Brooks as Non Executive Director, with effect from 1st July 2017 for a term of three years ending 30th June 2020.
- The remuneration payable to both NEDs to be consistent with the NED basic rate of remuneration (£12,241 at 2017/18 pay rates).

It was noted that for an interim period the Board would comprise six Non Executive Directors (in addition to the Chairman). This was permissible within the constitution of Liverpool Heart and Chest Hospital and enabled an initial period of induction and handover until David Bricknell retired in February 2018.

- The re-appointment of Julian Farmer for a second 3 year term to 30th May 2021.
- The appointment of Julian Farmer as Deputy Chair with effect from 1st March 2018.
- The appointment of Marion Savill as Senior Independent Director with effect from 1st March 2018.

Nominations and Remuneration Committee (Executive)

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

The Committee met on four occasions in 2017/18 and conducted the following business:

- Approval of a 1% inflationary pay award for 2017/18 for executive and associate directors, which was consistent with the annual pay award made to NHS staff on Agenda for Change contracts.
- Substantive appointment to the post of Director of Workforce and associated remuneration.
- Review of Chief Executive, executive director and associate director annual appraisals (2016/17) and individual objectives for 2017/18.
- Annual review of executive team succession plan.

- Review of remuneration of Chief Finance Officer to reflect additional responsibilities.
- Review of executive portfolios to enable a change in leadership for informatics, and associated change in remuneration.

Attendance at Nominations and Remuneration Committee (Executive) in 2017/18:

Member	25th April 2017	30th May 2017	25th July 2017	12th December 2017
Neil Large (Chair)	✓	✓	✓	✓
David Bricknell	✓	✓	✓	✓
Lawrence Cotter	✓	✓		
Marion Savill	✓	✓	✓	✓
Mark Jones	✓	✓	✓	x
Julian Farmer	✓	✓	✓	✓
Darren Sinclair			✓	✓
Nicholas Brooks			✓	✓

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.

NHS Improvement's 'Well Led' Framework

The Trust commissioned a comprehensive independent review of the Trust's governance arrangements and Board leadership in accordance with NHS Improvement's Well Led Framework in 2016/17.

The report was received by the Board of Directors in March 2017 and concluded that the Trust is 'Well Led' with areas of outstanding practice. Nine recommendations were made for developmental work and the Board has retained oversight of delivering its Well Led action plan in 2017/18.

The developmental work has included further review of Assurance Committees and work to streamline terms of reference and business cycles. In addition, the Board commissioned an external review of the effectiveness of its informatics function which identified some gaps in data quality assurance, which will be a key area of focus for the Board and Audit Committee in 2018/19. Work is also ongoing to review and ensure the effectiveness of Divisional leadership and governance, through a follow up review on the effectiveness of the Operational Board.

The Audit Committee has considered the Well Led review findings in compiling the Trust's Annual Governance Statement (*section 2.7*).

The Quality Report (s*ection 3*) provides further detail on the Trust's approach to improve quality, including use of a locally developed EECS assurance framework (Excellent, Efficient, Compassionate and Safe) which is used to assess each clinical area against CQC quality standards. This approach will be rolled out for use in non-clinical areas in 2018/19.

Directors' responsibility for preparing financial statements

The Directors of the Trust consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

Statement as to disclosure to auditors

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

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

For the purposes of this declaration:

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

Additional information

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

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

- A statement that accounting policies for pensions and other retirement benefits are set out in the notes to the accounts and details of senior employees' remuneration can be found below in Part 2; Accountability Report (page 17).
- Details of future developments and strategic direction of the Trust can be found in Part 1; Performance Report (page 9).
- Trust policies on employment and training of disabled persons can be found in the Staff Report within the Accountability Report – Part 2 (page 39).
- Details of the Trust's approach to communications with its employees can be found in the Staff Report within the Accountability Report – Section 2 (page 39).
- 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 chairman, executive directors, and non-executive directors were remunerated for the financial period 1 April 2017 to 30 April 2018
- sets out tables of information showing details of the salary and pension interests of all directors for the financial period 1 April 2017 to 30 April 2018.

The Nominations and Remuneration Committee (Executive) is a committee of the Board of Directors. The membership of the Committee comprises the Chairman 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. The Trust does not operate a performance related pay scheme.

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 30 April 2018 are detailed below:

Single total figure table (audited)

Year ended 31st March 2018						
Name	Title	Salary (Bands of £5,000)	Other Remuneration (Bands of £5,000)	Benefits in Kind (rounded to nearest £100)	Pension related benefits (Bands of £2,500)	Total (Bands of £5,000)
		£000's	£000's	£'s	£000's	£000's
J Tomkinson	Chief Executive	155 - 160	0	6,200	37.5 - 40	200 - 205
R Perry	Deputy Chief Executive / Medical Director	160 - 165	0	0	0	160 - 165
C Wilson	Chief Finance Officer	115 - 120	0	0	47.5 - 50	165 - 170
S Pemberton	Director of Nursing and Quality	115 - 120	0	2,900	35 - 37.5	155 - 160
M Jackson	Director of Research and Innovation	85-90	0	0	0	85 - 90
T Wilding	Director of Strategic Partnerships and Chief Operating Officer	105-110	0	0	25 - 27.5	130 - 135
L Lavan	Director of Corporate Affairs	85-90	0	0	20 - 22.5	105 - 110
J Twist	Director of Workforce Development	85-90	0	4,800	17.5 - 20.0	105 - 110
P N Large	Chair	40 - 45	0	0	0	40 - 45
D Bricknell	Non-Executive Director	10 - 15	0	0	0	10 - 15
L Cotter	Non-Executive Director	0 - 5	0	0	0	0 - 5
M Savill	Non-Executive Director	10 - 15	0	0	0	10 - 15
M Jones	Non-Executive Director	10 - 15	0	0	0	10 - 15
J Farmer	Non-Executive Director	15 - 20	0	0	0	15 - 20
N Brooks	Non-Executive Director	5 - 10	0	0	0	5 - 10
D Sinclair	Non-Executive Director	5 - 10	0	0	0	5 - 10

- *D Bricknell ceased to be a Non-Executive Director on 28 February 2018.*
- *L Cotter ceased to be a Non-Executive Director on 31 May 2017.*
- *N Brooks was appointed to the position of Non-Executive Director on 11 July 2017.*
- *D Sinclair was appointed to the position of Non-Executive Director on 1 July 2017.*

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

Year ended 31st March 2017						
Name	Title	Salary (Bands of £5,000)	Other Remuneration (Bands of £5,000)	Benefits in Kind (rounded to nearest £100)	Pension related benefits (Bands of £2,500)	Total (Bands of £5,000)
		£000's	£000's	£'s	£000's	£000's
J Tomkinson	Chief Executive	155 - 160	0	4,900	32.5 - 35	195 - 200
R Perry	Medical Director	180 - 185	0	0	0	180 - 185
D Jago	Deputy Chief Executive/Chief Finance Officer (to 31/05/16)	20 - 25	0	1,100	2.5 - 5	25 - 30
C Wilson	Chief Finance Officer (from 01/06/16)	90 - 95	0	0	37.5 - 40	130 - 135
S Pemberton	Director of Nursing and Quality	115 - 120	0	5,100	10 - 12.5	130 - 135
M Jackson	Director of Research and Informatics	90 - 95	0	0	17.5 - 20	105 - 110
D Herring	Director of Strategy & Organisational Development (to 31/12/2016)	75 - 80	0	0	42.5 - 45	120 - 125
T Wilding	Director of Strategic Partnerships and Chief Operating Officer	100 - 105	0	0	60 - 62.5	165 - 170
L Lavan	Director of Corporate Affairs	85 - 90	0	300	17.5 - 20	100 - 105
J Twist	Director of Workforce Development (From 03/01/2017)	15 - 20	0	0	7.5 - 10	25 - 30
P N Large	Chair	40 - 45	0	0	0	40 - 45
D Bricknell	Non-Executive Director	15 - 20	0	0	0	15 - 20
L Cotter	Non-Executive Director	10 - 15	0	0	0	10 - 15
M Savill	Non-Executive Director	10 - 15	0	0	0	10 - 15
M Jones	Non-Executive Director	10 - 15	0	0	0	10 - 15
J Farmer	Non-Executive Director	15 - 20	0	0	0	15 - 20

D Jago ceased to be Deputy Chief Executive/Chief Finance Officer on 31/05/16
C Wilson took over as Chief Finance Officer on 01/06/16
D Herring ceased to be Director of Strategy & Organisational Development on 31/12/16
J Twist joined the Trust as Director of Workforce Development on secondment from Mersey Care NHS Foundation Trust on 03/01/17

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

Pension Benefits (audited)

2017/18								
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 2018 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31st March 2018 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2017	Real Increase / (decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2018	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
J Tomkinson - Chief Executive	2.5 - 5	7.5 - 10	65 - 70	195 - 200	1,288	92	1,380	0
C Wilson - Chief Finance Officer (From 01/06/16)	2.5 - 5	2.5 - 5	30 - 35	75 - 80	364	69	433	0
S Pemberton - Director of Nursing and Quality	0 - 2.5	5 - 7.5	40 - 45	120 - 125	681	84	766	0
M Jackson - Director of Research and Innovation	0	0	30 - 35	95 - 100	672	26	698	0
T Wilding – Director of Strategic Partnerships and Chief Operating Officer	0 - 2.5	0	20 - 25	40 - 45	291	39	331	0
L Lavan - Director of Corporate Affairs	0 - 2.5	0	25 - 30	75 - 80	488	46	534	0
J Twist - Director of Workforce Development	5 – 7.5	10 – 12.5	25 - 30	75 - 80	388	94	481	0

2016/17								
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 pension age at 31st March 2017 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31st March 2017 (bands of £5,000)	Cash Equivalent Transfer Value at 31st March 2017	Cash Equivalent Transfer Value at 31st March 2016	Real Increase /(decrease) in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
J Tomkinson - Chief Executive	0 - 2.5	5 - 7.5	60 - 65	185 - 190	1276	1159	117	0
D Jago - Deputy Chief Executive / Chief Finance Officer (Until 31/05/16)	0 - 2.5	0 - 2.5	40 - 45	125 - 130	800	751	8	0
C Wilson - Chief Finance Officer (From 01/06/16)	2.5 - 5	0 - 2.5	25 - 30	70 - 75	360	322	32	0
S Pemberton - Director of Nursing and Quality	0 - 2.5	2.5 - 5	35 - 40	110 - 115	675	634	41	0
M Jackson - Director of Research and Informatics	0 - 2.5	2.5 - 5	30 - 35	95 - 100	665	621	44	0
D Herring - Director of Strategy and Organisational Development (to 31/12/2016)	0 - 2.5	5 - 7.5	30 - 35	100 - 105	628	569	59	0
T Wilding - Director of Strategic Partnerships and Chief Operating Officer	2.5 - 5	2.5 - 5	15 - 20	40 - 45	288	235	53	0
L Lavan - Director of Corporate Affairs	0 - 2.5	2.5 - 5	25 - 30	75 - 80	483	447	36	0
J Twist - Director of Workforce Development (From 03/01/2017)	0 - 2.5	0 - 2.5	20 - 25	60 - 65	352	312	10	0

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 200832F33.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

Pay Multiples (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Trust in the financial year 2017/18 was £157.5k (2016/17 £162.5k). This was 6 times (2016/17, 6 times) the median remuneration of the workforce, which was £29k, (2016/17 £28k). The median remuneration of the workforce for 2017/18 has remained consistent with 2016/17.

In 2017/18, 7 (2016/17, 5) employees received remuneration in excess of the highest paid director. Remuneration ranged from £17k to £208k (2016/17 £15k to £213k).

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include pension related benefits, employer pension contributions and the cash equivalent transfer value of pensions.

The Trust employs two executives, the Chief Executive, and the Medical Director who are paid more than the Prime Minister. The Chief Executive's remuneration was considered carefully on appointment and referenced to benchmarking data. She accepted the position on the same level of remuneration as her previous post and is paid at a level that is

commensurate with her skills and experience. Since her appointment, her level of remuneration has been uplifted only by inflationary pay awards consistent with those applicable to all NHS staff. The Medical Director is an Interventional Cardiologist of national standing and holds regional and national responsibilities as the Cheshire & Merseyside Cardiac Network Clinical Lead, the Deanery Training Programme Director and is part of the RCP National Specialist Advisory Committee. He is also deputy chair of the Cheshire and Mersey cardiac cross cutting theme of the five year forward view, is a case assessor for the GMC and leads on mortality reduction and infection control and prevention.

Expenses of the Directors

In 2017/18 the total number of directors in office was 16 (2016/17, 16). The number of directors receiving expenses in the reporting period was 12 (2016/17, 9). The aggregate sum of expenses paid to these directors in the reporting period was £10,597 (2016/17, £10,762).

Expenses of the Governors

In 2017/18 the total number of governors in office was 25 (2016/17, 25). The number of governors receiving expenses in the reporting period was 18 (2016/17, 11). The aggregate sum of expenses paid to these governors in the reporting period was £7,970 (2016/17, £4,364).

Pension Liabilities

Early payment of a pension, with enhancement, is available to members of the NHS Pension Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

- **Number of early retirements due to ill health** 1
- **Value of early retirements due to ill health** £81,458

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension costs are charged to operating expenses as and when they become due. Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to operating expenses at the time the Trust commits itself to the retirement, regardless of the method or timing of payment.

Jane Tomkinson
Chief Executive
Date: 29th May 2018

2.3 Staff Report

Workforce key performance indicators

At 31st March 2018, the workforce key performance indicators were as follows:

- Sickness absence was 0.64% above target.
- All turnover (all leavers) is 13.44% which is above the target of 10% by 3.44%.
- Voluntary turnover is 1.94% above target.
- Appraisal was 90%* which meets the Trust target of 90% (*based on appraisal period ending September 2017).
- Mandatory training at 31/03/18 was 94% which is 1% 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.

2017/18 data:

No of Staff paid via ESR	Staff not paid via ESR	Sickness Absence	Turnover (All)	Voluntary Turnover	Mandatory Training	Appraisal
1,613	64	4.04%	13.44%	9.94%	94%	90%
Target		3.4%	10%	8%	95%	90%

Male and female staffing figures

The table below shows the breakdown of male and female Trust staff as at 31st March 2018:

As at 31st March 2018	Male	Female	Total
Board of Directors	7	4	11
Associate Directors	1	2	3
Senior Managers	8	11	19
Trust Employees	430	1,183	1,613

Workforce profile

The workforce profile broadly reflects that of the local population demographics, which is categorised by low levels of racial and ethnic diversity.

These populations contain a predominately white, British population, with a small percentage of Asian, black and mixed ethnic minority populations living in catchment areas for Liverpool Heart and Chest Hospital services and employment opportunities.

Age Band

	31/03/17		31/03/18	
Age Band	**Heads**	**%**	**Heads**	**%**
16-20	4	0.25 %	7	0.43 %
21-25	124	7.75 %	106	6.57 %
26-30	212	13.26 %	220	13.64 %
31-35	193	12.07 %	191	11.84 %
36-40	207	12.95 %	207	12.83 %
41-45	185	11.57 %	191	11.84 %
46-50	216	13.51 %	205	12.71 %
51-55	226	14.13 %	229	14.20 %
56-60	159	9.94 %	167	10.35 %
61-65	45	2.81 %	63	3.91 %
66-70	24	1.50 %	20	1.24 %
71+	4	0.25 %	7	0.43 %
Total	**1599**	**100.00 %**	**1613**	**100.00 %**

Gender

	31/03/17		31/03/18	
Gender	**Heads**	**%**	**Heads**	**%**
Female	1175	73.48 %	1183	73.34 %
Male	424	26.52 %	430	26.66 %
Total	**1599**	**100.00 %**	**1613**	**100.00 %**

** Transgender not recorded*

Disability

	31/03/17		31/03/18	
Disability	**Heads**	**%**	**Heads**	**%**
No	1142	71.42 %	1143	70.86 %
Not Declared	77	4.82 %	75	4.65 %
Undefined	337	21.08 %	346	21.45 %
Yes	43	2.69 %	49	3.04 %
Total	**1599**	**100.00 %**	**1613**	**100.00 %**

Religion

	31/03/17		31/03/18	
Religion	**Heads**	**%**	**Heads**	**%**
Atheism	144	9.01 %	139	8.62 %
Buddhism	14	0.88 %	15	0.93 %
Christianity	832	52.03 %	859	53.25 %
Hinduism	24	1.50 %	29	1.80 %
I do not wish to disclose my religion/belief	210	13.13 %	209	12.96 %
Islam	18	1.13 %	19	1.18 %
Judaism	1	0.06 %	1	0.06 %
Other	75	4.69 %	72	4.46 %
Sikhism	11	0.69 %	10	0.62 %
Undefined	270	16.89 %	260	16.12 %
Total	**1599**	**100.00 %**	**1613**	**100.00 %**

Sexual Orientation

	31/03/17		31/03/18	
Sexual Orientation	**Heads**	**%**	**Heads**	**%**
Bisexual	7	0.44 %	7	0.43 %
Gay	20	1.25 %	19	1.18 %
Heterosexual	1098	68.67 %	1126	69.81 %
I do not wish to disclose my sexual orientation	202	12.63 %	197	12.21 %
Lesbian	4	0.25 %	4	0.25 %
Undefined	268	16.76 %	260	16.12 %
Total	**1599**	**100.00 %**	**1613**	**100.00 %**

Ethnic Origin

	31/03/17		31/03/18	
Ethnic Origin	**Heads**	**%**	**Heads**	**%**
A White - British	1339	83.74 %	1324	82.08 %
B White - Irish	31	1.94 %	30	1.86 %
C White - Any other White background	36	2.25 %	36	2.23 %
D Mixed - White & Black Caribbean	2	0.13 %	1	0.06 %
E Mixed - White & Black African	3	0.19 %	4	0.25 %
F Mixed - White & Asian	3	0.19 %	5	0.31 %
G Mixed - Any other mixed background	5	0.31 %	5	0.31 %
H Asian or Asian British - Indian	101	6.32 %	114	7.07 %
J Asian or Asian British - Pakistani	6	0.38 %	8	0.50 %
L Asian or Asian British - Any other Asian background	9	0.56 %	8	0.50 %
M Black or Black British - Caribbean	3	0.19 %	3	0.19 %
N Black or Black British - African	8	0.50 %	12	0.74 %
P Black or Black British - Any other Black background	4	0.25 %	2	0.12 %
R Chinese	10	0.63 %	7	0.43 %
S Any Other Ethnic Group	12	0.75 %	13	0.81 %
Undefined	10	0.63 %	25	1.55 %
Z Not Stated	17	1.06 %	16	0.99 %
Total	**1599**	**100.00 %**	**1613**	**100.00 %**
A White - British	1339	83.74 %	1324	82.08 %

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

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

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

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

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

With regard to performance issues, the requirements of the Performance Capability Policy include:

- detailed assessment of all job applicants against the requirements of the role and the person specification
- ensuring all new employees receive a proper induction to the Trust along with local orientation to the relevant ward or department
- provision of initial and on-going job training; setting realistic standards with regard to required level of performance and making reasonable adjustments as appropriate.

Employees are kept informed of their progress and are provided with required training to equip them to carry out their duties, as determined in personal development plans through the appraisal process.

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

Communicating with staff

Team Brief

- The Team Brief approach to encourage staff involvement was further embedded throughout the Trust in 2017/18, with parts of Team Brief being delivered by staff from across the organisation. This included the *'Your Chance to Shine'* segment to engage staff from all areas in identifying and showcasing their own achievements, whilst also celebrating innovation and service improvements and sharing best practice with colleagues.

Corporate hotboards

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

Weekly bulletin

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

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 could include achievements, safety campaigns, national initiatives, CQC related information.

Engaging with Staff

During 2017/18 the following schemes have taken place linked to staff engagement:

Establishment of a Junior Doctor Forum

- This was created after receiving feedback from junior doctors and it has been running quarterly. It is a good opportunity for doctors to bring up issues about their training and their pastoral needs. The forum has been a success, and it continues. Following recommendations from Health Education England (HEE) regarding *Improving the Working Lives of Junior Doctors*, a Divisional Head of Operations attended the last meeting in order to provide juniors with an opportunity to raise any points of discussion with a Senior Manager from the organisation.

Establishment of the Equality and Inclusion Working Group

- This was created as a consequence of staff feedback through the staff survey. The Group meets quarterly and feeds into the Equality and Inclusion Steering Group, which also meets quarterly.

Introduction and establishment of human factor training and simulation in Cath Labs

- Feedback from staff in this area highlighted the appetite for more human factors and simulation training opportunities. This have now been established and delivered in collaboration with the Cheshire and Merseyside Simulation Centre.

Introduction of the talent management plan

- Following staff feedback through the national staff survey, the Trust developed a plan for the introduction of a talent management strategy to identify individuals to be the leaders of tomorrow. Although in its infancy, the talent management plan identified 64 members of staff by their scoring at appraisal, with those scoring 'excellent' in all domains being put forward. Opportunities for further training and secondments, based on their career ambitions, may then be available.

Big Conversations

- During 2017 Big Conversations were held for all staff to highlight issues that they wanted to see improved. Preceptorship has been reviewed and links to Health Education England (HEE) Standards for Preceptorship and LHCH priorities, increased training and support has been established for preceptors.
- Other initiatives included increasing Human Factors training, increasing numbers of clinical supervisors and training, bespoke conversations for those who have requested smaller conversations within their teams, changing the way in which programmes are promoted, ensuring more staff have access to developing their skills and competencies, development in progress of competency framework for all nursing staff. Other themes identified included violence and aggression being addressed via delirium work, bullying and harassment (launch of new policy and staff training), improving staff communication (task and finish group established) coaching and mentoring programmes developed in partnership with Royal Liverpool & Broadgreen University Hospitals NHS Trust.

Partnership with Edge Hill University

- With the reduction of continuing professional development (CPD) allocations from HEE, the Trust maintains and develops its partnership with Edge Hill University, ensuring that professionally registered staff have access to academic programmes. The partnership with Edge Hill University has also allowed the development of bespoke training for LHCH staff, an example of this being the clinical supervision training, delivered on site by the University staff.

Post Graduate Certificate in Advance Critical Care

- In September 2017 a new programme for Critical Care staff was established, moving on from the Trust's BSc Cardiothoracic Programme. The Post Graduate Certificate in Advance Critical Care enrolled ten staff onto this Level 7 programme, underpinned by Step 2 & 3 Critical Care Competencies.

Leadership and Management

- Leadership and management master classes have been established covering a range of sessions including recruitment, management of staff, difficult conversations, workload management and other aspects suggested by staff.

Clinical Leaders

- The Clinical Leaders Programme was established in January 2018. These sessions have been facilitated with external facilitators and all clinical leaders have been offered the opportunity to complete their North West Leadership Academy 360 Feedback.

Partnership Forum

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

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.

Formal/Informal Consultation

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

Health and safety performance and occupational health

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

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

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

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

The Health & Safety Committee meets on a quarterly basis. In January 2018, it reviewed its work against the terms of reference. Achievements made against the terms of reference show positive results, evidencing that the Health & Safety Committee has operated effectively and in accordance with its terms of reference.

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

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.

All 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 HR & Education Group, which acts on delegated responsibility from the People Committee.

The following policies have been reviewed and/or developed in 2017/18:

- Attendance Management
- Capability & Performance
- Dignity at Work
- Equality & Inclusion
- Flexible Retirement
- Handling Concerns about the Conduct, Performance and Health of Medical Staff

- Medical Staff Remediation
- Recruitment & Selection
- Relocation Expenses

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

Summary of performance – NHS Staff Survey results 2017

The response rate for the 2017 survey was 62% and was the highest response rate across acute specialist trusts within NHS England. The overall NHS England response rate was 45%.

Across NHS England the Trust ranked in the top 3 in the following areas:	
✓ **1st** If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation	✓ **3rd** My organisation encourages us to report errors, near misses or incidents
✓ **1st** I am able to deliver the care I aspire to	✓ **3rd** Care of patients / service users is my organisation's top priority
✓ **2nd** I am satisfied with the quality of care I give to patients / service users	✓ **3rd** I feel that my role makes a difference to patients / service users

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

- *Able to make suggestions to improve the work of my team/department*
- *Team members often meet to discuss the team's effectiveness*
- *Immediate manager gives clear feedback on my work*
- *Immediate manager asks for my opinion before making decisions that affect my work*
- *Had mandatory training in the last 12 months*
- *Had appraisal/KSF review in the last 12 months*
- *Receive regular updates on patient/service user feedback in my directorate/department*

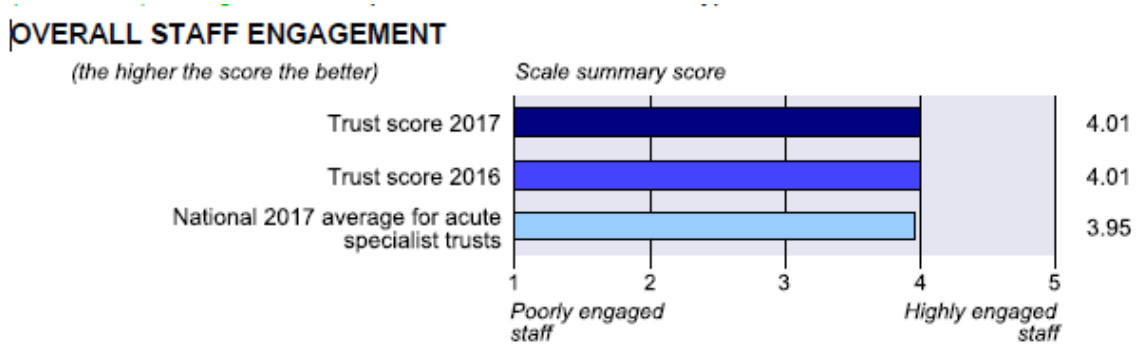
The following was identified as a significant deterioration:

- *Satisfaction with level of pay*

Staff recommendation of the Trust as a place to work or receive treatment

		2017	Average (median) for Acute Specialist Trusts	2016
Q21a	Care of patients/service users is my organisation's top priority	91%	86%	92%
Q21b	My organisation acts on concerns raised by patients/service users	90%	81%	89%
Q21c	I would recommend my organisation as a place to work	74%	72%	73%
Q21d	If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation	93%	89%	95%
KF1	**Staff recommendation of the Trust as a place to work or receive treatment**	**4.23**	**4.16**	**4.27**

There was no change in Overall Staff Engagement score from 2016 to 2017, but the Trust score continues to be above the average score for acute specialist trusts.



Summary of key results

Response Rate				
	2016	2017		Trust improvement/ deterioration
	Trust	Trust	Acute Specialist Trust Average	
Response Rate	69%	62%	53%	Decrease of 7%

Top 5 Ranking Scores				
	2016	2017		Trust improvement/ deterioration
	Trust	Trust	Acute Specialist Trust Average	
Percentage of staff working extra hours	68%	66%	75%	Improvement – best score
Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or public in the last 12 months	15%	12%	21%	Improvement – best score
Support from immediate managers	3.85	3.95	3.81	Improvement – best score
Staff confidence and security in reporting unsafe clinical practice	3.94	3.94	3.71	No change – best score
Percentage of staff experiencing bullying, harassment or abuse from staff in the last 12 months	17%	18%	23%	No significant change – best score

Bottom 5 Ranking Scores				
	2016	2017		Trust improvement/ deterioration
	Trust	Trust	Acute Specialist Trust Average	
Percentage of staff experiencing physical violence from patients, relatives or the public in the last 12 months	10%	10%	7%	No change
Percentage of staff reporting errors, near misses or incidents witnessed in the last month	91%	91%	92%	No change
Percentage of staff experiencing physical violence from staff in the last 12 months	2%	2%	1%	No change
Percentage of staff/colleagues reporting most recent experience of harassment, bullying or abuse	43%	47%	47%	Improved
Percentage of staff satisfied with opportunities for flexible working patterns	54%	53%	54%	No significant change

As in previous years, the results of the 2017 staff survey (published March 2018) will be analysed at Trust, Divisional and Departmental levels and disseminated across the organisation to all staff.

Staff Friends & Family Test

The Friends and Family Test (FFT) for Staff is a national feedback tool which allows staff to feedback on NHS services based on recent experience. The Staff FFT is conducted on a quarterly basis (except for the quarter when the Staff Survey is running). There is no set criterion for how many staff should be asked in each quarter, simply a requirement that all staff should be asked at least once over the year. The Trust opens the survey for all staff to complete for each of the 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. Staff are given a 6-point scale from which they can respond to each question.

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

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

2014/15		2014	2015/16			2015	2016/17			2016	2017/18			2017
FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey
73%	68%	69%	75%	64%	72%	70%	66%	70%	70%	73%	64%	73%	71%	74%

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

2014/15		2014	2015/16			2015	2016/17			2016	2017/18			2017
FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey	FFT Q4	FFT Q1	FFT Q2	Staff Survey
97%	97%	92%	98%	94%	97%	93%	97%	95%	95%	95%	96%	95%	96%	93%

Corporate social responsibility

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

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

Volunteering

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

Work Experience Programme

- The Trust normally takes 40 - 50 placements per year from local schools.

Access to Medicine

- A bespoke programme offering AS level students an opportunity to shadow a medic during summer holidays with a 2 day introduction to the specialist nature of LHCH, which supports their entry application into Medical School.

Medicine Taster Day

- Offered for AS level students considering medicine as a career in conjunction with Social Mobility Foundation.

Links with Higher Education Providers

- The Trust actively engages with local universities and offers placements to students across nursing, physiology, physiotherapy, radiology and theatres.

Patient & Family Involvement

- The Trust puts the patient and their family at the heart of everything it does and has a dedicated Customer Care Team who proactively encourage feedback and hold engagement sessions with past and present patients and their families.

Dementia Action Alliance Liverpool

- The Trust has provided dementia friends training to its local community, working alongside Dementia Action Alliance Liverpool to support their work in making Liverpool a dementia friendly community.

Analysis of staffing costs and numbers

Table 1: Staff Costs (audited)

	Permanent	Other	2017/18 Total	2016/17 Total
	£000	£000	£000	£000
Salaries and wages	58,544	1,551	**60,095**	58,127
Social security costs	5,448	-	**5,448**	5,193
Employer's contributions to NHS pensions	266	-	**266**	5,816
Pension cost - other	6,229	-	**6,229**	-
Other post employment benefits	-	-	**-**	-
Other employment benefits	-	-	**-**	-
Termination benefits	74	-	**74**	**-**
Agency/contract staff	-	1,482	**1,482**	1,594
NHS charitable funds staff	-	-	**-**	**-**
Total gross staff costs	**70,561**	**3,033**	**73,594**	**70,730**
Recoveries in respect of seconded staff	(158)	-	**(158)**	(265))
Total staff costs	**70,403**	**3,033**	**73,436**	**70,465**
Of which				
Costs capitalised as part of assets	102	-	**102**	91

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

	Permanent	Other	2017/18 Total	2016/17 Total
	Number	Number	Number	Number
Medical and dental	144	8	**152**	144
Ambulance staff	-	-	**-**	-
Administration and estates	313	15	**327**	327
Healthcare assistants and other support staff	272	25	**296**	296
Nursing, midwifery and health visiting staff	529	44	**557**	557
Nursing, midwifery and health visiting learners	-	-	**-**	-
Scientific, therapeutic and technical staff	240	13	**249**	249
Healthcare science staff	-	-	**-**	-
Social care staff	-	3	**3**	3
Agency and contract staff	-	-	**-**	-
Bank staff	-	-	**-**	-
Other	-	1	**1**	1
Total average numbers	**1,498**	**109**	**1,607**	**1,577**
Of which:				
Number of employees (WTE) engaged on capital projects	2	-	**2**	2
The above figures include 2 members of administration staff working full time for the Charity				

Table 3: Reporting of compensation schemes - exit packages 2017/18 (audited)									
Exit package cost band (including any special payment element)	Number of compulsory redundancies			Number of other departures agreed			Total number of exit packages		
	Number		Cost	Number		Cost	Number		Cost
			£000			£000			£000
<£10,000	1		8	3		10	4		**18**
£10,001 - £25,000	-		-	3		57	3		**57**
£25,001 - 50,000	-		-	-		-	-		**-**
£50,001 - £100,000	-		-	-		-	-		**-**
£100,001 - £150,000	-		-	-		-	-		**-**
£150,001 - £200,000	-		-	-		-	-		**-**
>£200,000	-		-	-		-	-		**-**
Total	**1**		**8**	**6**		**67**	**7**		**75**

Table 4: Reporting of compensation schemes - exit packages 2016/17 (audited)									
Exit package cost band (including any special payment element)	Number of compulsory redundancies			Number of other departures agreed			Total number of exit packages		
	Number		Cost	Number		Cost	Number		Cost
			£000			£000			£000
<£10,000	-		-	5		15	5		**15**
£10,001 - £25,000	-		-	2		25	2		**25**
£25,001 - 50,000	-		-	4		113	4		**113**
£50,001 - £100,000	-		-	-		-	-		**-**
£100,001 - £150,000	-		-	-		-	-		**-**
£150,001 - £200,000	-		-	-		-	-		**-**
>£200,000	-		-	-		-	-		**-**
Total	**-**		**-**	**11**		**153**	**11**		**153**

Table 5: Exit packages: other (non-compulsory) departure payments (audited)				
	2017/18		2016/17	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	2	34	2	53
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	4	33	7	57
Exit payments following Employment Tribunals or court orders	-	-	2	43
Non-contractual payments requiring HMT approval	-	-	-	-
Total	**6**	**67**	**11**	**153**
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

Table 6: For all off-payroll engagements as of 31st Mar 2018, for more than £245 per day and that last for longer than six months	
	2017/18
	Number of engagements
Number of existing engagements as of 31st Mar 2018	1
Of which:	
Number that have existed for less than one year at the time of reporting	-
Number that have existed for between one and two years at the time of reporting	1
Number that have existed for between two and three years at the time of reporting	-
Number that have existed for between three and four years at the time of reporting	-
Number that have existed for four or more years at the time of reporting	-

Table 7: For all new off-payroll engagements, or those that reached six months in duration, between 1st Apr 2017 and 31st Mar 2018, for more than £245 per day and that last for longer than six months	2017/18
	Number of new engagements
Number of new engagements, or those that reached six months in duration between 1st Apr 2017 and 31st Mar 2018	-
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national insurance obligations	-
Number for whom assurance has been requested	-
Of which:	
Number for whom assurance has been received	-
Number for whom assurance has not been received	-
Number that have been terminated as a result of assurance not being received	-

Table 8: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 Apr 2017 and 31 Mar 2018	2017/18
	Number of engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure must include both off-payroll and on-payroll engagements.	11

Expenditure on Consultancy

Total expenditure during 2017/18 on consultancy has totalled £641k.

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

Compliance with the Code of Governance

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

During 2017/18, the Board of Directors has established governance policies and processes that reflect the principles of the Code, including:

- A clear vision, underpinned by strategic objectives and operational plan
- A Corporate Governance Manual which includes the constitution and procedures by which the Board of Directors and Council of Governors operate; the Scheme of Reservation and Delegation, the Board Committee structure and associated Terms of Reference, Standing Financial Instructions and key corporate policies.
- At least half the Board of Directors, excluding the Chair, comprises independent Non Executive Directors;
- The appointment of a Senior Independent Director;
- Regular private meetings between the Chair and Non Executive Directors;
- Robust annual appraisal process for the Chair and Non Executive Directors that has been developed and approved by the Council of Governors;
- Robust recruitment process for the appointment of Non Executive Directors;
- Induction process for Non-executive and Executive Directors;
- Comprehensive induction programme and ongoing training programme for Governors;
- Annual review of Non Executive Director independence;
- Annual review of compliance with Fit and Proper Persons' criteria for all Directors;
- Publicly accessible Register of Interests for Directors, Governors and senior staff;
- Senior Governor appointed;
- Provision of Board minutes and summaries of the Board's private business to governors;
- Effective infrastructure to support the Council of Governors including sub committees, interest groups and informal meetings with the Chair;
- Process for annual evaluation of the Council of Governors and for setting key objectives / priority areas for the following year;
- Membership Strategy with KPIs and engagement plan reported to the Council of Governors;
- Two Nominations and Remuneration Committees for executive and non-executive appointments / remuneration respectively – in the case of non-executive appointments / remuneration recommendations are made to the Council of Governors for approval;
- High quality reports to the Board of Directors and Council of Governors;

- Independent Well Led Review (March 2016) and developmental action plan in place for 2017/18;
- Board evaluation and development plan;
- Codes of Conduct for Governors and for Directors;
- Going concern report;
- Robust Audit Committee arrangements;
- Governor-led appointment process for external auditor
- Freedom to Speak Up (Raising Concerns) Policy;
- Anti-fraud policy and plan

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

The Board has confirmed that, with the exception of the following provision, the Trust has complied with the provisions of the Code in 2017/18.

Liverpool Heart and Chest Hospital departed from Provision B.7.1 which states:

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

The Chair was re-appointed by the Council of Governors for a third successive year beyond the six year tenure and his current term of office will expire in October 2018, at which point he will have served on the Board of the foundation trust for almost nine years.

The Board has determined that the Chair continues to be independent and there is clear evidence of continued challenge. The Chair has no material conflicts of interest and maintains a clear boundary between personal and professional relationships. There has been a consistent turnover of Non Executive Directors, bringing collective challenge and fresh perspective to the Board and during 2017/18 there was a change to the Senior Independent Director.

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

The Council of Governors also recognised the Chair's specific experience and personal networks in the context of the Trust's wider systems leadership role within Cheshire and Merseyside.

Membership

The Trust is committed to ensuring that members are representative of the population it serves. Anyone living in England and Wales over the age of 16 is eligible to become a public member. The public constituency is divided into four geographical areas.

- Merseyside (Districts of Knowsley, Liverpool, Sefton, St Helens and Wirral, including all electoral wards in those districts)
- Cheshire (Districts of Chester, Congleton, Crewe and Nantwich, Ellesmere Port and Neston, Macclesfield, Vale Royal, Warrington and Halton, including all electoral wards in those districts)
- North Wales (Districts of Conwy, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey and Wrexham, including all electoral wards in those districts)
- Rest of England and Wales

Staff membership is open to anyone who is employed by the Trust under a contract of employment which has no fixed term, or who has been continuously employed by the Trust under a contract of employment for at least 12 months. The Trust operates an 'opt out' basis. The staff constituency is divided into four classes to reflect the workforce.

- Registered and Non-Registered Nurses (being health care assistants or their equivalent and student nurses)
- Non Clinical Staff
- Allied Healthcare Professionals, Technical and Scientific Staff
- Registered Medical Practitioners

To date no members of staff have opted out of membership.

Membership strategy

The Trust believes that its membership makes a real contribution to improving the health of the local communities and our emphasis is on encouraging an active and engaged membership, as well as continuing to engage with members of the public.

The Council of Governors is responsible for reviewing, contributing to and supporting the Membership Strategy and making recommendations to the Board of Directors, for approval of revisions to the strategy. The implementation of the Membership Strategy is monitored by the Membership and Communications Sub Committee of the Council of Governors, which is chaired by an elected public governor.

The membership plans are to:

- support greater engagement with the general public as well as membership
- continue to build a membership that is representative of the demographics of its patient population, whilst also being mindful of the public population
- continually increase the quality of engagement and participation through the involvement of members and members of the public in all sectors of the communities served - specifically seeking feedback from recent patients and families in order to ensure a balanced perspective in delivering our goals

- communicate with members in accordance with their personal involvement preferences. This will ensure that the Trust achieves effective membership communications whilst achieving value for money.

The target for public membership was to maintain an optimum number of circa 10,100 members by 31st March 2018. Governors are encouraged to engage within their own constituencies, including any community groups with whom they are personally involved. This engagement is supported by the Trust's Membership Office which helps to facilitate opportunities for such activities. For example, the Trust has continued to provide a series of highly successful and popular 'Medicine for Members' events at which clinical specialists have hosted talks and discussion in local community settings. These events have also been advertised to members of the community in order to encourage engagement between Governors and members of the public. The Trust also held a health and open day for members in May 2017 and in preparation for the summer governor election campaign, an open evening for prospective governors was also hosted, which was well attended.

In addition, Governors attend regular patient and family listening events which provide further opportunity for effective engagement.

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

In order to manage its turnover and to improve representation, Governors attended a number of recruitment events throughout the year, including a Disability Awareness Day held in Cheshire in July 2017, and an event at Liverpool John Moores University. This is in addition to on-going recruitment of members as part of our hospital volunteer scheme. These aim to target those areas illustrated in the Membership Strategy as being under represented, being mindful of both the Trust's patient population and the general population of areas served. For public members, these include geographical areas of Merseyside and Cheshire along with an age range of 50-74 years old.

Membership profile

Constituency			
Public Area	**As at 31st March 2017**	**As at 31st March 2018**	**Increase/ Decrease (%)**
Cheshire	2,400	2,375	-1.04
Merseyside	4,902	4,830	-1.47
North Wales	1,912	1,823	-4.66
Rest of England and Wales	811	824	-1.6
Total - Public Constituency	**10,025**	**9,852**	**-1.73**
Staff Constituency	1,230	1,569	+339

Members who wish to contact their elected Governor to raise an issue with the Board of Directors, or members of the public who wish to become members, should contact:

Membership Office
Liverpool Heart and Chest Hospital NHS Foundation Trust
Thomas Drive
Liverpool
L14 3PE
Tel: 0151 600 1410
Email: membership.office@lhch.nhs.uk

Council of Governors

Role and composition:

The Council of Governors has responsibility for representing the interests of the members, partner organisations and members of the public in discharging its statutory duties which are:

- to appoint and, if appropriate, remove the Chairman
- to appoint and, if appropriate, remove the other Non Executive Directors
- to decide the remuneration and allowances, and other terms and conditions of office, of the Chairman and other Non Executive Directors
- to approve the appointment of the Chief Executive
- to appoint and, if appropriate, remove the auditor
- to receive the annual report and accounts and any report on these provided by the auditor
- to hold the Non Executive Directors, individually and collectively, to account for the performance of the Board of Directors
- to feedback information about the Trust, its vision and its performance to the constituencies and partner organisations that elected or nominated them, along with members of the public
- to approve 'significant transactions'
- approve an application by the Trust to enter into a merger, acquisition, separation or dissolution
- decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions
- approve amendments to the Trust's constitution.

The Council of Governors comprises 25 Governors of whom:

- **14 are elected by the public from 4 defined classes** – Merseyside (6 seats), Cheshire (4 seats), North Wales (3 seats) and the Rest of England and Wales (1 seat)
- **7 are elected by staff from 4 defined classes** – Registered and Non-Registered Nurses (3 seats), Non Clinical (2 seats), Allied Healthcare Professionals, Technical and Scientific (1 seat) and Registered Medical Practitioners (1 seat)
- **4 have been nominated from partner organisations** (1 seat each from the following):
    - Liverpool John Moores University (LJMU)
    - Friends of Robert Owen House (FROH), Isle of Man
    - Liverpool City Council (LCC)
    - Knowsley Council (KC)

At the Council of Governors and Board of Directors joint development day, held on 14th November 2017, 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 2017/18 are listed in the attendance report at the end of this section.

The initial Governors served a first term of office of either two or three years and then three year terms thereafter, should they offer themselves and are successful for re-election or re-nomination. However, Governors will cease to hold office if they no longer reside within the area of their constituency (public Governors), are no longer employed by the Trust (staff Governors) or are no longer supported in office by the organisation that they represent (nominated Governors).

Governor development:

The Trust provides many opportunities for Governors to be actively involved and this work makes a real difference to our patients and the wider community.

During 2017/18 the Trust has:

- Provided a local induction pack for every new governor on appointment at an initial induction meeting with Chairman and Director of Corporate Affairs
- Provided an annual induction day for new governors and for existing governors who would like a refresher (externally facilitated)
- Provided an annual Governor development day, part of which is dedicated to joint work with the Board
- Provided access to the FTN's *Govern Well* Programme
- Provided access to MIAA Learning Series workshops
- Provided access to the NW Governors Forum
- Provided opportunity for a governor to attend the NHS Providers Annual Conference 'Governor Focus';
- Provided a speaker at CoG meetings to brief governors on aspects of services provided by the Trust as requested
- Provided resources and supported Governors to deliver a programme of member engagement events and newsletters
- Reviewed the Glossary of Terms provided to Governors as an aid to help them decode key current NHS terms and jargon
- Published specific public and staff governor pre-election material for prospective governors clarifying the role and skills and time commitment required
- Provided a workshop for prospective public governors
- Provided opportunity for governor walkabouts with Chair
- Provided quarterly Chair's lunch meeting for informal discussion with Chair
- Maintained governor interest groups on finance, quality and patient experience, enabling governors to discuss topics with executive and Non Executive Directors
- Worked with Governors to review the CoG infrastructure, evaluated ways of working and refreshed membership and terms of reference for the two Standing Committees - Nominations & Remuneration (NEDs) (NRC) and Membership & Communications
- Continued to run and support the Membership and Communication Sub Committee which offers governors opportunity shape and implement the Trust's membership strategy
- Supported governor members of the NRC to review the NED succession plan and manage re-appointments for two governors and appointment of two new governors
- Established a time limited Audit Task Group to support the process of appointing an external auditor for 2017/18.

- Updated the Governor skills audit

Elections

The Board of Directors can confirm that elections for Public and Staff Governors held in 2017/18 were conducted in accordance with the election rules as stated in the Trust's constitution.

Constituency/Class	No. of seats	Governors elected	Term Length
Public			
Cheshire (Election Contested)	2	Mark Allen Peter Brandon	3 years
Merseyside (Election Contested)	3	Elaine Holme Dorothy Burgess Trevor Wooding	3 years
North Wales (Election Uncontested)	2	Denis Bennett 1 seat vacant	3 years
Staff			
Non Clinical (Election Contested)	1	Sharon Hindley	3 years
Allied Healthcare Professionals, Technical and Scientific (Election Contested)	1	Dot Price	3 years

The Governors named above were elected/re-elected for 3 years and their tenures will complete at the end of the 2020 Annual Members' Meeting.

Ruth Rogers and John Black joined the Council of Governors at the Annual Members' Meeting in September 2017 as the 'next highest polling candidates' from the most recent election for Merseyside.

Governor attendance at Council of Governor meetings 2017/18

Between 1st April 2017 and 31st March 2018 the Council of Governors' met formally on four occasions.

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

Governor Name	Council of Governor Meeting Dates 2017/18			
	5th June 2017	25th September 2017	4th December 2017	5th March 2018
Public Constituency				
Merseyside				
Vera Hornby	x	✓	✓	✓
Paula Pattullo *(Senior Governor until 25/09/17)*	✓	✓		
Roy Stott	x	✓		
Brian Roberts	x	x		
Trevor Wooding (Senior Governor with effect from 25/09/17)	✓	✓	✓	x
Dorothy Burgess			✓	✓
Elaine Holme			x	✓
Ruth Rogers			✓	✓
John Black			✓	✓
Cheshire				
Kenneth Blasbery	✓	✓	✓	✓
Michael Brereton	x	✓		
Judith Wright	✓	✓		
Allan Pemberton	✓	✓	✓	✓
Mark Allen			✓	✓
Peter Brandon			x	✓
North Wales				
Roy Griffiths	✓	✓		
Denis Bennett	x	x		
Amanda Clarke	✓	✓	✓	x
Rest of England and Wales				
Lynne Addison	✓	✓	x	✓
Staff Constituency				
Registered Nurses and Non-Registered Nurses				
Lynn Trayer-Dowell	✓	✓	x	✓
Charles Cowburn	✓	✓	x	✓
Kerry Fitzpatrick	✓	✓	✓	x
Non Clinical				
Alex Thompson	✓	✓	✓	x

Governor Name	Council of Governor Meeting Dates 2017/18			
	5th June 2017	25th September 2017	4th December 2017	5th March 2018
Sharon Hindley	✓	✓	x	x
Allied Health Professionals, Technical and Scientific				
Doreen Russell	x			
Dorothy Price			✓	x
Registered Medical Practitioners				
Caroline McCann	x	x	x	✓
Nominated Governors:				
Michelle Laing *(Liverpool John Moores University)*	✓	✓	✓	✓
Glenda Corkish *(Friends of Robert Owen House)*	x	x	x	x
Ged Taylor (Liverpool City Council)	x	✓		
Cllr Christina O'Hare (Knowsley Council)	x	x	x	
Board Members in attendance:				
Neil Large	✓	✓	✓	✓
Jane Tomkinson	x	✓	✓	x
Sue Pemberton	✓	✓	✓	✓
Raphael Perry	x	✓	✓	✓
Tony Wilding	✓	✓	✓	✓
Claire Wilson	✓	✓	x	✓
David Bricknell	✓	✓	✓	
Nicholas Brooks	x	✓	✓	✓
Julian Farmer	✓	✓	x	x
Mark Jones	✓	✓	✓	x
Marion Savill	✓	✓	x	x
Darren Sinclair	x	✓	x	x

2.5 Single Oversight Framework

The Trust is regulated by NHS Improvement. NHS improvement's Single Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic Change
- Leadership and improvement capability (well-led)

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

Liverpool Heart and Chest Hospital has been assessed as being **segment 1**. This is defined as being those providers who are lowest risk and who are given maximum autonomy with no potential support needs identified.

The Trust's Finance and Use of Resources score for the period ending 31st March 2018 is a 1 overall (on a scale of 1 to 4, where 1 reflects the strongest performance) and is set out in the table below.

Area	Metric	Definition	Score
Financial Sustainability	Capital Service Capacity	Degree to which the provider's generated income covers its financial obligations	1
	Liquidity (Days)	Days of operating costs held in cash or cash-equivalent forms, including wholly committee lines of credit available for drawdown	1
Financial Efficiency	I & E margin	I & E surplus of deficit/total revenue	1
Financial Controls	Distance from financial plan	Year to date (YTD) actual I&E surplus/ deficit in comparison to YTD plan I & E surplus/deficit	1
	Agency Spend	Distance from provider's cap	1
Overall Finance and Use of Resources Rating			1

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

2.6 Statement of Accounting Officer Responsibilities

Statement of the chief executive's responsibilities as the accounting officer of Liverpool Heart and Chest Hospital NHS Foundation Trust

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

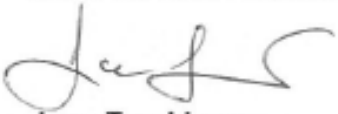
NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Liverpool Heart and Chest Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Liverpool Heart and Chest Hospital NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance and
- prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Jane Tomkinson
Chief Executive
Date: 29th May 2018

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 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

I am accountable for risk management across all organisational, financial and clinical activities. I have delegated responsibility for risk management to the Director of Research and Innovation, who acts as the Chief Risk Officer. During 2017/18 the Chief Risk Officer has provided oversight to implementation of the Risk Management Policy which is now fully embedded and complemented with DATIX, an electronic system to support incident and risk management and reporting and a bespoke software solution for the management of risk registers in accordance with the policy. Comprehensive risk management training has been provided at all levels of the organisation to provide our people with the skills to assess, describe, control, escalate and report risks from Ward to Board. This new approach was assured as part of our independent 'Well Led' review undertaken at the end of 2016/17.

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

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

The Chief Risk Officer also leads the Trust-wide effort on organisational learning, which seeks to ensure the cascade and implementation of learning from the Trust's own experiences and those of other organisations. This has resulted in the development of an

organisational learning policy. Key features associated with this include reporting improvements as a consequence of experiences to the Operational Board, thereby providing the opportunity for all to learn, together with robust follow up of improvements to ensure sustainability. In addition a quarterly organisational learning forum is in place for senior clinical staff to share and cascade lessons learned.

The risk and control framework

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

- Application of the organisation-wide risk management assessment and control system for Quality Impact Assessments prior to implementation of any cost improvement scheme. Assurance on this process is received by the Quality Committee.
- Comprehensive annual proactive risk analysis undertaken by the Executive Team to ensure all possible risks likely to affect the Trust are considered (rather than those facing us at the present time).
- 46.5% improvement in incident reporting since launch of the 'Sign up to Safety' campaign three years ago. The work of this campaign is now embedded within the Trust's 'Safety Seven' initiative which has further developed the safety culture.

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

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

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

During 2017/18, the embedding of DATIX, one of the leading risk management software products in the UK has brought many benefits, including universal electronic incident reporting, integration of incidents, claims and complaints and vastly improved risk management reporting.

Additionally, the Trust has maintained a bespoke solution for risk register management, as functionality is superior to what is offered through DATIX at present. A number of improvements have been made during 2017/18 which have further improved risk management processes.

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

over the course of the year and during 2017/18 has undertaken an audit of compliance with the Risk Management policy.

When things do go wrong, staff are encouraged to report incidents, whether or not there was any consequence, in order that opportunity for learning can be captured. Public stakeholders are involved in managing risks where there is an impact on them. For example, when a serious incident is investigated, members of the Trust speak to, and where possible, meet with those affected. The Trust follows a clear policy on being open and works to ensure that the duty of candour is adhered to. Relevant feedback from discussions and dialogue with stakeholders is considered and a final copy of the investigation report is shared, providing further opportunity for comment.

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

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

The Trust has undertaken a comprehensive audit of the controls in place to prevent cyber incidents and ensure a speedy and seamless recovery. A number of improvements have now been implemented and the Trust has an ongoing programme of cyber improvements which are managed by a dedicated Cyber Security and Information Governance Working Group. The Audit Committee received and reviewed a comprehensive risk assessment and assurance report following the cyber attack on the NHS in 2017, and has included oversight of cyber security controls within its terms of reference going forward. In addition an internal audit assessment of the effectiveness of the design and maturity of the technical elements of the organisation's cyber defence framework was undertaken in November 2017, and identified evidence of good practice along with some areas for developmental work.

The Board's assurance committee structure comprises the Quality Committee, Integrated Performance Committee and People Committee. All three assurance committees comprise Non Executive Directors and enable effective challenge of assurances to support delivery of the Trust's strategic objectives and regulatory compliance. The Trust's Operational Board is chaired by the Chief Executive and comprises all members of the executive team, the three Divisional Triumvirate Leadership Teams (Associate Medical Directors, Heads of Nursing and Divisional Heads of Operations); and the Clinical Lead for Research and Innovation. The Operational Board is accountable for all aspects of delivery and operational performance and reports routinely to the Board of Directors. The governance structure

facilitates a clear distinction between assurance (non-executive led) and performance management (executive led). A comprehensive review of the Trust's governance arrangements was undertaken as part of an independent well led review undertaken in 2016/17. The review's conclusion was that the Trust is well led and there were no significant findings. The Trust implemented a development action plan in 2017/18 and undertook further work to streamline the assurance committees in order to minimise duplication.

The Board has set aside dedicated time within its annual business cycle to focus on strategic planning and Board development. The Well Led review noted examples of outstanding practice in relation to strategic grip and system participation and leadership. There have been no changes to executive team members during 2017/18 and the Trust continues to lead on the system-wide review of CVD pathways.

A comprehensive review of compliance with the provider licence is undertaken annually and reported to the Audit Committee; this is supplemented by use of a quarterly checklist to test compliance with key provisions on a quarterly basis. The Audit Committee has recognised this process as a valuable source of assurance to inform the Annual Governance Statement.

In relation to oversight of the Trust's performance, the Board receives an integrated performance report at every meeting and exception reports with action plans are provided for any areas which are off target. This report is supplemented with issues raised by the Assurance Committees, reports from Operational Board and 'softer' intelligence gained from walkabouts and observation. The Board frequently receives presentations from clinical and non-clinical leaders to enable it to focus on key areas for development and learning and every Board meeting begins with a patient story.

The Board Assurance Framework (BAF) is used as a tool to prioritise the Board's time through documentation of the principal risks to strategic objectives and regulatory compliance, identification of controls and assurances and actions needed to address any gaps. There is a clear process for regularly reviewing and updating the BAF and the BAF drives the Board's agenda and business cycle. All Board and Committee papers are referenced to the BAF to enable any changes in risks or gaps in assurance to be highlighted. Each of the Assurance Committees reports on BAF key issues to the Board and this informs regular review of the BAF. The Trust has consistently achieved an internal audit opinion of 'significant assurance' in relation to its BAF processes and this has again been confirmed for 2017/18.

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

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

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

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

Key in-year risks

i) Compliance with provider licence condition 4 (FT governance) – the Trust has managed operational risks this year arising from the increasing acuity of patients, a growing proportion of non-elective work and a shortage of skilled staff available to recruit. In addition the Trust supported system-wide winter pressures through provision of increased bed capacity and specialist outreach support to alleviate pressures on the acute hospital sector. These factors have presented challenges in relation to RTT compliance, cancelled operations and diagnostic waiting times.

ii) The Trust has received two 'limited' assurance reports from internal audit in 2017/18. The first related to community administration systems which have become cumbersome and prone to error – introduction of an electronic patient record for community patients is in progress. The Audit Committee has received a comprehensive management response and action plan to improve internal controls in the interim. The second related to mobile computing which was undertaken at the year-end – a management response and action plan will be considered by the Audit Committee in April 2018.

iii) The Trust commissioned a review into the effectiveness of the informatics function in 2017/18 which has highlighted gaps in assurance relating to data quality and the need for significant actions to establish effective business intelligence and integrated strategy for digital, IM&T and informatics functions; a change of leadership and new structures have been put in place to support this and the Audit Committee will ensure that there are effective arrangements for data quality assurance going forward.

iv) There have been three serious clinical incidents in 2017/18:

- Missed radiological alert resulting in delayed diagnosis of cancer - duty of candour was exercised with the family and this has been closed.
- Unexpected death following minimally invasive surgery - duty of candour was exercised and this has been closed.
- Delay in non-urgent results reporting to GPs – the lead investigator for this incident was the Royal Liverpool and Broadgreen University Hospital.

Immediate investigations were initiated into these incidents and organisational learning plans were immediately in place.

v) During the year the Trust has continued its work to further improve safety through a focus on the management of sepsis, safe medications, falls reduction and timeliness of mortality reviews.

Future risks

i) Delivery of the 2018/19 Financial Plan

Whist the Trust has agreed the Control Total set for 2018/19, there remain significant risks to delivering the financial plan, primarily in relation to:

- National agreement of funding for Wales at HRG4+
- Maintaining elective activity levels
- CIP delivery
- Magnitude of essential capital replacement requirements

In 2018/19 the Trust will put in place new arrangements to strengthen focus on quality improvement and efficiency.

ii) Impact of external environment

The Trust continues to work with partners across the Liverpool health economy to support delivery of the Cheshire and Merseyside Five Year Forward View and is leading on the redesign of the CVD pathway across the Cheshire and Merseyside footprint. The external environment continues to change a rapid pace and the Board continues to ring-fence time for strategic planning and work with external commentators. The Board remains mindful of its wider catchment population and will continue to consider all service changes in the context of benefits to patients.

iii) Workforce

The pace of strategic organisational change and national agenda around consolidation of corporate and clinical support services and delivery of further efficiencies, as set out in the Carter Review, cannot be underestimated and the Trust must work hard to engage with staff around the change process and mitigate against reduced staff experience. Of particular risk is the gap in junior doctors' rota and the need to improve the training experience in response to the Deanery review.

The Trust has in place a People Strategy and the successful delivery of this is critical to ensuring the mitigation of its workforce risks, particularly in relation to the impact of national shortages of key staffing groups. There will be a renewed focus in 2018/19 of staff engagement through adoption of the Listening into Action model.

iv) Delivery of targets

Delivery of targets will continue to be a challenge. The Trust's operational plan provides for the planned capacity requirement but the continuation of patient complexity and acuity, and increase in non-elective referrals remain a challenge.

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission and is rated 'outstanding'.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme

rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The foundation trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The financial plan is approved by the Board and submitted to NHS Improvement (NHSI). The plan, including forward projections, is monitored in detail by the Integrated Performance Committee, a formal Assurance Committee of the Board. The Integrated Performance Committee also monitors productivity and has reviewed and extended the range of KPIs during the course of 2017/18. The Board itself reviews a report on financial performance provided by the Chief Finance Officer including key performance indicators and NHSI metrics at each Board meeting. The Trust's resources are managed within the framework set by the Governance Manual, which includes Standing Financial Instructions. Financial governance arrangements are supported by internal and external audit to ensure economic, efficient and effective use of resources.

The financial plan is developed through a robust process of 'confirm and challenge' meetings with divisions and departments to ensure best use of resources. All cost improvement plans are risk assessed for deliverability and potential impact on patient safety through an Executive led review process. The Business Transformation Steering Group reports to the Operational Board on CIP delivery and productivity and identifies where there is further scope to improve. The outcome of the quality impact assessments is reported to the Integrated Performance Committee, Quality Committee and Board of Directors as part of the sign off of annual plans.

Information governance

Information governance risks are managed as part of the processes described above and assessed using the Information Governance Toolkit.

The Trust has submitted a compliant Information Governance Toolkit assessment as at 31st March 2018; this has been reviewed by Mersey Internal Audit who provided an opinion of 'significant assurance'.

Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS foundation trust boards on the form and content of annual Quality

Reports which incorporate the above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*.

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*.

The formulation of the Annual Quality Report has been led by the Director of Nursing and Quality with the support of Medical Director, Divisional Heads of Operations, Informatics team and other teams as required, for example, Care Support Team and Safeguarding team. The Annual Quality Report 2017/18 has been developed in line with national guidance. All data within the Quality Report is reviewed by the Quality Committee as part of a quality dashboard and is derived from a comprehensive 3 Year Quality Strategy, approved by the Board of Directors. The Quality Committee reports regularly to the Board via a 'BAF Key Issues Report'.

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

Implementation of the Quality Strategy and Organisational Learning Policy supports delivery of the Trust's key objective to provide high quality and safe care. At the centre of 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.

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 bespoke clinical quality dashboard to monitor the performance of the key indicators set out in the Quality Improvement Strategy. The use of electronic monitors at the entrance to all wards displays quality data and staffing levels to inform patients and families and to provide confidence around quality and safety.

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

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

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report within this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their Audit Findings Report and Annual Audit Letter. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and quality committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board has reviewed its assurance processes and the Board Assurance Framework provides me with an overview of the internal control environment and evidence of the effectiveness of the controls that manage the risks to the organisation achieving its principal objectives.

The Audit Committee reviews the effectiveness of internal control through delivery of the internal audit plan and by undertaking a rolling programme of reviews of the Board's Assurance Committees.

The Chair of the Audit Committee has provided me with an annual report of the work of the Audit Committee that supports my opinion that there are effective processes in place for maintaining and reviewing the effectiveness of internal control.

The Head of Internal Audit has also provided me with 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.

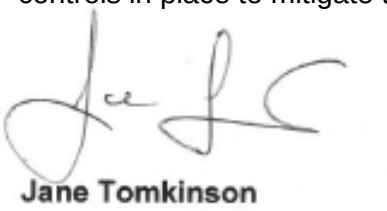
I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and its Standing Committees. A plan to address weaknesses and ensure continuous improvement of the system is in place.

Processes are well established and ensure regular review of systems and action plans on the effectiveness of the systems of internal control through:

- Board review of Board Assurance Framework through key issues reports from Standing Committees and formal quarterly BAF review
- Audit Committee scrutiny of controls in place
- Audit Committee consideration (standing item on agenda) of issues which could impact upon the Annual Governance Statement
- Review of serious incidents and learning by the standing committees,
- Review of clinical audit, patient survey and staff survey information
- Assurance Committee review of compliance with CQC standards
- Internal audits of effectiveness of systems of internal control.

Conclusion

There were no significant control issues identified in 2017/18, however during the year the Trust has actively addressed the actions and organisational learning arising from the reported serious incidents and has maintained an active oversight of the effectiveness of controls in place to mitigate the risk of harm and ensure delivery of operational targets.



Jane Tomkinson
Chief Executive

Date: 29th May 2018

SECTION 3: QUALITY REPORT

Liverpool Heart and Chest Hospital NHS Foundation Trust is a single site specialist hospital serving a population of 2.8 million people living in Cheshire, Merseyside, North Wales and the Isle of Man. It provides the full range of heart and chest services with the exception of organ transplantation.

Throughout 2017/18, this included:

1. procedures used to visualise the coronary arteries and treat narrowing's using balloons and stents (coronary angiography and intervention)
2. the implantation of pacemakers and other devices such as LinQ, and treatments used to control and restore the normal rhythm of the heart (arrhythmia management)
3. surgical procedures used to bypass coronary artery narrowings, replacing the valves of the heart or dealing with other problems with major vessels in the chest (cardiac surgery)
4. surgical procedures used to treat all major diseases that can affect the normal function of the lungs (thoracic surgery)
5. drug management of asthma, chronic obstructive pulmonary disease and cystic fibrosis (respiratory medicine)
6. community cardiovascular, respiratory and chronic obstructive pulmonary care for the residents of Knowsley.

All clinical ward and operating theatres areas were assessed against the Trust's *Efficient Excellent Compassionate and Safe Care* standards (EECS) framework in 2017. All areas were awarded a green status with achievement plaques displayed outside each entrance.

Six areas were able to apply for Gold Status and were successful with awards being presented at the Trust's Grand Award Ceremony in December 2017. The successful ward/department areas recognised for their outstanding results on the delivery to patient and family centred care were:

- Mulberry Ward
- Maple Ward
- Cherry Ward
- Theatres
- Knowsley Cardiovascular Disease Services
- Knowsley Respiratory Services

During 2017/18 the Trust saw projects being led by multi-disciplinary teams Trust wide. The Trust has seen improvements made to the pathway of its patients that focus on quality and experience. Enabling patients to be discharged earlier in the day, reducing the number of moves a patient has during their care pathway and ensuring all medications and equipment are available before discharge. This work included displaying the patient's discharge pass, which focused healthcare teams to have everything ready for their timely discharge, and informing the patient, their families and carers of the expected day of discharge. This enables families and carers to support the patient transition from hospital to home.

The Trust has an international reputation as a leader in interventional research, and is renowned across the UK for leading the way in the introduction of pioneering new theatre facilities, technological advances and procedures in medicine and surgery.

Robotic surgery

Following Board approval for the implementation of robotic surgery, a detailed implementation plan was prepared to ensure that this new and innovative service was introduced safely at LHCH. The plan provided instructions on how the Trust would manage the Da Vinci surgery programme, the governance supporting the programme and operational plan to safely and effectively implement robotic surgery.

A detailed training plan was organised by LHCH with the assistance of the Intuitive team. Both cardiac and thoracic surgery programmes included off site training alongside European and American proctors who are experienced robotic surgeons.

All initial cases were completed with two consultants present and with a proctor on site at LHCH; all proctor registration was signed off by the Associate Medical Director. The initial assembly of the operating teams took careful consideration; the core robotic team were signed off by the Da Vinci training passport and took part in theatre dry runs to ensure staff felt confident prior to the initial case.

These measures allowed LHCH to safely implement and operationalise robotic surgery in line with the Trust's quality strategy.

Quality Account summary

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

The Trust is pleased to announce that significant progress has been made on the quality priorities agreed by its Governors and stakeholders in 2017/18.

- Identification of post-operative surgical delirium by the development of a risk assessment tool.
- If a patient developed post-surgical delirium a mechanism of informing the patients GP in case further treatment was required following discharge.
- Identification of patients who require more comprehensive care if they suffer from complex health issues.
- Frailty screen that includes assessment when identified.

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

This Quality Account also reassures readers regarding work that is a key enabler of quality, including clinical audit, research, data quality, workforce management and leadership. It draws upon the results from the Trust's survey work with patients and other quality improvement work supporting the different services and functions of the Trust.

The Quality Account has also been the subject of discussion with Clinical Commissioning Groups, Healthwatch, relevant Local Authority Overview & Scrutiny Committees and other interested parties such as the staff working within LHCH or other hospitals with whom the Trust works.

Part 1 Statement on quality from the Chief Executive of Liverpool Heart and Chest Hospital NHS Foundation Trust

It is my pleasure to introduce the Quality Account for 2017/18 by Liverpool Heart and Chest Hospital NHS Foundation Trust, which demonstrates our commitment to deliver the very best in healthcare.

The Trust Board has a very strong commitment to quality which is reflected in our mission: ***"Excellent, compassionate and safe care for every patient every day"***

And our vision: ***'to be the best - delivering and leading outstanding heart and chest care and research'.***

We have made significant improvements to quality since our Quality Account 2016/17. Our front line staff have been involved in identifying and focusing on quality improvements that have been generated by them. Alongside this we have focused on developing a culture of openness, honesty and transparency with our patients and their families.

Quality of care is at the heart of everything we do. This is supported by a welcoming, honest and compassionate approach to our delivery of healthcare. We will continue to engage with our patients and families in order to improve our services whilst learning from incidents and errors. We will strive to deliver excellent healthcare, whilst supporting our staff to speak out safely, to reduce avoidable harm. We will continue to hold engagement events with our patients and their families to consistently strive to improve our services for them.

This vision encapsulates our commitment to cardiothoracic (heart and chest) care as our core business, but advances our ambition to develop services which bridge the divide between general practitioners, local district hospitals and ourselves. Integration with our healthcare partners will allow us to reach further into the community and develop the high quality care and experience enjoyed by our patients.

We are committed to working with other healthcare colleagues in development of Sustainable Transformation Plans (STP) that focus on delivering excellent healthcare locally in an evolving healthcare environment.

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

- LHCH launched the UK's first robotic cardiothoracic surgery programme.
- NHS England announced a new network approach for the delivery of congenital heart disease services in the North West and will directly commission its congenital heart disease services from three trusts, including LHCH.
- LHCH ranked top in the country, among similar organisations, in eight out of 32 key findings in the NHS Staff Survey 2017.

- LHCH was rated second in the country for '*overall patient experience'* in the Care Quality Commission's National Inpatient Survey, published in May 2017.
- Professor Gregory Lip was appointed as Chair of Cardiovascular Medicine at the University of Liverpool, in partnership with the University of Liverpool and Liverpool John Moores University.
- LHCH hosted the seventh biennial Aortic Surgery Symposium.
- LHCH hosted the second annual Aortic Dissection Awareness Conference.
- LHCH's Keith Wilson won the Outstanding Contribution to Patient and Public Involvement Award at the North West Coast Research and Innovation Awards 2018.
- LHCH was accredited by the Skills Development Network as a *Level 1 Towards Excellence Finance* organisation.
- LHCH's Pulmonary Function Team was a shortlisted finalist for an Innovation Award at the Advancing Healthcare Awards 2017.
- No improvements identified by the Care Quality Commission following 'Outstanding' status given in April 2016.
- 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 2017/18.

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

Clinical standards for seven day services

Seven day services relating to cover from other specialities remain challenging. LHCH have updated the SLA with the Local Trusts to include the services in standard 6 and we are currently finalising this as part of the annual planning process.

Despite this excellent performance, we remain committed to improving the quality and safety of care given to our patients and their families and this Quality Account is the public statement to this.

We have led an extensive consultation exercise with our staff together with our Foundation Trust membership and the Hospital's commissioning bodies, patients, carers and other services we work with, to ensure we focus on those aspects of quality improvement which will bring the biggest benefit to the people we serve. This Quality Account provides details of those aspects of clinical care we have selected over the coming twelve months, together with a review of our performance over the past year.

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

Jane Tomkinson
Chief Executive Officer OBE

Part 2 Priorities for improvement and statements of assurance from the Board

Priorities for improvement

Priority One:

- Further develop the pre-screening tool for identification of pre-surgical delirium throughout all surgical wards.
- Following pre-screening medical assessment for those patients who require medical intervention.

Category:

- Patient Experience

Why:

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

How much:

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

By When:

- March 2019

Who collects the data:

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

Monitoring of Data:

- The Trust's Business Intelligence Team

Current Position:

- April 2018 Implementation of the risk assessment document throughout all surgical ward areas – Cedar Ward, Elm Ward, Oak Ward, Mulberry Ward, and POCCU.

- By March 2019, target 80%

Priority Two:

- To complete inpatient 365 shadows within the Trust, exploring and learning from a year of inpatient journeys across all specialities.

Category:

- Safe

Why:

- Shadowing the pathway of patients and families to learn and change practice from observation of our patient journey will enable the Trust to monitor standards and change practices where applicable to keep patients safe and harm free.

How much:

- The Trust's aim is to ensure a total number of 365 shadows are completed.

By When:

- March 2019

Who collects the data:

- The administration team within the service improvement department

Monitoring of Data:

- On a weekly basis to ensure the numbers of shadows required have been completed and documented learning is captured.

Current Position:

- April 2018 develop the structures for capturing and recording shadows with 365 completed by March 2019.

Priority Three:

- Assessment of patients who have been identified on admission as having a complex/enhanced health condition.

Category:

- Safe

Why:

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

How much:

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

By When:

- March 2019

Who collects the data:

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

Monitoring of Data:

- The Trust's Business Intelligence Team

Current Position:

- March 2018, 26%

- By March 2019, target 60%

Priority Four:

- The Trust prides itself on encouraging patients' families and carers to support the hospital healthcare team by contributing to the healthcare of the patient where appropriate. Patients and families will be offered the opportunity to have a care partner.

Category:

- Safe

Why:

- To increase the amount of time that people can be independent with family support. This is pivotal to ensuring patients continue to receive physical and emotional support whilst in hospital. Many families want to continue to provide care and as a Trust we want to engage with families for them to do so.

How much:

- The Trust's aim is to complete a care partner request to assist on admission.

By When:

- March 2019

Who collects the data:

- Information will be collected by the admission documentation in EPR.

Monitoring of Data:

- The Trust's Business Intelligence Team

Current Position:

- March 2018, 66%

- By March 2019, target 90%

How our priorities were selected

In the pursuit of its goal to deliver the best outcomes and be the safest integrated healthcare organisation in the country, throughout 2017/18 the Trust led a continuous and comprehensive consultation exercise. The focus was on the identification of those priorities for improvement which would bring the biggest benefits to the people the Trust serves. By people, this naturally includes patients, but importantly also carers, Foundation Trust members and other health and social care professionals with whom the Trust interacts with on a daily basis.

The Trust held a number of internal and external consultation events which have successively refined its decision making over which priorities to select. The final selection emerged from a synthesis of priorities contributed from:

1. Staff delivering front line services who know where improvements need to be made.
2. The Executive Team who have considered the wider agenda in terms of national targets, new policy directives and quality incentive schemes (eg commissioning).
3. The Trust's quality, safety and patient experience Council of Governors' sub-group, who are continuously identifying priorities from the Trust's 10,000 members.
4. Patient and family listening events.
5. Members and the general public, who have provided suggestions for improvement throughout the year via focus groups and a structured questionnaire which is handed out at every 'Medicine for Members' engagement event run in the local communities served by the Trust.
6. Healthwatch, who were invited to the Trust's stakeholder event for Quality Accounts prioritisation.
7. Issues raised by LHCH patients through both national and local surveys.
8. Key stakeholders (doctors, nurses and managers from referring hospitals, commissioners, patient self-help groups, higher education institutions) who from a dedicated workshop identified a range of improvements they would like to see implemented which they felt would improve relationships with the Trust.

Priorities were shortlisted by the Council of Governors and the Executive Team based upon the gap in performance between Liverpool Heart and Chest Hospital and the best performance, together with number of people likely to benefit. We call this 'the scope for improvement'. The shortlist was presented to the Trust's Governors who discussed the priorities and approved the final shortlisted priorities on behalf of the Board of Directors on 1st February 2018.

This process has resulted in four of the five suggestions from stakeholders external to the Trust being accepted as a priority. This year, all of the suggested priorities have been influenced by our stakeholders and our Council of Governors, with engagement from staff. Monitoring of the quality priorities will be via the Patient and Family Experience Committee at each meeting.

Duty of Candour

LHCH acknowledges the need for open and effective communication with all patients, carers and families. This effective communication begins at the start of a patient's care pathway and continues throughout their time spent at the hospital.

Openness and transparency with patients and their families, when an incident has been identified as causing patient harm, is both encouraged and supported by the Board of Directors.

The Trust has initiated a number of ways for implementing the duty of candour. These include:

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

Review of priorities from 2016/17

Priority One:

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

Category:

- Patient Experience

Why:

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

How much:

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

By When:

- March 2018

Who collects the data:

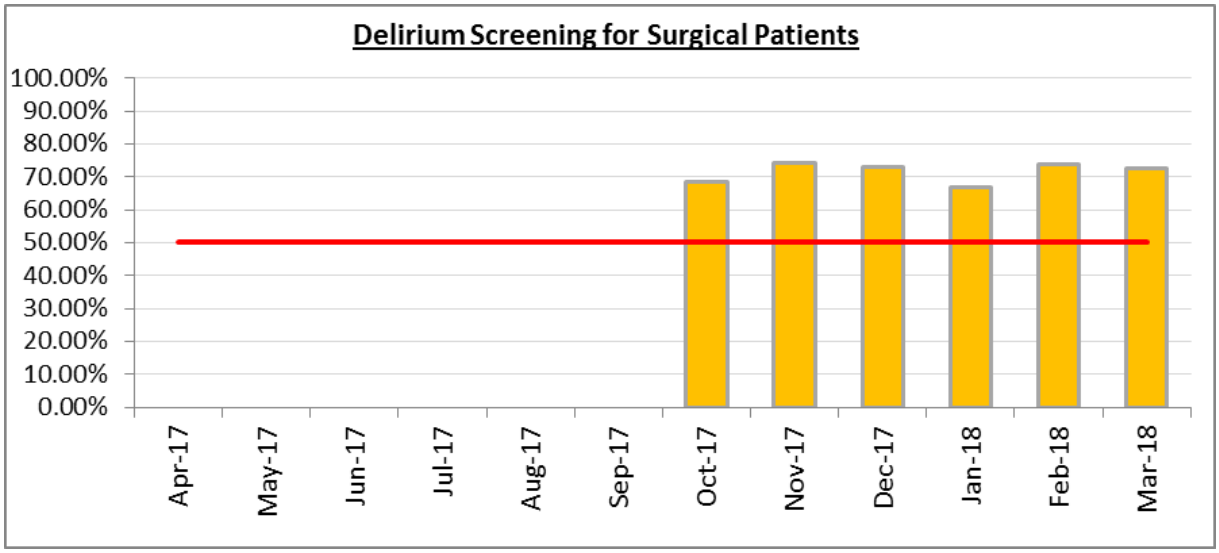
- Information will be collected by the nurses in the risk assessment document, to be completed on admission, and on the assessment and care flow sheets in EPR.

Monitoring of Data:

- The Trust's Business Intelligence Team

Current Position:

- April – May 2017: Development of the risk assessment tool and enhancement of assessment and care flow sheets in EPR, commination to all nursing / medical teams.
- June – July 2017: Implementation of the risk assessment document.
- August – December 2017: Start to monitor compliance against the following quality standards: risk factor assessment, interventions, avoidance of pharmacological intervention, patient/family.
- It was from October 2017 that a 50% target of compliance was reached, derived from the implementation of the risk assessment.
- March 2018: Overall performance 71.49%


Delirium Screening for Surgical Patients
100.00%
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
Apr-17
May-17
Jun-17
Jul-17
Aug-17
Sep-17
Oct-17
Nov-17
Dec-17
Jan-18
Feb-18
Mar-18

Priority Two:

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

Category:

- Safe

Why:

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

How much:

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

By When:

- March 2018

Who collects the data:

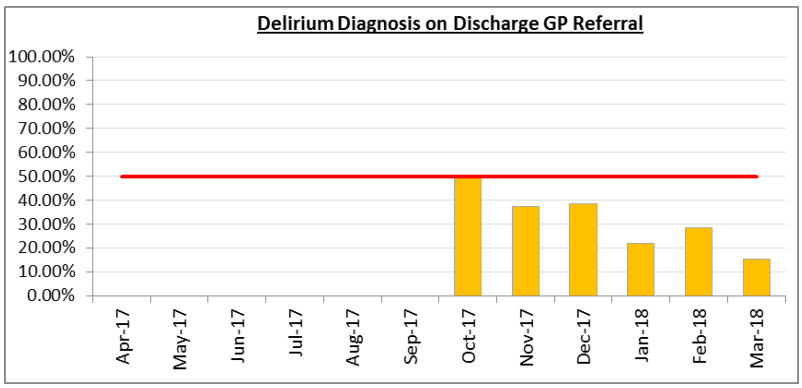
- Information will be collected by the nurses and medical staff in the treatment plans for significant delirium assessment in EPR.

Monitoring of Data:

- The Trust's Business Intelligence Team

Current Position

- April – July 2017: Development of the post discharge assessment tool.
- October 2017: Commence the communications to patients General Practitioners for those patients who require GP.
- March 2018: Overall performance 31.96% further work required to ensure the electronic patient record captures the request and processes to the GP discharge summaries.



Priority Three:

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

Category:

- Safe

Why:

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

How much:

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

By When:

- March 2018

Who collects the data:

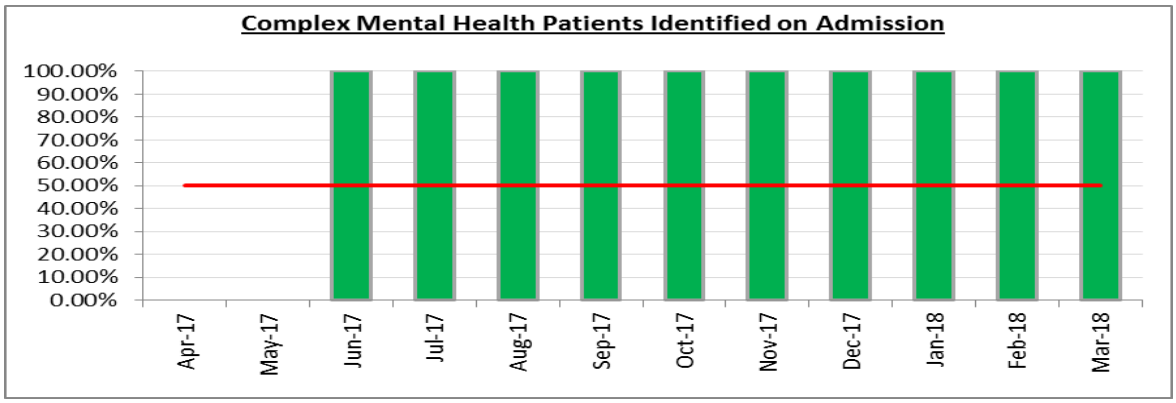
- Information will be collected via the risk assessment document in EPR, to be completed on admission.

Monitoring of Data:

- The Trust's Business Intelligence Team

Current Position:

- April – June 2017: Development of the risk assessment tool
- July – September 2017: Implementation of the risk assessment document
- October – December 2017: Start to monitor performance and collect baseline data of those patients who have a complex mental health condition
- March 2018: Numbers are relatively small performance 100%



Priority Four:

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

Category:

- Safe

Why:

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

How much:

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

By When:

- March 2018

Who collects the data:

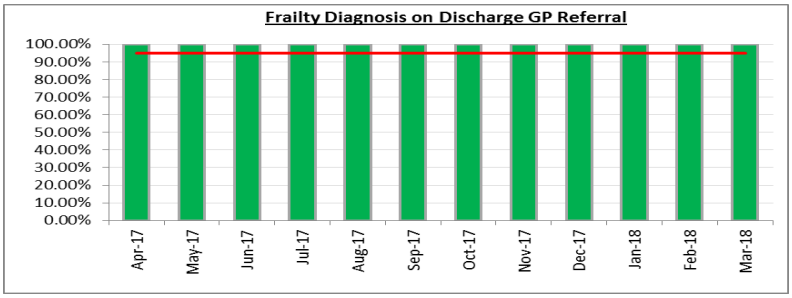
- Information will be collected by the OTs in the Discharge Summary in EPR.

Monitoring of Data:

- The Trust's Business Intelligence Team

Current Position:

- A frailty assessment document was developed and implemented in 2016/17; screening takes place on admission. The facility to refer to OT has also already been implemented in the Trust's EPR.
- April – June 2017: Continue to monitor the number and % of frailty assessments taking place collect baseline data of those patients determined as frail. Further development of the OT referral functionality and OT assessment documentation / Discharge Summary.
- March 2018: Performance via electronic health record 100%



Part 2.2 Statements of assurance from the Board

Participation in clinical audits

During 2017/18, 12 national clinical audits and one national confidential enquiry covered relevant health services that Liverpool Heart and Chest Hospital provides.

During that period, Liverpool Heart and Chest Hospital participated in 100% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Liverpool Heart and Chest Hospital *were* ***eligible*** to participate in during 2017/18 are as follows in Table 1.

The national clinical audits and national confidential enquiries that Liverpool Heart and Chest Hospital ***participated*** in during 2017/18 are as follows in Table 1.

The national clinical audits and national confidential enquiries that Liverpool Heart and Chest Hospital participated in, and for which data collection was completed during 2017/18, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

During 2017/18 Liverpool Heart and Chest Hospital provided and/or sub-contracted five relevant health services in cardiology, cardiac surgery, thoracic surgery, cystic fibrosis and respiratory medicine.

The income generated by the NHS services reviewed in 2017/18 represents 83% of the total income generated from the provision of NHS services by Liverpool Heart and Chest Hospital for 2017/18.

A proportion of Liverpool Heart and Chest Hospital's income in 2017/18 was conditional on achieving quality improvement and innovation goals agreed between Liverpool Heart and Chest Hospital and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

The monetary total for income in 2017/18, conditional on achieving quality improvement and innovation goals, was £1.7m and in 2016/17 this was £1.4m.

Please see p111 for the number of patients receiving relevant health services provided or sub-contracted by Liverpool Heart and Chest Hospital in 2017/18 that were recruited during that period to participate in research approved by a research ethics committee.

Please see p113 for further details of the agreed goals for 2017/18 and for the following 12 month period.

Table 1: A list of national clinical audits and national confidential enquiries			
	Eligible to participate in	**Participated in Yes / No**	**% cases submitted**
	Acute		
1	Adult critical care (ICNARC CMP)	Yes	We are part of the ICNARC CMP and part of the Cardio-Thoracic sub-group. The data is submitted on a quarterly basis: For 2017/18 submitted data on 2033 / 2033 (100%) of patients admitted to Critical Care
	Blood and transplant		
2	National Comparative Audit of Blood Transfusion programme - 2017 National Comparative Audit of Transfusion Associated Circulatory Overload (TACO)	Yes	Submitted data on 20 inpatient cases, which is 100% of the sample size requested by the terms of the audit
	Cancer		
3	Lung cancer (NLCA)	Yes	Data for patients diagnosed in 2017 is submitted via the trust's monthly Cancer Outcomes and Services Dataset submissions to the National Cancer Registration System. Currently 1029/1029 (100%) records for suspected lung cancer have been submitted for patients diagnosed from January to December 2017
	Heart		
4	Acute coronary syndrome or Acute myocardial infarction (MINAP)	Yes	972/1000 (97.2%) STEMI cases submitted to NICOR (Time period April 17 – Mar 18). 29/62 (47%) Takotsubo cases submitted (final cases tbc). Deadline for submission 31/05/2018 1208/1208 (100%) NSTEMI / ACS (Time period April 17 – Mar 18). Deadline for submission 31/05/2018
5	Cardiac Rhythm Management (CRM)	Yes	Q1 - Q3 2017/18 1457 / 1457 (100%) cases submitted for pacing and implantable cardiac defibrillators for period April 17 – Feb 18 Q4 submission is due by 30/06/2018 1261 / 1261 (100%) EPS cases have been submitted for the reporting period April 17 – March 2018 Q4 submission is due by 30/06/2018.

6	Congenital Heart Disease (Paediatric cardiac surgery) (CHD)	Yes	FY 201718 51/51 (100%) cases submitted for catheter or surgical procedures. 19/19 (100%) cases submitted for ICD & Pacing procedures. Submission due by 27/05/2018
7	National Audit of Percutaneous Coronary Interventions (PCI) (Coronary Angioplasty)	Yes	Data submission Jan 2017 – Mar 2018 (audit was reporting calendar year and moved to financial year) A total of 3301/3318 (99.48%) including coronary pressure studies, IVUS and OCT cases (2910 PCIs)
8	National Adult Cardiac Surgery Audit	Yes	Adult cardiac surgery data submissions are undertaken every 12 weeks as required by CCAD. FY 17/18 Q1 x 494 Cases Submitted (100%) Q2 x 522 Cases Submitted (100%) Q3 x 510 Cases Submitted (100%) Q4 due 30/06/2018
9	National Cardiac Arrest Audit (NCAA)	Yes	April 2017 – March 2018. FY 17/18 Q1 x 32 Cases Submitted (100%) Q2 x 23 Cases Submitted (100%) Q3 x 39 Cases Submitted (100%) Q4 x 28 Cases Submitted (100%)
10	National Heart Failure Audit	Yes	Q1 & Q2 2017/18 41/41 (100%) cases submitted Q3 17/17 (100%) cases submitted. Q4 submission is due by 30/06/2018.
	Long term conditions		
11	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme: pulmonary rehabilitation work stream	Yes	The Trust registered 2 services: Liverpool and Knowsley. **Liverpool service** • The organisational audit was submitted. • 110/136 (81%) consented and submitted • 26/136 (19%) declined to consent **Knowsley service** • The organisational audit was submitted. • 71/86 (82.5%) consented and submitted • 15/86 (17.5%) declined to consent

12	Sentinel Stroke National Audit programme (SSNAP) - Post-acute provider organisational audit	Yes	Knowsley service provider 2017/18 Data provided from 1st April 2017 to 31st March 2018 Early Supported Discharge: 93 of 101 (92%) patients referred for ESD have been eligible to enter onto SSNAP by acute providers. Some of these patients have completed rehabilitation and some are still on-going with the team. 12 of these have transferred from ESD to CSR on SSNAP. Community Stroke Rehabilitation: 61 of 114 (54%) patients referred for CSR have been eligible to enter onto SSNAP by acute providers or transferred from ESD. Some of these have completed rehabilitation and some are still on-going with the team.
National Confidential Enquiry into Patient Outcome and Death			
13	National Confidential Enquiry into Patient Outcome and Death (NCEPOD) - Perioperative Diabetes	Yes	As per NCEPOD criteria 4/4 (100%) Anaesthetic questionnaires submitted 4/4 (100%) Surgical questionnaires submitted 4/4 (100%) Case note extracts submitted 1/1 (100%) Organisational Questionnaire submitted
	Total	**Yes = 13**	

The reports of 12 national clinical audits were reviewed by the provider in 2017/18, and Liverpool Heart and Chest Hospital intends to take the following actions to improve the quality of healthcare provided.

Reports not yet published at the time of writing the quality account. These will be included in the 2018/19 quality account.

- National Audit of Cardiac Rhythm Management
- National Confidential Enquiry into Patient Outcome and Death (NCEPOD) Peri-op Diabetes

Cancer

Lung Cancer (National Lung Cancer Audit)

Lung cancer clinical outcomes publication 2017 (for the 2015 audit period) Published November 2017

In 2015 LHCH carried out the largest number of lung cancer operations in England when compared to the other thoracic surgical hospitals. The outcomes of 30-day and 90-day mortality and length of stay in hospital for the patients were almost exactly the same as the mean for the whole country. Resection rates for the MDTs we serve are amongst the highest. This may be one of the reasons that the patients who had surgery at LHCH in 2015 have one of the lowest 1-year survivals at 82.3% (mean for England = 87.9%), which has led to LHCH receiving an alert from HQIP and the Society for Cardiothoracic Surgery (SCTS) on this particular outcome

1-year survival after surgery is a new outcome and has not been studied previously by the National Lung Cancer Audit. Nevertheless it is important for patients and lung cancer teams. It may be that LHCH surgeons are operating on older, frailer patients with more advanced cancers then the rest of the country, despite the risk stratification model aiming to correct for these factors. In the absence of an inferior survival at 30 and 90 days, the 1-year figure is unlikely to relate to the quality of care the patients receive specifically at LHCH. It may be that the secondary care service patients receive after their surgery needs to improve. It is certainly an outcome that is the responsibility of all lung cancer team and not just the tertiary service provided by LHCH.

Actions

1. Review the data for accuracy of the deaths at 1-year (already initiated by S Woolley, thoracic data lead for LHCH)
2. Liaise with the Merseyside and Cheshire Lung Cancer Network over the care of patients during their first year after surgery, in particular the causes of their deaths (already initiated)
3. R D Page to work with the SCTS and HQIP over improving the usefulness of the Lung Cancer Clinical Outcomes Project (on-going)

National Lung Cancer Audit annual report 2017 (for the audit period 2016) Published January 2018

Good areas of performance identified.
Two areas for exploration / case note review in relation to treatment rates identified. Will need collaboration with surgical & oncology colleagues.

Heart

National Audit of Percutaneous Coronary Intervention (BCIS) (data period Jan 2015 - December 2015) published September 2017

LHCH continues to provide a very high quality PPCI and ACS service to the region. Our outcomes for both are below the national norm despite high volumes. Good practice includes a streamlined 24/7 door to balloon protocol for STEMI patients, an established programme for prompt transfer of OOHCA with ROSC STEMI patients from local AEDs as well as a current pilot study of direct paramedic transfer for these patients. We have maintained flexible Cath Lab working to accommodate the high volume of ACS and PPCI patients. We have maintained a day-case programme for ACS cases with 85% radial access.
Our clinical audit department is of very high quality with complete data returns for STEMI and improving data completion for nSTEMI patients

Gaps in service include some delays in Call to Balloon times for PPCI – the data show that this delay largely relates to those patients referred from other hospitals. Our own investigation of this delay has revealed that this is largely due to ambulance transfer delays due to pressures on the ambulance service. Weekend ACS lists are fully established with resultant reduction in transfer time. We continue to promote and develop a protocol to enable prompt transfer of v high risk nSTEMI patients along the lines of STEMI patients. We also intend to lead a programme to improve the patient pathway from partner hospital to LHCH through collaboration with local cardiologist and AEDs

Acute Coronary Syndrome (MINAP) (data period 2015/16) published July 2017

LHCH continues to provide provides an excellent PPCI service as demonstrated by our low door to balloon times and high volume activity. Instances where door to balloon times are prolonged generally relate to multiple primaries arriving at once especially during out of hours or when medical stabilisation of the patient is required prior to transfer to the Cath Lab. We have developed a clearer pathway for direct transfer of survivors out of hospital cardiac arrest with STEMI and volumes of such patients are increasing. We are currently piloting a programme of direct transfer of NSTEMI patients with OOHCA.

Our performance as a centre continues to exceed national outcomes for PPCI. We fall short when it comes to call to balloon delays for transferred and directly admitted patients. For direct admissions the primary and continuing issue is that of the delay between the call for help and attendance by the ambulance service. Underperformance in transferred patients is exclusively around delayed transfer from local hospitals – delays in summoning an ambulance are a significant issue. We are working with the ambulance service to improve all these areas recognising the tremendous strain on NWAS resources at the present time. Delays in diagnosis remains an important issue in some referral centres – pathways of care for STEMI are variable. We continue to work with Healthy Liverpool partners and STP to improve the single pathway through education and greater ‘front door’ cardiology team involvement in the process.

For NSTEMI, we are working towards a 72 hour target. Weekend ACS lists are established and smooth out patient flow over the whole week and reduce the delays to Cath Lab for patients referred on Thursday/Friday. Day case ACS work is the norm at LHCH which improves patient flow and preserves ward bed status. Delays in diagnosis and from

diagnosis to referral at referring centres are the main reasons for failure to achieve the 72 hour target. Via STP there is an ambition to improve this with greater involvement of senior cardiologists at referring hospitals and an agreed single pathway of care to improve access to LHCH. We also are developing a direct NSTEMI pathway for high risk cases.

We have identified some data entry discrepancies locally which go some way to explaining previous relatively low DTB times – with correct data entry our DTB time is approaching 98%.

National Adult Cardiac Surgery Audit
Consultant outcomes published for data period 01/04/2013 - 31/03/2016

Consultant outcomes publication shows the number and type of heart operations each consultant and hospital is performing, average patient risk profiles and risk adjusted in-hospital survival rates. All LHCH cardiac surgeons are performing within the 'expected' range – this means that there are no outliers and cause for concern about their practice. Results are searchable by using an interactive map to search for a centre or by consultant name and are available on the Society of Cardiothoracic Surgery (SCTS) website. A link is also available through My NHS - NHS choices website.

National Heart Failure Audit (2015-16 data period) Published August 2017

This report is only partially representative of the service we provide to the Heart Failure (HF) patients as a Tertiary Care Hospital. It does not reflect on the large number of patients admitted as day case following cardiac device implant every day that also benefit from the service offered by the HF team.

Trust figures reveal continued high performance with adherence to prescribing medications, with percentages significantly above national average. This is achieved as a Tertiary Care Hospital representative of the access patients have to cardiologist and heart failure review during admission.

The Trust's 30 day mortality figures (post discharge) are within accepted figures.
The Trust's in-hospital mortality figures have risen above national figures consistent with similar findings reported 2014/15.

These figures are above national average, and as a Trust we continue to learn from robust and consistent mortality reviews of all patients.

As a Tertiary Care Hospital, the Trust's inpatient group does include direct admission following Myocardial Infarct (MI) and patients undergoing complex cardiac surgery

End of life care is more standardised particularly for patients with implantable devices. Patients are offered clinical review to discuss potential deactivation of an Implantable Cardioverter Defibrillator (ICD), and ICD deactivation document is now part of electronic records for better documentation of the process.
Pathways are in place for use of new HF medication Sacubitril / Valsartan as per European Society of Cardiology ESC and National Institute for Health and Care Excellence NICE

recommendations. This has been ratified at Drugs & Therapeutics Committee and is being incorporated into the local trust wide HF guidelines.

The number of patients being referred to Heart Failure Teams on discharge has seen a reduction from previous figures 2014/15, but remains in line with national average. The Trust has addressed this by recruiting an additional WTE 1.0 Band 7 Heart Failure Nurse appointed 3.4.2018. There is also planning for integrated with the Knowsley Cardiovascular Service.

National Congenital Heart Disease (2013-16 data period) Published March 2018

The report summarises all paediatric and congenital heart surgery, electrophysiology and transcatheter procedures undertaken in the UK.

Adult patients undergoing CHD procedures are discussed at Multidisciplinary Team (MDT) meetings.

With the implementation of the new ACHD services at LHCH the Trust will be required to review resources to fully support national clinical audit activity, including local Information Technology support and software that fully accommodates the NCHDA dataset for timely submission of data and verification of data quality.

The Trust only undertakes percutaneous ASD closure at LHCH. Data completion and submission is undertaken in a timely fashion by involved clinicians and the dedicated clinical audit team. Clinical support for the audit is available the Clinical Audit lead physician. There is an internal MDT to discuss all cases and many referrals come to LHCH via the regional ACHD MDT meetings. Going forward all cases to be discussed at ACHD MDT as the Trust takes over the service with dedicated ACHD intervention lists. Procedural outcomes are well within the national norm.

National Cardiac Arrest Audit (NCAA) Published September 2017

The NCAA Report covering April 2016 to March 2017 specifically by risk adjusted comparative analyses compared the LHCH with four other cardiothoracic hospitals in this audit period as opposed to three cardiothoracic hospitals the previous period. The whole report in its entirety was presented to the Resuscitation and Quality Patient / Family Experience Committees for its findings to be reviewed.

For the third year running compared with all other hospitals (at least 75% of all acute hospitals in this country now participate in this audit), the LHCH is performing better than the national average in both patient survival to hospital discharge by shockable and non-shockable presenting / first documented rhythm.

The Resuscitation Training Officer analysed every cardiac arrest where the report had predicted a probability of survival to discharge greater than 50%. Analysis of the majority of these cases showed the present limitations predicting the probable survival to discharge ratio, since it is unable to factor in extremely high-risk co-morbidities into their risk adjusted comparative analysis.

Going forwards for the next NCAA annual report:

- Each NCAA quarterly report is closely analysed by the Resuscitation Committee and the annual NCAA report will be presented to the Resuscitation and Quality Patient / Family Experience Committees with an accompanying presentation of the salient points. This will include a detailed investigation of all suggested unexpected non-survivors, so that any areas of concern can be highlighted and measures for improvement initiated.

Adult critical care (ICNARC) quarterly quality report for specialist cardiothoracic critical care units

The latest report from ICNARC shows the unit has performed well in comparison with other trusts in most of the categories analysed. In the categories where the Trust has performed less-well, performance is being monitored and measures will be put in place if deemed necessary.

National Chronic Obstructive Pulmonary Disease (COPD) Audit: Pulmonary Rehabilitation: Beyond Breathing Better (Published December 2017) Knowsley Service

In comparison to other services in England and Wales, the Knowsley CRS team continues to perform well. Colleagues within the service and the area utilise the service effectively and this is reflected in the number of referrals received (635- 2015-16) which is double the national average and continues to increase year on year.

The service constantly strives to improve and change in order to continue to provide a high quality service. At present the team are involved in a project using the Patient Activation Measure and early data suggests a positive improvement in PAM scores following the Pulmonary Rehabilitation course which provides data to reinforce the effectiveness of the intervention in increasing the activation of patients.

This year the Team has also been involved in working more closely with Cardiac Rehab colleagues in order to improve quality and work more collaboratively.

Going forward the Trust intends to continue to improve quality and increase involvement in research, particularly around post exacerbation PR.

National Chronic Obstructive Pulmonary Disease (COPD) Audit: Pulmonary Rehabilitation: Beyond breathing better (Published December 2017) Liverpool Service

The National audit demonstrates that the Liverpool Pulmonary Rehabilitation service is providing a service in line with national standards. Areas to consider for development are as follows:

- Liverpool patients have not met the national average with MRC scores at discharge assessment. This has been addressed through the provision of a home education

pack, augmented reality cards and encouragement to access the breathe programme website so that patients are equipped with a range of information to help them self-manage their condition.
- Exploration of local leisure centres/gyms for the pulmonary rehabilitation community classes rather than community centres, church halls and health centres
- To consider using the COPD Assessment Test (CAT) & Chronic Respiratory Questionnaire (CRQ) 40% rather than the LINQ6 for measuring outcomes
- To address the issue of non-compliance with discharge assessment, a tailored breathe prescription has been introduced. Additional assessment slots and increased telephone calls have also commenced to improve post assessment outcomes
- The discrepancy with MCID can be explained by audited patients with higher levels of deprivation and MRC scores of 5

The Trust has exceeded the national standards in relation to waiting times for assessment and for starting the programme.

National Comparative Audit of Blood Transfusion programme: Audit of Patient Blood Management in Scheduled Surgery Re-audit Sept 2016 (Published Oct 2017)

The 2015 audit of Patient Blood Management (PBM) in Elective surgery demonstrated that there was considerable variation in practice across the country and highlighted areas for improvement. In addition, since the 2015 audit, further guidance on PBM has been published in the form of the NICE Clinical Guidelines and Quality Standards.

This paper reports on the findings of the National Comparative Audit of Blood Transfusion 2016 Repeat Audit of Patient Blood Management in Adults undergoing elective, scheduled surgery at LHCH.

A gap analysis was completed on the report recommendations to identify areas for improvement and to ensure LHCH are delivering care based upon best practice recommendations from this National comparative audit of blood transfusion 2016. Overall, there has been an improvement in PBM practice since 2015.

The recommendations from this report were discussed, reviewed and will be monitored by the Hospital Transfusion Team.

Sentinel stroke (SSNAP) Post-acute annual audit report (published November 2017)

In addition to the above report, a Sentinel stroke (SSNAP) Annual CCG Stroke Dashboard – Knowsley CCG is published each year.

Actions

- Number of Early Supported Discharge (ESD) patients in Knowsley has increased each year – currently 61.5% for 16-17. Previously was 54.2% for 15-16 and 51.6% for 14-15. National level is currently 35%. Plan to continue to offer ESD input to all

patients who are appropriate and to continue to input audit data for Sentinel stroke audit (SSNAP).
- Team to transfer over to electronic patient records – EMIS system.
- New physiotherapist to start in team April 2018 to fill current vacancy

UK Cystic Fibrosis Registry annual report (Published August 2017)

In the main measures of CF clinic performance (lung function and nutrition) the Trust is above the national average and frequently in the top centile, suggesting that the care offered is very good.

The Trust has less than average use of mucolytic therapies (rhDnase and hypertonic saline), but these parameters are not evidence-based and are historical – given that LHCH patients are doing well, the Trust has no plans to increase the use of these therapies.

The Trust's chronic Pseudomonas aeruginosa infection level is higher than the national average, but such cases are nearly all inherited from the paediatric sector (who seem to have very high levels compared to other paediatric units) and what really matters are new infections (this would be a better measure) – the Trust has very few of these.

In summary this audit did not highlight any gaps in the LHCH service that need to be corrected. The Trust performs well and has a good national reputation.

The reports of 13 local clinical audits were reviewed by the provider in 2017/18 and Liverpool Heart and Chest Hospital intends to take the following actions to improve the quality of healthcare provided:

Below are some examples of improvement work having audited local practice.

WHO audit	Monthly audit monitoring	Monitored monthly and shows excellent compliance against the standards.
Consent Audit	March 2017	**Listed below are the areas that needed to be improved as part of the consent audit action plan:** • Policy should be updated to reflect the Montgomery law and changes to the procedure specific consent forms. • Documenting every time that the green slip has been accepted or not by the patient. Then for those that accept, ensuring the green slip is detached. • Consent should take place prior to the day of the procedure. • All patients have consent reconfirmed on the day of the procedure (Cardiology). • All patients should receive an appropriate patient information booklet prior to procedure.
VTE audit	March 2018	• Teaching about NICE guidelines on risk assessment and

		VTE Prophylaxis for the Medicine Division. • Change VTE assessment tool on EPR as not adequate for surgical patients. • Reassess patients 24 hours after admission. • Re-audit in six months' time.
Valve verification audit	Quarterly	• Positive performance against the policy. • Checking valve in line with the policy prior to the opening of the valve. • Learning from the never event action plan.
Fasting audit	Quarterly	• Improved patient experience with a tighter policy on fasting. • Revised policy to reflect the above. • Compliance in surgery positive against the new policy. • One area for improvement is changing the fasting instructions for patients when they are moved in position on the operating list.

Infection prevention audit programme

Audit	Improvement work planned for 2018 (insert statement)
Surgical Site Infection Prevention	A number of audits have been performed by a multi -disciplinary group for the prevention of surgical site infection. These included; prophylaxis administration, dressing changes, pre-op screening and pre-op preparation. Action plans were developed by the Surgical Site Group to address the issues raised.
Infection Prevention Standard Precautions	Infection prevention audits have been undertaken across the Trust in conjunction with ward/departmental staff. These audits cover environmental cleanliness, sharps disposal, waste disposal and equipment cleanliness. Each area achieved above the overall target score but action plans were produced to rectify and issues identified

Pharmacy audit programme

Audit	Improvement work planned for 2018
Antibiotic prescribing audit	Promote adherence to the Antimicrobial Policy (Ensure prescribers can access the policy via a quick link and provide a quick reference card to attach to lanyards) Review of cultures (Separate audit to review if positive cultures are acted on and antibiotic therapy tailored to sensitivities) Training (Review of antimicrobial training at induction and for policy updates or changes)
Audit on the prescribing, preparation, measurement and administration of medicines via enteral	To revise the Enteral Administration of Medicines and Nutritional Feed Policy and include step by step flow sheet on correct administration of medicines via feeding tube. Awareness of policy to be added to Nurses' MyPact Mandatory Training Revising and unifying the documentation of pharmacist advice for administering medicines via feeding tubes and requirements for feeding

routes in patients with enteral tubes or with swallowing difficulties	breaks so it is readily available for nursing staff at the time of administration To enable modification of the route of administration in the EPR for those orders for which it is appropriate. Pharmacist to be reminded to use Pharmacist Amendment Policy to change orders to the most appropriate formulation. Ward managers to be reminded to stock all sizes of enteral syringes. Training for senior Critical Care nursing staff on administration of medications via feeding tubes
Prescribing of Nicotine Replacement Therapy at LHCH	Work with the EPR team to develop an NRT order set, to also include non NRT products, to help prescribers prescribe the most appropriate smoking cessation product(s) Remind ward staff to complete smoking status on nursing admission documents & make referrals
Medicines Reconciliation on admission to LHCH Wards	Promote the need for allergy status to be recorded in the medication reconciliation document and for this to be reconciled with EPR notes Discuss options available to improve performance with pharmacy team. (including ensuring band 5 techs all trained for MR capability and reminding pharmacists to set MR document to complete when reviewed)
A Snap-shot Audit of Non-administered Medicines and Missed Doses	Develop and deliver a medicines management video highlighting key prescribing themes driving non-administration of medicines Develop and deliver a medicines management video highlighting various administration scenarios with respect to non-administration Investigate and resolve issue of CF patients on home leave with respect to “missed” doses (e.g. additional EPR suspension possibility for “home leave”) Review of worklist manager general improvements to enable better reading/recording Automatic discontinuation for critical care meds as patients move to wards Investigate reason for non-administration of large numbers of analgesics etc with respect to prescribing hygiene/appropriate coding by nurses
self-medication scheme re-audit	Review the lockers used to store PODs Re-educate nurses on self-administration Discuss lack of consent/assessment forms for insulin patients with DSNs Discuss lack of blood sugars/insulin dose getting entered on EPR with DSNs Ensure all staff read self-med policy (including insulin)

Participation in clinical research

Research continues to be an essential component of the Trust's activities. It provides the opportunity to generate new knowledge about new treatments or models of care, which truly deliver the quality improvements anticipated. The Trust's engagement with clinical research demonstrates its commitment to testing and offering the latest medical treatments and techniques.

It is well documented that research active NHS trusts tend to have better patient outcomes and benefit from the competitive advantage gained through improved knowledge management and in particular, the ability to use and generate research knowledge (NHS Confederation, 2010). The improvement in patient health outcomes at LHCH demonstrates that a commitment to clinical research leads to better treatments for patients.

As a specialist provider, LHCH undertakes the more complex clinical research trials, drawing from a much smaller group of patients compared to secondary care providers when offering participation in trials to our patients.

The total number of patients receiving relevant health services provided or sub-contracted by Liverpool Heart and Chest Hospital between 1st April 2017 – 28th February 2018 that were recruited during this period to participate in clinical research approved by a research ethics committee was 1004.

During 2017/18 Liverpool Heart and Chest Hospital was involved in actively recruiting to 40 clinical research studies across the cardiovascular and respiratory specialties, of which 7 clinical research studies are in the cancer speciality, 19 clinical research studies are in the cardiology specialty 3 clinical research studies are in the surgery / critical care specialty, 9 clinical research studies are in the respiratory specialty (7 being conducted with patients who have a diagnosis of cystic fibrosis), 1 clinical research studies is looking at quality of life, and 1 study has targeted health individuals. This list also includes the ongoing support from the Trust for NHS Transformation across the North West Coast in delivering the 100,000 Genomes Project, by recruiting patients with a new diagnosis of lung cancer and also patients with one of several rare cardiac diseases.

The Trust has also entered into exciting new research collaboration with McMaster University in Canada. The Trust has already opened the Vision Cardiac clinical research trial and aims to open an innovative study later in 2018 which is looking at remote monitoring of vital signs for post-operative cardiac surgery patients both in the ward setting as well as following the patient home for 30days. This will be the first study of its kind and has the ability to radically transform care.

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

VISION CARDIAC

- One of the aims of this study is to determine the incidence of cardiovascular events in the 30 days post-operative period.

RIPCORD 2

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

VIOLET

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

Vertex Studies

- The Trust's collaboration with Vertex in the delivery of high quality clinical research for patients with Cystic Fibrosis continues. All CF patients are invited to participate in clinical research.

The SURE Group

- SURE stands for Service Users Research Endeavour, and is a very well established patient group who support the research governance process within the Trust. The group is tasked with reviewing Consent Forms and Patient Information Sheets for every individual clinical research study conducted at the Trust. Feedback is then given to the Sponsor of the trial and a Local Briefing Paper is created by the Principal Investigator to enhance the patient's understanding of the trial.

- This group provides a layer of assurance that the relevant trial documentation is fit for purpose.

Innovation at LHCH

Liverpool Heart and Chest Hospital has been developing innovative ways to improve the quality of patients' treatment and experience in 2017/18.

The Trust has 12 specific innovations that it has been involved in scoping during 2017/18. One example is the development of an Arterial Connector. This is currently in the evaluation phase.

The Trust's collaboration with Trustech is very positive. The Trust launched the Innovation Factor this year and is encouraging staff to think up new ideas to submit to Trustech, who provide support throughout the application submission process and beyond.

Goals agreed with commissioners

In 2017/18, the Trust implemented the following CQUIN schemes as directed by the local and specialised commissioning contracts with commissioners:

National schemes:

- Staff Health & Wellbeing
- Sepsis and Anti-microbial resistance
- Advice & Guidance
- E-referrals

Specialised Commissioning:

- Clinical Utilisation Review
- Patient activation for patients with Long Term Conditions
- Medicine optimisation
- Device optimisation
- Adult critical care timely discharge

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

What others say about the provider

Liverpool Heart and Chest Hospital is required to register with the Care Quality Commission and its current registration status is '*registered without condition'.*

The Care Quality Commission has not taken enforcement action against Liverpool Heart and Chest Hospital during 2017/18

Liverpool Heart and Chest Hospital has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period 2017/18.

The Trust is rated as 'Outstanding' by the Care Quality Commission.

Data quality

NHS Number and General Medical Practice Code Validity

Liverpool Heart and Chest Hospital submitted records during 2016/17 to the Secondary Uses service for inclusion in the Hospital Episode Statistics, which are included in the latest published data. The percentage of records in the published data which included the patients can be seen in the table below:

	For admitted patient care	For outpatient care
Valid NHS number was:	99.8%	99.9%
Valid General Medical Practice Code was:	99.9%	99.9%

Note: Liverpool Heart and Chest Hospital does not have an accident and emergency department, so A&E indicators do not apply.

Information Governance Assessment Report Attainment Levels

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

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

Clinical Coding Error Rate

Liverpool Heart and Chest Hospital has not been subject to a Payment by Results clinical coding audit during 2017/18.

The last Payment by Results clinical coding audit undertaken for the Trust in 2014/15 noted that the Trust continues to maintain its high level of coding accuracy with the following error rates identified:

The error rates reported in the latest published audit for diagnoses and treatment coding (clinical coding) were:

- Primary diagnoses incorrect – 2.0%
- Secondary diagnoses incorrect – 0.5%
- Primary procedures incorrect – 0.5%
- Secondary procedures incorrect – 0.9%

As part of Information Governance requirements, the Trust has undertaken a clinical coding audit in 2016/17, which was carried out by external auditors that found the following error rates:

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

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

Data Quality

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

Continuation of delivering the Trust's data quality strategy that is aimed at improving the collection, storage, analysis, reporting and validation of information. Pivotal to this strategy is the adoption of the six dimensions of data quality which is already in place.

Producing data that is fit for purpose should be an integral part of an organisation's operational performance management and governance arrangements. As such, this new process seeks to provide more rigor to deriving the assurances on data quality the Trust requires, focused on non- financial data.

Figures You Can Trust; *A Briefing on Data Quality in the NHS (Audit Commission, 2009) presents the six dimensions of data quality.*

Dimension	Description
Accuracy	Data should be sufficiently accurate for its intended purposes, representing clearly and in sufficient detail the interaction provided at the point of activity. Data should be captured only once, although it may have multiple uses. Accuracy is most likely to be secured if data is captured as close to the point of activity as possible. Reported information that is based on accurate data provides a fair picture of performance and should enable decision making at all levels. The need for accuracy must be balanced with the importance of the uses of the data, and the costs and efforts of collection. For example, it may be appropriate to accept some degree of inaccuracy where timeliness is important. Where compromises have to be made on accuracy, the resulting limitations of the data should be clear to its users.
Validity	Data should be recorded and used in compliance with relevant requirements, including correct application of any rules or definitions. This will ensure consistency between periods and with similar organisations. Where proxy data is used for an absence of actual data, organisations must consider how well this data is able to satisfy the intended purpose.
Reliability	Data should reflect stable and consistent data collection processes across collection points and over time, whether using manual or computer based systems or a combination. Managers and stakeholders should be confident that progress toward performance targets reflects real changes rather than variations in data collection approaches or methods.
Timeliness	Data should be captured as quickly as possible after the event or activity and must be available for the intended use within a reasonable time period. Data must be available quickly and frequently enough to support information needs and to influence the appropriate level of service or management decisions.
Relevance	Data captured should be relevant to the purposes for which it is used. This entails periodic review of requirements to reflect changing needs. It may be necessary to capture data at the point of activity which is relevant only for other purposes, rather than current intervention. Quality assurance and feedback processes are intended to ensure the quality of such data.
Completeness	Data requirements should be clearly specified based on the information needs of the organisation and data collection processes matched to those requirements. Monitoring missing, incomplete, or invalid records can provide an indication of data quality and can also point to problems in the recording of certain data items.

The Trust's Business Intelligence Committee will oversee the continued application of the six dimensions of data quality, and ensure it is applied to the Trust's Strategic Objectives and underlying Dashboards comprising of Clinical Quality, Performance and Workforce indicators.

Continuation of the Trust's Business Intelligence Committee, which meets on a monthly basis, to identify and discuss potential data quality issues which need to be addressed and actioned accordingly. The Committee tackles issues identified through external (e.g. SUS Data Quality Dashboard and the Care Quality Commissions Intelligent Monitoring Report) and internal sources (e.g. Indicator reviews using the six dimensions of data quality approach). The Committee is to be supported by a Systems Data Quality Group which oversees key working groups designed to tackle key data quality issues.

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

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

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

Learning from Deaths

Note 1: During 2017/18, 192 LHCH patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:

- 58 in the first quarter
- 41 in the second quarter
- 51 in the third quarter
- 42 in the fourth quarter.

Note 2: By *28/02/2018*, 132 case record reviews and 44 investigations have been carried out in relation to the 192 deaths included in ***Note 1***.

In 44 cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was:

- 58 in the first quarter
- 41 in the second quarter
- 48 in the third quarter
- 29 in the fourth quarter.

Note 3: 6 representing 3.1% of the patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient.

In relation to each quarter, this consisted of:

- 3 representing 5.2% for the first quarter
- 0 representing 0% for the second quarter
- 3 representing 5.9% for the third quarter
- 0 representing 0% for the fourth quarter

These numbers have been estimated using the Trust's Mortality Review Policy, based upon national guidance on learning from deaths issued by the National Quality Board (March 2017) and implementation of the structured judgement review methodology issued by the Royal College of Physicians (2016).

Note 4: A summary of learning from case reviews in relation to Note 3.
LHCH has a well-established review process for all deaths which dates back to 2011. The mortality review process has been improved and brought up to date with national guidance issued in January 2016.

A multidisciplinary Mortality Review Group (MRG) meets at least monthly and selects those reviews which suggest areas for improvement that should be shared with the rest of the organisation. These are then sent for presentation at audit days in surgery and cardiology, with the principle and reviewing consultant discussing the case. Nursing review of cases is carried out in parallel to ensure a multidisciplinary approach is considered.

The Chair of the MRG summarises the key learning points every 3 months for the Directorates and presents an annual review to the Trust's Quality and patient experience committee.

Note 5: Summary of actions taken from those reviews as per Note 4.

- Development and implementation of a new policy governing the assistance of Proctors for new technology/ procedures agreed within the Trust.
- Divisional accountability and responsibility for the monitoring of the policy
- Re-enforcing individual responsibility to initiate HALT to prevent potential harm
- Changes to the emergency communication for medical assistance-direct dialog to Consultant
- Stronger communication links between external Trusts regarding timing of transfers of patients to LHCH
- Development of rapid surgical pathway for high risk patients to transfer into LHCH from external Trusts

Note 6: Impact assessment of actions described in item Note 4 during the reporting period.

- The proctor policy has been used twice (thoracic and cardiac robotic surgery) with much stronger governance around the process.
- Bleep filtering and escalation are under further review by the division of medicine. Impact not yet fully assessed.
- Most of the other actions have not yet been formally evaluated as the changes/actions are recent.

Note 7: Number of investigations completed after 01/04/2017.

16 case record reviews and 16 investigations completed after 01/04/2017 which related to deaths which took place before the start of the reporting period.

Note 8: Percentage of patient deaths before the reporting period.

1 representing (1/16) 6.25% of the patient deaths before the reporting period, are judged to be more likely than not to have been due to problems in the care provided to the patient

Note 9: Percentage of patient deaths during the previous reporting period.

7 representing 7/(192+16) 3.4% of the patient deaths during 2016/17 are judged to be more likely than not to have been due to problems in the care provided to the patient.

Part 2.3 Reporting against Core Indicators

Hospital-Level Mortality

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

Specialist acute trusts do not calculate their mortality rates using the summary hospital-level mortality indicator (SHMI); instead, Liverpool Heart and Chest Hospital uses information provided by Dr Foster Intelligence in the form of Hospital Standardised Mortality ratios that is updated each month as part of its performance management arrangements and reported to the Trust's Quality Committee.

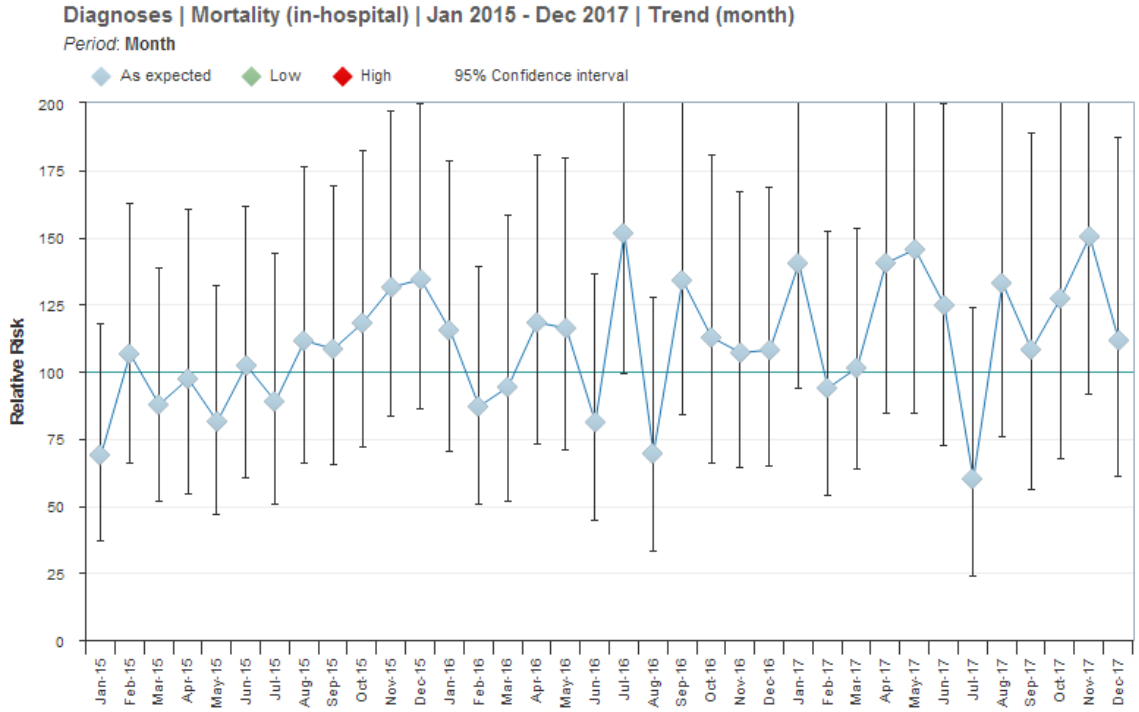
To achieve statistical significance using confidence intervals:

- To be high, a hospital must have HSMR and the lower confidence interval above 100. A hospital above 100 but with lower confidence interval below 100 is classed as 'within the expected range'.

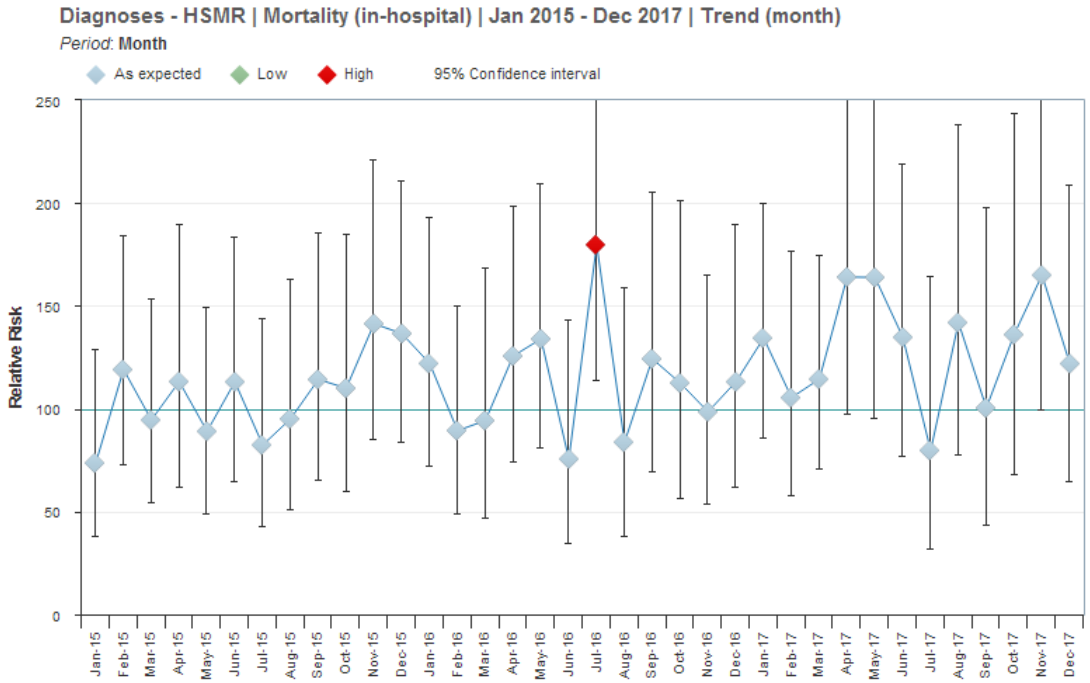
Liverpool Heart and Chest Hospital intends to take the following actions to continue to improve this rate and so the quality of its services by:

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

HSMR for all Diagnoses



HSMR for 56-Diagnosis Groups as Determined by Dr Foster Intelligence



Readmission Within 28 days of Discharge

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

The percentage of readmissions refers to those coming back directly to our Trust.

	Target 16/17	Performance 16/17	Target 17/18	Performance 17/18
Percentage of patients aged 16 or over, readmitted to a hospital which forms part of the trust within 30 days of being discharged from a hospital which forms part of the trust	None	1.15%	None	

. **17/18 Performance Information will be available from September 2018.*

NB. We monitor readmission rates up to 30 days post-discharge, not 28.

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

- providing contact details for the ward from which patients are discharge.

Responsiveness to personal needs

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

Personal needs are a composite of a number of aspects of care, including the provision of advice on medication following discharge. This year, the Trust has improved its performance markedly on this part of the indicator from last year through the embedding of teach back – asking the patients to repeat back what they had been told about taking their medications.

	Target 16/17	Performance 16/17	Target 17/18	Performance 17/18
Trust's responsiveness to the personal needs of its patients	none*	80.7%	none*	

NB 17/18 Performance Information will be available from May 31st 2018

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

- ensuring the systematic training of teach back to all new personnel appointed to a role that involves discharging patients
- making the 6Cs culture business as usual.

Staff recommending the Trust to family and friends

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

	Target 16/17	Performance 16/17	Target 17/18	Performance 17/18
Percentage of staff employed by, or under contract to, the trust during the reporting period who would recommend the trust as a provider of care to their family or friends.	94%	96%	94%	93%

**Q3 2017 Staff Survey data*

The continued high levels of advocacy from staff highlight the on-going commitment to delivering safe, compassionate care to patients and their families.

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

- increasing communication of results through internal systems, such as directorate meetings, team briefs, listening events, and Executive walkabouts.

Venous Thromboembolism (VTE) Assessment

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

- The rate of assessment of patients at admission has been consistently high this year and is an improvement on last year's performance. The data is taken directly from each patient's electronic record of care.

	Target 16/17	Performance 16/17	Target 17/18	Performance 17/18
Percentage of patients who were admitted to hospital and who were risk assessed for venous thromboembolism	95.0%	96.5%	95.0%	97.1%

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

- learning from each and every VTE through root cause analysis and feedback of lessons learned.

Clostridium Difficile Infection

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

The Trust's infection rates are consistently low; the number of Clostridium difficile cases in 2017/18 was three, with none of these infections being due to a lapse in care.

	Target 16/17	Performance 16/17	Target 17/18	Performance 17/18
Rate per 100,000 bed days of cases of C.difficile infection reported within the trust amongst patients aged 2 or over	<=16.9	4.68	<=16.9	1.63

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

- ensuring samples are sent appropriately when an infection is suspected
- ensuring appropriate precautions are taken when an infection is suspected or confirmed
- ensuring a robust surveillance system is in place.

Patient safety incidents

	Target 16/17	Performance 16/17	Target 17/18	Performance 17/18
Number and, where available, rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.	1378	1542 patient incidents 11.30 per 100 admissions (13,644 admissions) 0 (0%) resulted in severe harm or death		1574 patient incidents 11.70 per 100 admissions (13,460 admissions) 0 (0%) resulted in severe harm or death

NB 17/18 Figures are available end of March 18

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

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

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

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

Part 3 other information

Performance Review

This section of the Quality Account presents an overview of performance in areas not selected as priorities for 2017/18.

Presented are:

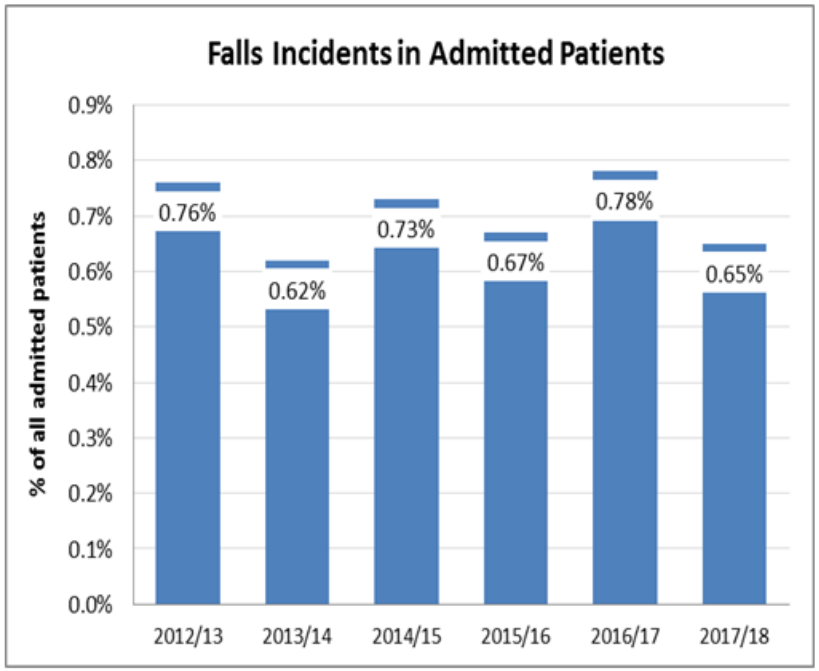
- Quantitative metrics, that is, aspects of safety, effectiveness and patient experience which we measure routinely to prove to ourselves the quality of care we provide.

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

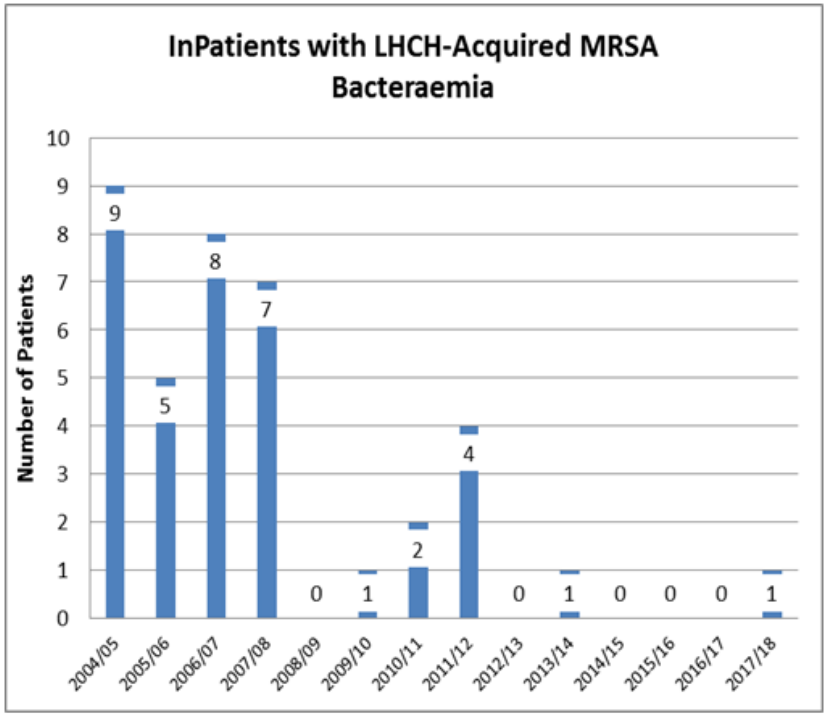
Quantitative Metrics

Safety				
Metric	Pressure ulcer incidence	**Organisation Wide or Service Specific**	Organisation Wide	
Derived From	Referrals to the Tissue Viability Specialist Nurse	**Why metric chosen**	Pressure ulcers are painful for patients and contribute to a negative patient experience. Nursing high impact action	
How is data collected	Staff who observe a pressure ulcer report this to the Trust's Tissue Viability Service for treatment	**Improvements planned**	1. Continued staff education 2. Establishment of the Pressure Ulcer Bundle with a focus on pressure ulcer prevention	
LHCH Performance 2017/18	Grade 2 = 0.08 (< 1 ulcers per month) Grade 3+ = 0 (= 0 ulcers per year)	**LHCH Performance 2016/17**	Grade 2 = 0.1 (< 1 ulcers per month) Grade 3+ = 0 (= 0 ulcers per year)	
Interpretation of Results	A large reduction in pressure ulcers occurring in our patients has been observed during 2017/18. The number of Grade 3 and above pressure ulcers is reported as none for our patients. The Tissue Viability Team have worked closely with all ward teams with the development of scoping meetings, changes to mechanical devices that previously had identified to be the causation of grade 2 pressure ulcers.			

Safety			
Metric	Number of in patient falls	Organisation Wide or Service Specific	Organisation wide
Derived From	Incident reporting	**Why metric chosen**	Falls have the potential to cause significant harm. Nursing high impact action
How is data collected	Staff who witness or become aware of a fall report this via the Trust's risk management processes	**Improvements planned**	Embedding of Comfort Checks in wards- Call don't fall initiative, scoping meetings to prevent falls RCA for all sever harm falls-
LHCH Performance 2017/18	0.65% (87 falls in 13,419 admissions)	**LHCH Performance 2016/17**	0.78% (107 falls in 13,644 admissions)
Interpretation of Results	The rate of falls occurring in 2017/18 is slightly lower than last year. None of the falls resulted in anything more than minor harm. The risk profile of our inpatients continues to become more challenging. We will continue to strive to reduce the number of falls.		

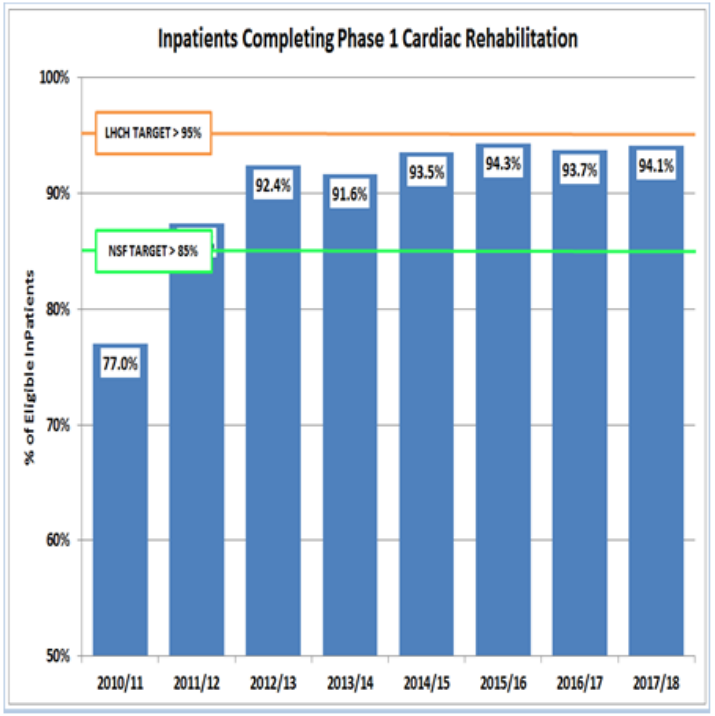


Safety			
Metric	Number of patients acquiring MRSA bacteraemia whilst in hospital	**Organisation Wide or Service Specific**	Organisation wide
Derived From	Infection prevention team	**Why metric chosen**	Major concern of patients; Department of Health priority
How is data collected	Monthly surveillance reported to health protection agency. National definitions of bacteraemia applied.	**Improvements planned**	We'll continue with the processes out in place last year: Surgical site infection check MRSA screening audits Central lines bundle
LHCH Performance 2017/18	1 patients	**LHCH Performance 2016/17**	0 patients
Interpretation of Results	The Trust has achieved an excellent result with 1 case of MRSA in 2017/18 being obtained from a cannula site, action plans were put in to place.		

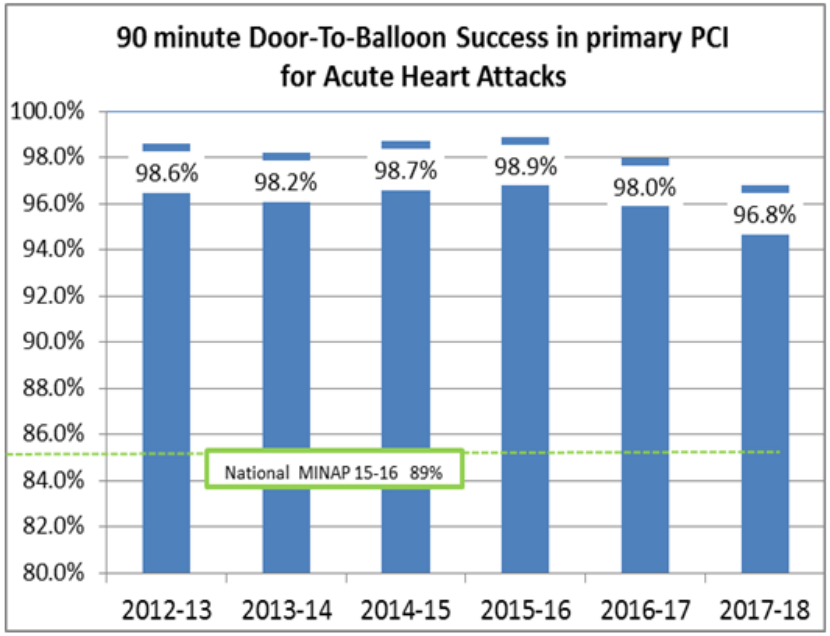


*NB 2016/2017 Figures to be updated when full FY 16/17 data is available

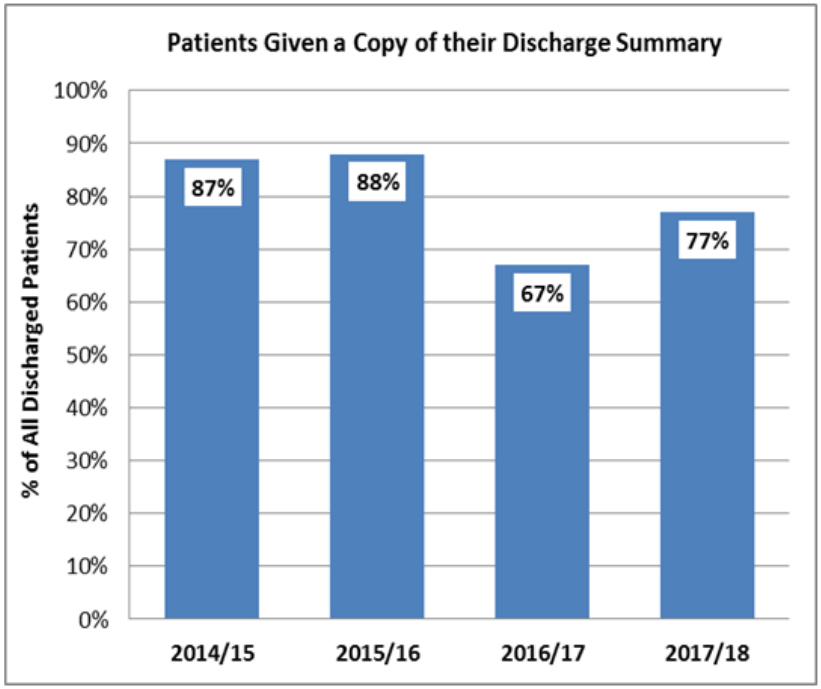
Effectiveness			
Metric	% patients completing phase one cardiac rehabilitation	Organisation Wide or Service Specific	Organisation wide – phase 1;
Derived From	Local audit figures	Why metric chosen	Promotes lifestyle change and reduces future risk of cardiac events such as heart attacks
How is data collected	When in hospital, Eligible patients for cardiac rehab receive a comprehensive educational session highlighting their personal lifestyle /medical risks and how they can make any changes to improve their health outcomes and prevent further disease and re-admissions to hospital This data is sent to the Clinical Quality	Improvements planned	Increase the number of staff with relevant competencies. Current training delivery methods by CR nurse and Knowsley CVD nurse ineffective due to increased competing initiatives for staff. Review and modify the competency tool agreed at CR steering group Jan 2016 that competencies will be delivered as E learning package. We are awaiting confirmation for mandatory status. This will form part of planned CR KPI for training /competency confirmed plans to redesign CR referral –start April 2016 have a PCB setting of service KPIs.
LHCH Performance 2017/18	94.1%	LHCH Performance 2016/17	93.72%
Interpretation of Results	We have exceeded 2017/18 NSF target of 85%, set for this indicator. We plan to set Trust target to 98%for 2018/19. We will continue the excellent service provided by having ward specific Cardiac Rehabilitation trainers with relevant competencies. Increasing number of staff competent is part of the work stream for 2018. We will now record activity on discharge flow sheets for future audit purposes		



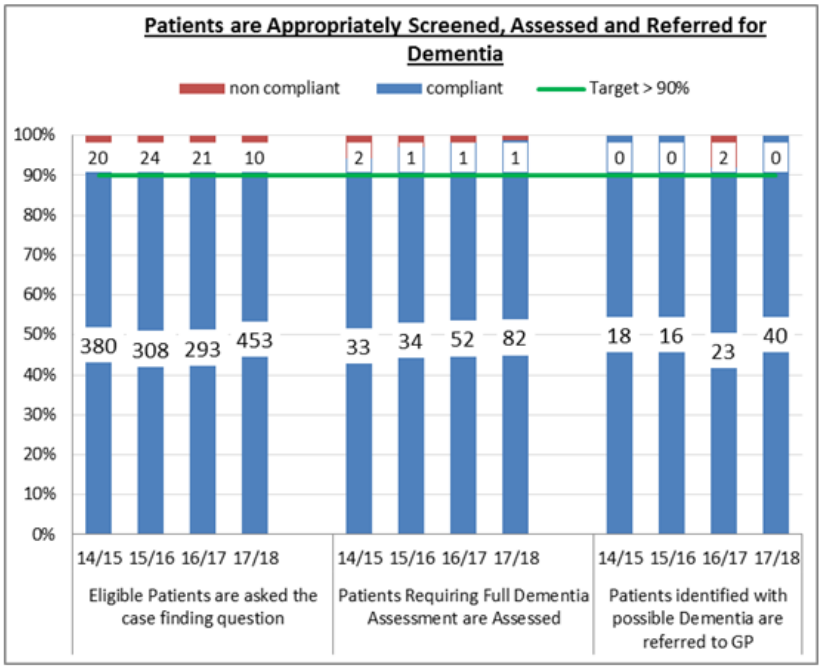
Effectiveness			
Metric	% patients with heart attack receiving treatment within 90 minutes of arrival (door to balloon time)	**Organisation Wide or Service Specific**	Service specific - Cardiology
Derived From	Local audit figures	**Why metric chosen**	Service has expanded this year, so need to ensure good quality care has been maintained
How is data collected	LHCH contribution to myocardial infarct national audit project (MINAP) collected into in house electronic database. National definition of performance measures used from MINAP.	**Improvements planned**	Performance is excellent so we aim to learn from each of the times performance is not perfect.
LHCH Performance 2017/18	96.8%	**LHCH Performance 2016/17**	98.0%
Interpretation of Results	The high standard set in previous years has been maintained this year. Our patients continue to benefit from this extremely efficient, gold-standard service.		



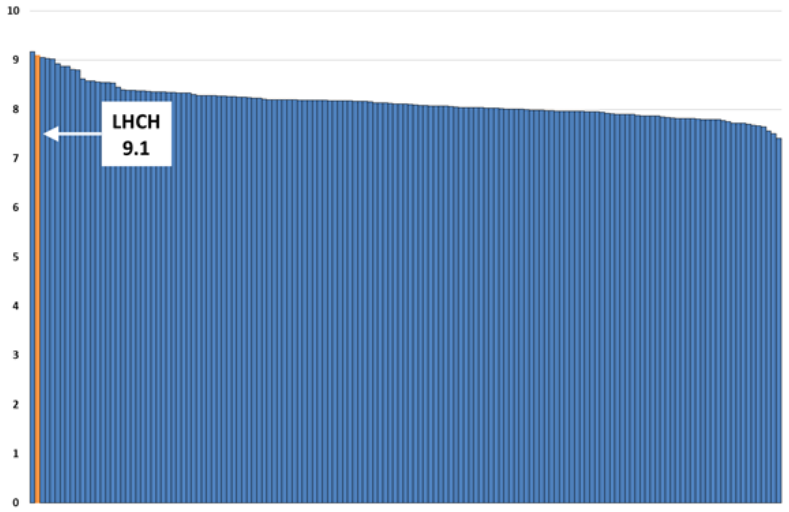
Effectiveness			
Metric	% of patients who received a copy of their discharge summary to the GP	**Organisation Wide or Service Specific**	Service specific – Support Services
Derived From	Nursing Discharge Checklist in the Electronic Patient Record	**Why metric chosen**	Patients should receive a copy of their discharge summary, so they are aware of and can convey to community services details pertinent to their stay at LHCH and on-going care.
How is data collected	Nursing staff confirm whether or not the patient has received a copy of their discharge summary at the point of discharge.	**Improvements planned**	Our Electronic Patient Record (EPR) system includes a module for generating patient correspondence. Development of standard documentation across the health economy
LHCH Performance 2017/18	77%	**LHCH Performance 2016/17**	67%
Interpretation of Results	The proportion of patients receiving a copy of the discharge summary has improved during 2017/18.		



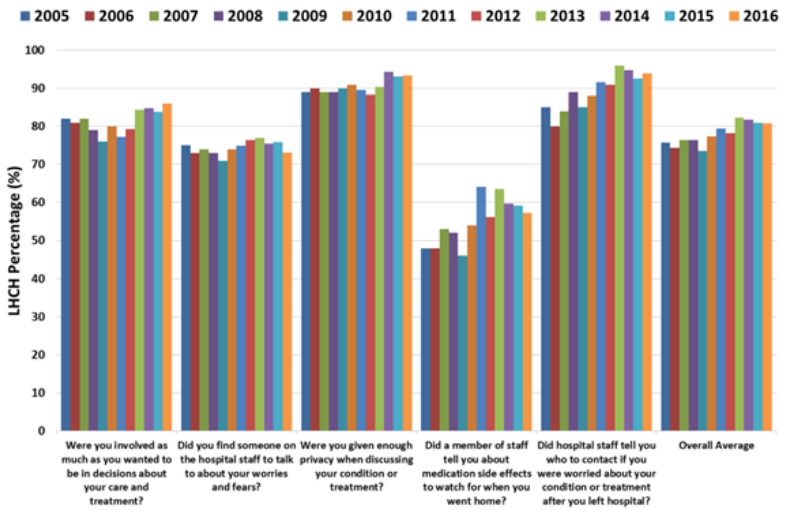
Patient Experience			
Metric	Dementia screening, assessment and referral	**Organisation Wide or Service Specific**	Organisation wide
Derived From	Data submitted to NHS England as part of national programme	**Why metric chosen**	Patients assessed and identified with dementia need to be referred for specialist care
How is data collected	By nursing staff in ward at assessment and entered into Electronic Patient Record	**Improvements planned**	Dementia awareness training
LHCH 2017/18	575 out of 586 Patients treated appropriately (98%)	**LHCH 2016/17**	356 of 385 Patients treated appropriately (92%)
Interpretation of Results	This process is now well embedded in the Trust. Patients with dementia and their carers can be assured that LHCH will help to ensure appropriate care is provided for this condition.		



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

Patient Experience				
Metric	Mean of 'Overall patient experience' question. Inpatient care rated 0-10	**Organisation Wide or Service Specific**	Organisation wide	National data not available until May/June 2018 2016/17 graph below: 
Derived From	National patient survey results	**Why metric chosen**	This question is an overall measure of the patients experience	
How is data collected	1250 LHCH patients are invited to complete a questionnaire about their in-patient stay. Results are benchmarked with other Trusts in England.	**Improvements planned**	Continuing the Implementation of the Patient and Family centred care plan	
LHCH Performance 2017/18	Performance available in June 2018	**LHCH Performance 2016/17**	9.1 (91%)	
Interpretation of Results	The Trust continues to receive positive feedback from patients and where not, actions are in place for these areas for improvement.			

Patient Experience				
Metric	Responsiveness to patients needs	**Organisation Wide or Service Specific**	Organisation wide	National data not available until May/June 2018 2016/17 graph below:
Derived From	Average of 5 key questions drawn from the national patient survey results	**Why metric chosen**	Summary of overall experience of care. National CQUIN indicator	
How is data collected	1250 LHCH patients are invited to complete a questionnaire about their in-patient stay. Results are benchmarked with other Trusts in England.	**Improvements planned**	Embedding Teach back, to make sure patients know exactly what their discharge summary means, and what to expect from their medication Embed a generic discharge summary with clear instructions and information	
LHCH Performance 2017/18	Performance available in June 2018	**LHCH Performance 2016/17**	80.7%	
Interpretation of Results	The Trust continues to receive positive feedback from patients and where not, actions are in place for these areas for improvement.			



Developments in the Single Oversight Framework

Indicators from appendices 1 and 3 of the Single Oversight Framework (SOF) to M12

Indicator	Target 2017/18	Performance 2016/17	Performance 2017/18
Maximum time of 18 weeks from point of referral to treatment in aggregate- patients on an incomplete pathway	92%	92.23%	92.15%
All cancers: 62 day wait for first treatment from: ● Urgent GP referral for suspected cancer	85%	92.1%	97.05%
All cancers: 62 day wait for first treatment from: ● NHS cancer screening service referral	90%	N/A	N/A
C. difficile variance from plan	4	3	1
HSMR (from Dr Foster Intelligence)	<=100	107.8	118.92 (most recent month Dec17)
Maximum 6-week wait for diagnostic procedures	99%	99.6%	98.55%

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

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

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

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

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

Statement from Healthwatch

Healthwatch Liverpool welcomes this opportunity to comment on the 2017/18 Quality Account for Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH).

This commentary relates to the contents of a draft Quality Account document that was made available to Healthwatch prior to its publication, and has also been informed by our engagement with the Trust. Healthwatch Liverpool receives feedback about the Trust through our information and signposting service, and via independent web-based resources such as www.careopinion.org.uk. Healthwatch takes both patient feedback and the Trust's responses to this into account when considering the quality of the hospital's services.

Healthwatch Liverpool held a Listening Event at the Liverpool Heart and Chest Hospital in June 2017. We spoke to 63 patients and visitors to find out what was good about the services, and what improvements they thought could be made. Feedback was mostly very positive, particularly about the care and treatment received and about staff attitudes.

Healthwatch Liverpool is assured that this Quality Account provides an informative overview of the quality of services provided by the Trust during 2017/18. The Trust should be congratulated on being rated one of the top hospitals for overall patient experience in the National Inpatient Survey once again in the past year. We were also pleased to note that the Trust continues to introduce pioneering treatments such as robotic surgery, which ensures that more patients can be treated.

Details about the Trust's performance show that overall progress against the 2017/18 priorities has been good; for example, we were pleased to see that the focus on delirium has led to the introduction of patient screening before operations. Additionally, the priorities focusing on patients who are frail or have a complex mental health condition should support those patients to have a better experience of care both while in hospital and after discharge.

The report identifies where the hospital can try to make further improvements to patient outcomes by working with other providers of care, for example the ambulance service. Also, although readmission rates are not high, the Trust did not meet its target and is taking appropriate steps to address this.

We welcome the use of a 'teach back' approach, asking patients to repeat what they have been told about taking their medication to ensure that they have understood the information; a simple way to prevent potential harm to patients.We also welcome that the priorities chosen for 2018/19 have a strong focus on patient and carer experience. The 365 'shadows' of inpatients at the Trust is an innovative way to highlight where good practice exists and where potential improvements could be made, and we will be very interested to learn more about any outcomes from this work.

Finally, the Trust serves and employs people from diverse communities, and we would like to see some information about the work the Trust carries out to ensure Equality and Diversity considerations are taken into account to be included in the report. Healthwatch Liverpool is looking forward to ongoing regular engagement with the Trust in order to be able to monitor the progress of both quality and equality considerations.

Inez Bootsgezel
Information and Project Officer

Statement from Commissioners

We have collated the themed feedback from all attendees on both the draft Quality account submission and on the presentation on the day.

I have listed the comments below for you to share and to inform any amendments as necessary

- *Great presentation, real life understanding, felt like she lived the work/job which came across*
- *Have more operational staff at the presentation day for all providers*
- *Overwhelming sense of patient & family centred care.*
- *Outstanding presentation with a focus on LD & mental health patients.*
- *Lots of engagement with stakeholders to identify top priorities for 2018/19.*
- *Was an engaging passionate presentation.*
- *Outstanding work for Dementia*
- *Priorities are patient focussed*
- *Document is very understandable*
- *Good to see learning disability risk tool included and home visits*
- *Good analysis of priorities and their further development if appropriate with honesty, seen as best for patient*

Jan Eccleston
Senior Clinical Quality and Safety Manager

Statement from the Trust's Council of Governors

I have reviewed the Quality Accounts for 2017/18 for the Trust and am confident they represent a true account of the performance of the Trust based on the audited figures presented.

The Annual Public Meeting on 25/09/17 was well attended to discuss the work of the Hospital. Clinicians, stakeholders, foundation trust members, staff, patients and family members, as well as members of the public attended from Merseyside, Cheshire, and North Wales.

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

On behalf of the Council of Governors, we are confident that this Hospital will respond, as it always has, in a very positive way, to the problems of the year ahead, and we are assured that at present, there is no impact to the quality of care to the patients.

Trevor Wooding
Senior Governor

Annex 2: Statement of Directors Responsibilities for the Quality Report

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18 and supporting guidance

- the content of the Quality Report is not inconsistent with internal and external sources of information including:
    - board minutes and papers for the period April 2017 to May 29th 2018
    - papers relating to Quality reported to the board over the period April 2017 to May 29th 2018
    - feedback from commissioners dated 16/05/18
    - feedback from governors dated 26/04/18
    - feedback from local Healthwatch organisation 17/05/18
    - feedback from Overview and Scrutiny Committee (not received)
    - the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 29/05/17
    - the 2016 national patient survey – 31/05/17
    - the 2017 national staff survey - 6/3/18
    - the Head of Internal Audit's annual opinion over the Trust's control environment dated 29/05/18
    - CQC Inspection report dated 16/09/16

- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered

- the performance information reported in the Quality Report is reliable and accurate

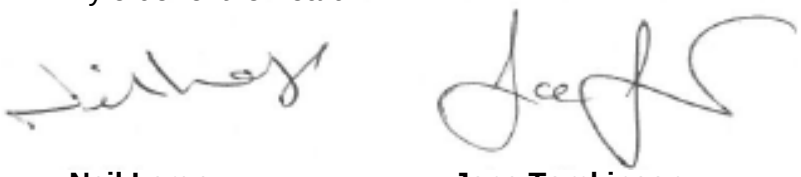
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice

- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and

- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

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

By order of the Board.



Neil Large
Chairman
29th May 2018

Jane Tomkinson
Chief Executive
29th May 2018

How to provide feedback on the Quality Account

Liverpool Heart and Chest Hospital NHS Foundation Trust would be pleased to either answer questions or receive feedback on how the content and layout of this quality account can be improved. Additionally, should you wish to make any suggestions on the content of future reports or priorities for improvement we may wish to consider, or should any reader require the Quality Account in any additional more accessible format then please contact:

Mrs Sue Pemberton, Director of Nursing and Quality
(E-mail sue.pemberton@lhch.nhs.uk or telephone 0151 600 1339).

Independent Practitioner's Limited Assurance Report to the Council of Governors of Liverpool Heart and Chest Hospital Foundation Trust on the Quality Report

We have been engaged by the Council of Governors of Liverpool Heart and Chest Hospital NHS Foundation Trust to perform an independent limited assurance engagement in respect of Liverpool Heart and Chest Hospital NHS Foundation Trust's Quality Report for the year ended 31 March 2018 (the "Quality Report") and certain performance indicators contained therein against the criteria set out in the 'NHS foundation trust annual reporting manual 2017/18' and additional supporting guidance in the 'Detailed requirements for quality reports 2017/18' (the 'Criteria').

Scope and subject matter

The indicators for the year ended 31 March 2018 subject to the limited assurance engagement consist of the national priority indicators as mandated by NHS Improvement:

- Maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers
- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways

We refer to these national priority indicators collectively as the 'Indicators'.

Respective responsibilities of the directors and Practitioner

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual 2017/18' and supporting guidance issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the 'NHS foundation trust annual reporting manual 2017/18' and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports 2017/18'; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual 2017/18' and supporting guidance and the six dimensions of data quality set out in the "Detailed requirements for external assurance for quality reports 2017/18'.

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual 2017/18' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes for the period 1 April 2017 to 24 May 2018;

- papers relating to quality reported to the Board over the period 1 April 2017 to 24 May 2018;
- feedback from commissioners dated 16 May 2018;
- feedback from governors dated 26 April 2018;
- feedback from local Healthwatch organisations dated 17 May 2018;
- feedback from the Overview and Scrutiny Committee (not received);
- the Trust's 2017 complaints report published under regulation 18 of the Local Authority Social Services and National Health Service Complaints (England) Regulations 2009;
- the national patient survey dated 31 May 2017;
- the 2017 national staff survey dated 6 March 2018;
- the Head of Internal Audit's annual opinion over the Trust's control environment dated March 2018.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the "documents"). Our responsibilities do not extend to any other information.

The firm applies International Standard on Quality Control 1 (Revised) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Liverpool Heart and Chest Hospital NHS Foundation Trust as a body, to assist the Council of Governors in reporting Liverpool Heart and Chest Hospital NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body, and Liverpool Heart and Chest Hospital NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators
- making enquiries of management

- limited testing, on a selective basis, of the data used to calculate the indicators tested against supporting documentation
- comparing the content requirements of the 'NHS foundation trust annual reporting manual 2017/18' and supporting guidance to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable, measurement techniques that can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the Quality Report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual 2017/18' and supporting guidance.

The scope of our limited assurance work has not included governance over quality or non-mandated indicators, which have been determined locally by Liverpool Heart and Chest Hospital NHS Foundation Trust.

Our audit work on the financial statements of Liverpool Heart and Chest Hospital NHS Foundation Trust is carried out in accordance with our statutory obligations. This engagement will not be treated as having any effect on our separate duties and responsibilities as Liverpool Heart and Chest Hospital NHS Foundation Trust's external auditors. Our audit reports on the financial statements are made solely to Liverpool Heart and Chest Hospital NHS Foundation Trust's members, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. Our audit work is undertaken so that we might state to Liverpool Heart and Chest Hospital NHS Foundation Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. Our audits of Liverpool Heart and Chest Hospital NHS Foundation Trust's financial statements are not planned or conducted to address or reflect matters in which anyone other than such members as a body may be interested for such purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than Liverpool Heart and Chest Hospital NHS Foundation Trust and Liverpool Heart and Chest Hospital NHS Foundation Trust's members as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of those audits.

Conclusion

Based on the results of our procedures, as described in this report, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the 'NHS foundation trust annual reporting manual 2017/18' and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports 2017/18'; and
- the indicators in the Quality Report identified as having been subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS foundation trust annual reporting manual 2017/18' and supporting guidance.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Royal Liver Building
Liverpool
L3 1PS

29 May 2018

SECTION 4: ANNUAL ACCOUNTS

Liverpool Heart and Chest Hospital NHS Foundation Trust

Annual Report and Accounts **2017/18**

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.

Liverpool Heart and Chest Hospital NHS Foundation Trust

Annual accounts for the year ended 31 March 2018

Foreword to the accounts

Liverpool Heart and Chest Hospital NHS Foundation Trust

These accounts, for the year ended 31 March 2018, have been prepared by Liverpool Heart and Chest Hospital NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed 

Name Jane Tomkinson
Job title Chief Executive
Date 29th May 2018

Statement of Comprehensive Income

	Note	2017/18 £000	2016/17 £000
Operating income from patient care activities	3	132,145	117,702
Other operating income	4	12,449	10,851
Operating expenses	6, 8	(131,182)	(125,095)
Operating surplus/(deficit) from continuing operations		**13,412**	**3,458**
Finance income	11	19	18
Finance expenses	12	(31)	(28)
PDC dividends payable		(2,581)	(2,264)
Net finance costs		**(2,593)**	**(2,274)**
Other gains / (losses)	13	5	(20)
Share of profit / (losses) of associates / joint arrangements	20	(3)	19
Surplus / (deficit) for the year from continuing operations		**10,821**	**1,183**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(24)	(1,403)
Revaluations	18	6,327	1,648
Total comprehensive income / (expense) for the period		**17,124**	**1,428**

Statement of Financial Position

	Note	31 March 2018 £000	31 March 2017 £000
Non-current assets			
Intangible assets	15	728	665
Property, plant and equipment	16	88,516	78,666
Investments in associates and joint ventures	20	49	37
Total non-current assets		**89,293**	**79,368**
Current assets			
Inventories	23	4,450	3,746
Trade and other receivables	24	11,487	7,831
Non-current assets held for sale / assets in disposal groups	26	3	5
Cash and cash equivalents	27	7,465	4,868
Total current assets		**23,405**	**16,450**
Current liabilities			
Trade and other payables	28	(15,958)	(16,925)
Borrowings	31	(388)	(394)
Provisions	33	(580)	(582)
Other liabilities	30	(995)	(789)
Total current liabilities		**(17,921)**	**(18,690)**
Total assets less current liabilities		**94,777**	**77,128**
Non-current liabilities			
Borrowings	31	(265)	(653)
Provisions	33	(137)	(125)
Other liabilities	30	(81)	-
Total non-current liabilities		**(483)**	**(778)**
Total assets employed		**94,294**	**76,350**
Financed by			
Public dividend capital		64,142	63,322
Revaluation reserve		20,436	14,167
Income and expenditure reserve		9,716	(1,139)
Total taxpayers' equity		**94,294**	**76,350**

Notes 1 to 46 form part of these accounts.

Name **Jane Tomkinson**
Position **Chief Executive**
Date **29th May 2018**

Statement of Changes in Equity for the year ended 31 March 2018

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2017 - brought forward	**63,322**	**14,167**	**(1,139)**	**76,350**
Surplus/(deficit) for the year	-	-	10,821	**10,821**
Other transfers between reserves	-	(34)	34	**-**
Impairments	-	(24)	-	**(24)**
Revaluations	-	6,327	-	**6,327**
Public dividend capital received	820	-	-	**820**
Taxpayers' equity at 31 March 2018	**64,142**	**20,436**	**9,716**	**94,294**

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

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

Information on reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

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

Income and expenditure reserve

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

Statement of Cash Flows

	Note	2017/18 £000	2016/17 £000
Cash flows from operating activities			
Operating surplus / (deficit)		13,412	3,458
Non-cash income and expense:			
Depreciation and amortisation	6.1	4,738	4,383
Net impairments	7	(2,367)	(1,573)
Income recognised in respect of capital donations	4	(117)	-
(Increase) / decrease in receivables and other assets		(3,669)	(1,178)
(Increase) / decrease in inventories		(704)	(742)
Increase / (decrease) in payables and other liabilties		(859)	489
Increase / (decrease) in provisions		10	(647)
Other movements in operating cash flows		1	-
Net cash generated from / (used in) operating activities		**10,445**	**4,190**
Cash flows from investing activities			
Interest received		19	18
Purchase of intangible assets		(192)	(86)
Purchase of property, plant, equipment and investment property		(5,881)	(4,918)
Sales of property, plant, equipment and investment property		17	239
Receipt of cash donations to purchase capital assets		117	-
Net cash generated from / (used in) investing activities		**(5,920)**	**(4,747)**
Cash flows from financing activities			
Public dividend capital received		820	-
Movement on other loans		(3)	32
Capital element of finance lease rental payments		(391)	(233)
Interest paid on finance lease liabilities		(31)	(28)
PDC dividend (paid) / refunded		(2,323)	(2,202)
Net cash generated from / (used in) financing activities		**(1,928)**	**(2,431)**
Increase / (decrease) in cash and cash equivalents		**2,597**	**(2,988)**
Cash and cash equivalents at 1 April - brought forward		**4,868**	**7,856**
Unrealised gains / (losses) on foreign exchange		**-**	**-**
Cash and cash equivalents at 31 March	27.1	**7,465**	**4,868**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the Department of Health. 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 accounts.

Note 1.1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.1.2 Going concern

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

Note 1.2 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:

Asset lives and residual values

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

Impairment of Assets

At each balance sheet date, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually. The impairment value recognised in the year ending 31st March 2018 is disclosed at note 6.

Recoverability of receivables

Provision for non-payment is made against non-NHS receivables that are greater than 180 days old unless recoverability is certain. Provision is made against more recent receivables when there is some doubt concerning recoverability. The provision for impaired receivables at 31st March 2018 was £2,006K (31st March 2017 £908K).

Provisions

The Trust regularly monitors the position regarding provisions, including legal claims and restructuring, to ensure that it accurately reflects at each balance sheet date the current position in providing for potential future costs from past events, including board resolutions. The total provision for liabilities and charges at 31st March 2018 was £717K (31st March 2017 £707K).

Note 1.2.1 Sources of estimation uncertainty

a. There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period other than the following:-
i. The land and buildings of the foundation trust are revalued annually. The valuation is affected by market conditions and therefore increases and decreases in line with the indices applicable at the date of the valuation. For the year ended 31 March 2018, a significant increase in the local indices was experienced causing a significant increase in the carrying value of the trust's assets disclosed at note 16.1. The effect of the revaluation may reverse in the future as it is affected by the uncertainty of market forces.

Note 1.3 Consolidation

NHS Charitable Fund
These accounts are for Liverpool Heart and Chest NHS Foundation Trust alone.

The foundation trust is the corporate trustee to Liverpool Heart & Chest NHS charitable fund. The foundation trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102, please refer to the separate Trustees Report and Accounts for this charity. However, the transactions are immaterial in the context of the group and the transactions have not been consolidated in 2017/18. Details of the transactions with the charity are included in the related parties note.

Joint ventures
Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

Since November 2011, the Trust has participated in a joint venture with Royal Brompton & Harefield NHS Foundation Trust. The Joint Venture established by the partners is a company limited by guarantee "The Institute of Cardiovascular Medicine Science Ltd" (ICMS). Draft accounts of the company have been prepared for the year ended 31st March 2018 and the results are reflected in the accounts of the group in this financial year.

Note 1.4 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the trust is contracts with commissioners in respect of health care services. At the year end, the trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

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

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

Revenue grants and other contributions to expenditure
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.

The value of the benefit received when accessing funds from the 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, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.5 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 NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The schemes are not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they are defined contribution schemes.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

Note 1.6 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 1.7 Property, plant and equipment

Note 1.7.1 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, or
• items form part of the intial equipping and setting up cost of a new building, ward or unit, irrespective of their own individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Note 1.7.2 Measurement
Valuation
All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at valuation. Land and buildings used for the Foundation Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:
• Land and non-specialised buildings – market value for existing use
• Specialised buildings – depreciated replacement cost
The Trust appointed the District Valuation Service to undertake a valuation of the Trust's capital property assets at 31st March 2018. This was undertaken on a desktop review basis.
Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.
Until 31st March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and deprecation of historic cost. From 1st April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.
An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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

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

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

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

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

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

Impairments
In accordance with the 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.

Note 1.7.3 De-recognition
Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

• the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
• the sale must be highly probable ie:

- management are committed to a plan to sell the asset
- an active programme has begun to find a buyer and complete the sale
- the asset is being actively marketed at a reasonable price
- the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and

Note 1.7.4 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,

Note 1.7.5

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

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

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

Note 1.8 Intangible assets

Note 1.8.1 Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

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

Software

Note 1.8.2 Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce

Amortisation

Note 1.8.3 Useful economic life of intangible assets

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful

	Min life Years	Max life Years
Software	2	10

Note 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO).

Note 1.10 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.

Cash and bank balances are recorded at current values.

Note 1.11 Financial instruments and financial liabilities

Recognition

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

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

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

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

De-recognition

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

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

Classification and measurement

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

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

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

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

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

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

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

Determination of fair value
For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from quoted market prices/independent appraisals/discounted cash flow analysis.

Impairment of financial assets
At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at "fair value through income and expenditure" are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of an allowance account or bad debt provision. Provision for non-payment is made against non-NHS receivables greater than 180 days old unless recoverability is certain. Provision is made against more recent receivables when there is some doubt concerning recoverability. Financial assets are written off only when it is considered to no longer be financially viable to continue collection activities. Write offs are approved in accordance with the Standing Financial Instructions of Liverpool Heart & Chest Hospital.

Note 1.12 Leases

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

Note 1.12.1 The trust as lessee

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

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

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Where applicable, lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Where applicable, contingent rentals are recognised as an expense in the period in which they are incurred.

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

Note 1.13 Provisions

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

Clinical negligence costs
NHS Resolution operates a risk pooling scheme under which the foundation 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 £735K (2016/17 £1,178K), 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 1.14 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 34 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 34, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.15 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.

At any time, 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, except for
(i) donated assets (including lottery funded assets),
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health 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 thus calculated is not revised should anv adiustment to net assets occur as a result the

Note 1.16 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 1.17 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 1.18 Foreign exchange

The functional and presentational currency of the trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

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

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

Note 1.19 Third party assets

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

Note 1.20 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.21 Gifts

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

Note 1.22 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2017/18.

Note 1.23 Standards, amendments and interpretations in issue but not yet effective or adopted

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC but are not yet required to be adopted. These standards are still subject to FREM adoption and early adoption is not therefore permitted. The application of the Standards as revised would not have a material impact on the accounts for 2017-18, were they applied in that year.

IFRS 9 Financial Instruments

Application required for accounting periods beginning on or after 1 January 2018. The foundation trust considers the greatest impact for this accounting standard to be in respect of it's Non-NHS receivables; the total value of Non-NHS customer receivables currently stands at £5.4m, this level of debt would not give rise to the recognition of a material provision.

IFRS 14 Regulatory Deferral Accounts

Not applicable to DH group bodies

IFRS 15 Revenue from contracts with customers

Application required for accounting periods beginning on or after 1 January 2018. The trust has reviewed it's customer contracts and has concluded that the adoption of this accounting standard would not have a significant impact to the financial statements. Revenue from Healthcare contracts is currently recognised as performance conditions are met. A detailed review of research contracts is to be completed to assess the potential impact of the new accounting standard for this activity, however this will not have a material impact on the foundation trusts financial statements as total research revenue is expected to be £1.5-£2m for the foreseeable future.

IFRS 16 Leases

Application required for accounting periods beginning on or after 1 January 2019. The foundation trust has reviewed it's current operating lease commitments and has concluded that the adoption of this accounting standard would not have a significant impact on the financial statements as the aggregate value of all leases is not material.

IFRS 17 Insurance contracts

Application required for accounting periods beginning on or after 1 January 2021.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Application required for accounting periods beginning on or after 1 January 2018. The foundation trust does not have significant transactions in currencies other than sterling.

IFRIC 23 Uncertainty over Income Tax Treatments

Application required for accounting periods beginning on or after 1 January 2019.

Note 2 Operating Segments

The activities of the Foundation Trust are all healthcare-related and treated as a single segment for the purpose of the accounts. The Foundation Trust's total revenue for the year ended 31 March 2018 was £144,477m of which 91% related to patient care activities for which NHS England and Clinical Commissioning Groups account for 79% of the revenue.

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)	2017/18 £000	2016/17 £000
Acute services		
Elective income	41,219	31,738
Non elective income	27,402	21,335
First outpatient income	3,827	5,199
Follow up outpatient income	4,344	5,749
High cost drugs income from commissioners (excluding pass-through costs)	5,369	4,919
Other NHS clinical income*	42,691	41,234
Community services		
Community services income from CCGs and NHS England	4,040	3,622
All services		
Private patient income	3,253	3,363
Other clinical income	-	543
Total income from activities	**132,145**	**117,702**

*Analysis of Other NHS Clinical Income	2017/18 £000	2016/17 £000
Devices	15,782	16,330
Adult CC/POC	16,283	15,758
Outpatient radiology unbundled	1,890	1,211
Cystic Fibrosis Inpatients	5,784	5,445
CQUIN	1,741	1,384
Block posts/services	1,211	1,106
	42,691	**41,234**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2017/18 £000	2016/17 £000
NHS England	89,666	74,861
Clinical commissioning groups	21,979	19,518
NHS other	-	45
Non-NHS: private patients	3,254	3,359
Non-NHS: overseas patients (chargeable to patient)	56	310
NHS injury scheme	-	1
Non NHS: other	17,190	19,608
Total income from activities	**132,145**	**117,702**
Of which:		
Related to continuing operations	132,145	117,702

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

	2017/18	2016/17
	£000	£000
Income recognised this year	56	310
Cash payments received in-year	48	48
Amounts added to provision for impairment of receivables	7	-

Note 4 Other operating income

	2017/18	2016/17
	£000	£000
Research and development	1,620	1,327
Education and training	2,678	2,766
Receipt of capital grants and donations	117	87
Non-patient care services to other bodies	3,954	3,943
Sustainability and transformation fund income	4,078	2,728
Other income	2	-
Total other operating income	**12,449**	**10,851**
Of which:		
Related to continuing operations	12,449	10,851

Note 4.1 Income from activities arising from commissioner requested services

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

	2017/18	2016/17
	£000	£000
Income from services designated as commissioner requested services	127,969	113,120
Income from services not designated as commissioner requested services	4,176	4,582
Total	**132,145**	**117,702**

The comparitives for 2016/17 have been restated

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

Asset disposals included dilapidated medical equipment and assets held for sale which consisted of superfluous items of medical equipment. The assets had an aggregated carrying value of £12k and were sold during the year for £17k resulting in a profit of £5k on disposal.

Note 5 Fees and charges

The Foundation Trust did not have any fees or charges during the year ended 31 March 2018 (2016/17: nil)

Note 6.1 Operating expenses

	2017/18 £000	2016/17 £000
Staff and executive directors costs	72,309	69,421
Remuneration of non-executive directors	124	116
Supplies and services - clinical (excluding drugs costs)	35,144	34,708
Supplies and services - general	2,117	1,824
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	8,953	7,929
Consultancy costs	641	294
Establishment	1,087	1,214
Premises	3,330	4,052
Transport (including patient travel)	369	344
Depreciation on property, plant and equipment	4,609	4,255
Amortisation on intangible assets	129	128
Net impairments	(2,367)	(1,573)
Increase/(decrease) in provision for impairment of receivables	1,545	24
Increase/(decrease) in other provisions	46	(308)
Change in provisions discount rate(s)	2	12
Audit fees payable to the external auditor*		
audit services- statutory audit	54	59
other auditor remuneration (external auditor only)	5	8
Internal audit costs	20	80
Clinical negligence	1,110	1,009
Legal fees	43	13
Insurance	142	143
Research and development	1,025	953
Education and training	182	254
Rentals under operating leases	368	54
Car parking & security	35	24
Hospitality	8	2
Losses, ex gratia & special payments	8	8
Other	144	48
Total	**131,182**	**125,095**
Of which:		
Related to continuing operations	131,182	125,095

* Audit fees payable to the external auditor are inclusive of VAT

Note 6.2 Other auditor remuneration

	2017/18 £000	2016/17 £000
Other auditor remuneration paid to the external auditor:		
2. Audit-related assurance services	-	8
Total	**-**	**8**

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2m (2016/17: £2m).

Note 7 Impairment of assets

	2017/18 £000	2016/17 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	(2,367)	(1,573)
Total net impairments charged to operating surplus / deficit	**(2,367)**	**(1,573)**
Impairments charged to the revaluation reserve	24	1,403
Total net impairments	**(2,343)**	**(170)**

Net impairments charged to the operating surplus include a reversal of previously impaired buildings. The reversal has arisen as a result of the annual revaluation of the organisations property and reflects an increase in the indices used to value properties in the region in which the Foundation trust operates.

Note 8 Employee benefits

	2017/18 Total £000	2016/17 Total £000
Salaries and wages	60,095	58,127
Social security costs	5,448	5,193
Apprenticeship levy	266	-
Employer's contributions to NHS pensions	6,229	5,816
Termination benefits	74	-
Temporary staff (including agency)	1,482	1,594
Total gross staff costs	**73,594**	**70,730**
Recoveries in respect of seconded staff	**(158)**	(265)
Total staff costs	**73,436**	**70,465**
Of which		
Costs capitalised as part of assets	102	91

Note 8.1 Retirements due to ill-health

During 2017/18 there was 1 early retirement from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2017). The estimated additional pension liabilities of these ill-health retirements is £81k (£184k in 2016/17).

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

Note 9 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes and the NEST pension scheme. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The NHS pension schemes 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.

Note 9.1 Defined Benefit Schemes

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 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 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 last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

Note 9.2 Defined Contribution Scheme

The Foundation Trust operates a defined contribution pension scheme. The scheme is provided by NEST. Employers contributions to the scheme are recognised as an expense in the Statement of Comprehensive Income, in the accounting period to which they relate. The Foundation Trust's contributions for the year ended 31 March 2018 were £2k.

Note 10 Operating leases

Note 10.1 Liverpool Heart and Chest Foundation trust as a lessor

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

Note 10.2 Liverpool Heart and Chest Foundation trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Liverpool Heart and Chest Hospital NHS Foundation Trust is the lessee.

The Foundation Trust make payments under leases as follows:-
Photocopiers under a lease agreement expiring in 2018/19.
Portakabins under a lease agreement expiring in 2019/20.
The Foundation trust makes land lease payments to the Royal Liverpool University Teaching hospital in respect of the land it occupies at the Broadgreen site. Whilst the arrangement with the Royal Liverpool University Teaching Hospital falls within the definition of an operating lease, the term of the arrangement for future years has not yet been agreed. Consequently, note 10.2 does not include future minimum lease payments for this arrangement.

	2017/18 £000	2016/17 £000
Operating lease expense		
Minimum lease payments	368	54
Total	**368**	**54**

	31 March 2018 £000	31 March 2017 £000
Future minimum lease payments due:		
- not later than one year;	208	41
- later than one year and not later than five years;	17	89
- later than five years.	-	-
Total	**225**	**130**

Note 11 Finance income

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

	2017/18	2016/17
	£000	£000
Interest on bank accounts	19	18
Total	**19**	**18**

Note 12.1 Finance expenditure

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

	2017/18	2016/17
	£000	£000
Interest expense:		
Finance leases	31	28
Total interest expense	**31**	**28**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

The Foundation Trust did not make incur any interest charges in respect of the late payment of commercial debts (interest) Act 1998

Note 13 Other gains / (losses)

	2017/18	2016/17
	£000	£000
Gains on disposal of assets*	5	-
Losses on disposal of assets	-	(20)
Total gains / (losses) on disposal of assets	5	(20)
Total other gains / (losses)	**5**	**(20)**

*see note 4.2

Note 14 Discontinued operations

The Foundation Trust did not discontinue any operations during the year ended 31 March 2018.

Note 15.1 Intangible assets - 2017/18

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2017 - brought forward	1,546	1,546
Additions	192	192
Gross cost at 31 March 2018	1,738	1,738
Amortisation at 1 April 2017 - brought forward	881	881
Provided during the year	129	129
Amortisation at 31 March 2018	1,010	1,010
Net book value at 31 March 2018	728	728
Net book value at 1 April 2017	665	665

Note 15.2 Intangible assets - 2016/17

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

Note 16.1 Property, plant and equipment - 2017/18

	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 2017 - brought forward	**2,750**	**59,036**	**1,123**	**1,494**	**25,790**	**15,910**	**2,445**	**108,548**
Additions	-	1,385	-	-	2,990	1,423	-	**5,798**
Impairments	-	(70)	-	-	-	-	-	**(70)**
Reversals of impairments	-	1,951	-	-	-	-	-	**1,951**
Revaluations	100	4,873	140	-	-	-	-	**5,113**
Reclassifications	-	585	-	(1,447)	862	-	-	**-**
Transfers to/ from assets held for sale	-	-	-	-	(47)	-	-	**(47)**
Disposals / derecognition	-	-	-	-	(851)	-	-	**(851)**
Valuation/gross cost at 31 March 2018	**2,850**	**67,760**	**1,263**	**47**	**28,744**	**17,333**	**2,445**	**120,442**
Accumulated depreciation at 1 April 2017 - brought forward	**-**	**-**	**-**	**-**	**18,916**	**8,724**	**2,242**	**29,882**
Provided during the year	**-**	**1,743**	**38**	**-**	**1,429**	**1,340**	**59**	**4,609**
Impairments	-	(46)	-	-	-	-	-	**(46)**
Reversals of impairments	-	(416)	-	-	-	-	-	**(416)**
Revaluations	-	(1,179)	(35)	-	-	-	-	**(1,214)**
Transfers to / from assets held for sale	-	-	-	-	(47)	-	-	**(47)**
Disposals / derecognition	-	-	-	-	(842)	-	-	**(842)**
Accumulated depreciation at 31 March 2018	**-**	**102**	**3**	**-**	**19,456**	**10,064**	**2,301**	**31,926**
Net book value at 31 March 2018	**2,850**	**67,658**	**1,260**	**47**	**9,288**	**7,269**	**144**	**88,516**
Net book value at 1 April 2017	**2,750**	**59,036**	**1,123**	**1,494**	**6,874**	**7,186**	**203**	**78,666**

Note 16.2 Property, plant and equipment - 2016/17

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

Note 16.3 Property, plant and equipment financing - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2018								
Owned - purchased	2,850	66,442	720	47	9,045	6,569	131	**85,804**
Finance leased	-	-	-	-	127	694	-	**821**
Owned - donated	-	1,216	540	-	116	6	13	**1,891**
NBV total at 31 March 2018	**2,850**	**67,658**	**1,260**	**47**	**9,288**	**7,269**	**144**	**88,516**

Note 16.4 Property, plant and equipment financing - 2016/17

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2017								
Owned - purchased	2,750	58,045	639	1,494	6,472	6,364	186	**75,950**
Finance leased	-	-	-	-	290	815	-	**1,105**
Owned - donated	-	991	484	-	112	7	17	**1,611**
NBV total at 31 March 2017	**2,750**	**59,036**	**1,123**	**1,494**	**6,874**	**7,186**	**203**	**78,666**

Note 17 Donations of property, plant and equipment

During the year there were donations of £117K received from the Liverpool Heart & Chest Hospital Charity to fund the specific purchase of capital property, plant and equipment. This was spent on improvements to ward facilities, the refurbishment of the staff gym and the purchase of medical equipment for research.

Note 18 Revaluations of property, plant and equipment

Professional valuations are carried out by the District Valuers of the Revenue and Customs Government Department. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS). Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. The Trust has had its land and buildings revalued using Modern Equivalent Asset methodology at 31st March 2018.

Note 19.1 Investment Property

The Foundation Trust does not hold any investment property

Note 20 Investments in associates and joint ventures

	2017/18	2016/17
	£000	£000
Carrying value at 1 April - brought forward	**37**	**18**
Acquisitions in year	15	-
Share of profit / (loss)	(3)	19
Carrying value at 31 March	**49**	**37**

Since November 2011, the Trust has participated in a joint venture with Royal Brompton & Harefield NHS Foundation Trust. The joint venture established by the partners is a company limited by guarantee "The Institute of Cardiovascular Medicine & Science Ltd" (ICMS). Draft Accounts of the company have been prepared for the year ended 31st March 2018 and the results are reflected in the accounts of the group in this financial year.

Note 21 Other investments / financial assets (non-current)

The Foundation Trust did not hold any other investments or financial assets at 31 March 2018 (31 March 2017: nil)

Note 22 Disclosure of interests in other entities

Liverpool Heart and Chest is the Trustee of the Liverpool Heart and Chest Charity.

Note 23 Inventories

	31 March 2018	31 March 2017
	£000	£000
Drugs	438	609
Consumables	4,012	3,137
Total inventories	**4,450**	**3,746**

Inventories recognised in expenses for the year were £30,594k (2016/17: £29,159k). Write-down of inventories recognised as expenses for the year were £0k (2016/17: £0k).

Note 24.1 Trade receivables and other receivables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade receivables	7,951	2,987
Accrued income	4,046	2,791
Provision for impaired receivables	(2,006)	(908)
Prepayments (non-PFI)	751	464
PDC dividend receivable	-	13
VAT receivable	205	136
Other receivables	540	2,348
Total current trade and other receivables	**11,487**	**7,831**
Of which receivables from NHS and DHSC group bodies:		
Current	10,634	5,652

Note 24.2 Provision for impairment of receivables

	2017/18	2016/17
	£000	£000
At 1 April as previously stated	**908**	**884**
At 1 April - restated	**908**	**884**
Increase in provision	1,545	243
Amounts utilised	(447)	-
Unused amounts reversed	-	(219)
At 31 March	**2,006**	**908**

Note 24.3 Credit quality of financial assets

	31 March 2018		31 March 2017	
	Trade and other receivables	Investments & Other financial assets	Trade and other receivables	Investments & Other financial assets
Ageing of impaired financial assets	£000	£000	£000	£000
0 - 30 days	997	-	2	-
30-60 Days	186	-	-	-
60-90 days	10	-	28	-
90- 180 days	46	-	14	-
Over 180 days	767	-	864	-
Total	**2,006**	**-**	**908**	**-**
Ageing of non-impaired financial assets past their due date				
0 - 30 days	969	-	1,340	-
30-60 Days	515	-	218	-
60-90 days	334	-	97	-
90- 180 days	1,450	-	380	-
Over 180 days	2,322	-	1,077	-
Total	**5,590**	**-**	**3,112**	**-**

Financial assets neither past due nor impaired are considered to be of good credit quality.

Note 25 Other assets

The foundation trust did not hold any Other Financial Assets at 31 March 2018 (2017: nil)

Note 26 Non-current assets held for sale and assets in disposal groups

	2017/18 £000	2016/17 £000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**5**	**37**
Assets sold in year	(2)	**(32)**
NBV of non-current assets for sale and assets in disposal groups at 31 March	**3**	**5**

Non-current assets held for sale include several items of medical equipment currently being marketed on behalf of the Trust by Avensys Medical Ltd. All AHFS are held at the lower of their carrying value at the time of transfer, and their estimated realisable value. Depreciation is no longer charged following reclassification to AHFS.

Note 26.1 Liabilities in disposal groups

The foundation Trust did not have any liabilities in disposal groups as at 31 March 2018 (2017: nil)

Note 27.1 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.

	2017/18 £000	2016/17 £000
At 1 April 2017	**4,868**	**7,856**
Net change in year	2,597	(2,988)
At 31 March 2018	**7,465**	**4,868**
Broken down into:		
Cash at commercial banks and in hand	5	6
Cash with the Government Banking Service	7,460	4,862
Total cash and cash equivalents as in SoFP	**7,465**	**4,868**

Note 27.2 Third party assets held by the trust

The Foundation Trust held cash and cash equivalents which relate to monies held by the the Foundation Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

The value of monies held by the Foundation Trust on behalf of patients as at 31 March 2018 was £62 (31 March 2017: £725).

Note 28.1 Trade and other payables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade payables	5,714	7,610
Capital payables	1,071	1,154
Accruals	5,447	6,533
Social security costs	899	840
Other taxes payable	777	743
PDC dividend payable	245	-
Other payables	1,805	45
Total current trade and other payables	**15,958**	**16,925**
Of which payables from NHS and DHSC group bodies:		
Current	4,058	2,951

The above payables note does not include any amounts in relation to early retirements.

Note 29 Other financial liabilities

The Foundation Trust did not have any Other Financial liabilities as at 31 March 2018 (31 March 2017: nil).

Note 30 Other liabilities

	31 March 2018 £000	31 March 2017 £000
Current		
Deferred income	995	789
Total other current liabilities	**995**	**789**
Non-current		
Deferred income	81	-
Total other non-current liabilities	**81**	**-**

Note 31 Borrowings

	31 March 2018 £000	31 March 2017 £000
Current		
Other loans	6	3
Obligations under finance leases	382	391
Total current borrowings	**388**	**394**
Non-current		
Other loans	23	29
Obligations under finance leases	242	624
Total non-current borrowings	**265**	**653**

Note 32 Finance leases

Note 32.1 Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessor

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

Note 32.2 Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessee

Obligations under finance leases where Liverpool Heart and Chest Hospital NHS Foundation Trust is the lessee.

	31 March 2018 £000	31 March 2017 £000
Gross lease liabilities	**642**	**1,066**
of which liabilities are due:		
- not later than one year;	397	424
- later than one year and not later than five years;	245	642
Finance charges allocated to future periods	(18)	(51)
Net lease liabilities	**624**	**1,015**
of which payable:		
- not later than one year;	382	391
- later than one year and not later than five years;	242	624

In 2016/17 the Trust entered into a finance lease arrangement with CISCO Finance Ltd in order to secure an updated IT Network system at a capital cost of £845k. The lease term is for three years and at the end of the period ownership of the asset will be transferred to the Trust.

Older finance leases include lease arrangements the at Trust entered into in 2011/12 for a period of 7 years, for CT scanner equipment.

The lessor has the benefit of the residual value of the assets as these assets are returned at the end of the lease agreement. The lease agreements require the Foundation Trust to maintain assets to a good standard and they have to be returned to the lessor in a reasonable condition. This risk is managed by the Foundation Trust, through Insurance cover and Maintenance Contracts.

There are no contingent rent arrangements within any of these lease agreements

The difference between the future minimum lease payments and their present value is the interest rate implicit in the lease which is £18k at 31 March 2018 (31 March 2017: £51K).

Note 33.1 Provisions for liabilities and charges analysis

	Legal claims	Other	Total
	£000	£000	£000
At 1 April 2017	**23**	**684**	**707**
Change in the discount rate	-	2	**2**
Arising during the year	119	15	**134**
Utilised during the year	(15)	(88)	**(103)**
Reversed unused	(9)	(14)	**(23)**
At 31 March 2018	**118**	**599**	**717**
Expected timing of cash flows:			
- not later than one year;	118	462	**580**
- later than one year and not later than five years;	-	31	**31**
- later than five years.	-	106	**106**
Total	**118**	**599**	**717**

The Foundation Trust has total provisions as at 31st March 2018 of £717k . Other provisions of £598k includes £225k for undercharge against lease of land; potential employee claims under agenda for change £231k and £142k for ill health retirement benefits.

Note 33.2 Clinical negligence liabilities

At 31 March 2018, £735k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Liverpool Heart and Chest Hospital NHS Foundation Trust (31 March 2017: £1,178k).

Note 34 Contingent assets and liabilities

	31 March 2018 £000	31 March 2017 £000
Value of contingent liabilities		
NHS Resolution legal claims	(22)	(2)
Total value of contingent liabilities	**(22)**	**(2)**

The Foundation Trust had no contingent assets as at 31 March 2018 (31 March 2017: nil)

Note 35 Contractual capital commitments

	31 March 2018 £000	31 March 2017 £000
Property, plant and equipment	612	512
Intangible assets	31	-
Total	**643**	**512**

Note 36 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 2018 £000	31 March 2017 £000
not later than 1 year	741	-
after 1 year and not later than 5 years	741	-
paid thereafter	-	-
Total	**1,482**	**-**

Other Financial Commitments is a 5 year contract for patient catering services. The contract can be cancelled after 2 years.

Note 37 Defined benefit pension schemes

The Foundation trust did not operate a separare defined benefit pension scheme for the year ended 31 March 2018 (2017: nil)

Note 38 On-SoFP PFI, LIFT or other service concession arrangements

The Foundation trust did not enter into any PFI, LIFT or other service concession arrangements for year ended 31 March 2018 (2017: nil)

Note 40 Financial instruments

Note 40.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with Clinical Commissioning Groups (CCG's) and NHS England and the way CCG's and NHS England are financed, The Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Foundation Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Foundation Trust's Standing Financial Instructions and policies agreed by the Board of Directors. The Foundation Trust's treasury activity is subject to review by The Trusts internal auditors.

Currency Risk
The 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

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 2018 are in receivables from customers, as disclosed in the Trade and other receivables note.

Liquidity Risk
The Trust's operating costs are incurred under contracts with CCGs and NHS England, which are financed from resources voted annually by Parliament. The Trust finances its capital expenditure from internally generated funds. The Trust is not, therefore, exposed to significant liquidity risks.

Note 40.2 Carrying values of financial assets

	Loans and receivables	Held to maturity at	Available-for-sale	Total book value
	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2018				
Trade and other receivables excluding non financial assets	7,951	-	-	**7,951**
Other investments / financial assets	4,634	-	3	**4,637**
Cash and cash equivalents at bank and in hand	7,465	-	-	**7,465**
Total at 31 March 2018	**20,050**	**-**	**3**	**20,053**

	Loans and receivables	Held to maturity	Available-for-sale	Total book value
	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2017				
Trade and other receivables excluding non financial assets	7,068	-	-	**7,068**
Other investments / financial assets	37	-	-	**37**
Cash and cash equivalents at bank and in hand	4,868	-	-	**4,868**
Total at 31 March 2017	**11,973**	**-**	**-**	**11,973**

Note 40.3 Carrying value of financial liabilities

	Other financial liabilities	Liabilities at fair value through the I&E	Total book value
	£000	£000	£000
Liabilities as per SoFP as at 31 March 2018			
Borrowings excluding finance lease and PFI liabilities	29	-	**29**
Obligations under finance leases	624	-	**624**
Trade and other payables excluding non financial liabilities	13,788	-	**13,788**
Total at 31 March 2018	**14,441**	**-**	**14,441**

	Other financial liabilities	Liabilities at fair value through the I&E	Total book value
	£000	£000	£000
Liabilities as per SoFP as at 31 March 2017			
Borrowings excluding finance lease and PFI liabilities	32	-	**32**
Obligations under finance leases	1,015	-	**1,015**
Trade and other payables excluding non financial liabilities	15,342	-	**15,342**
Provisions under contract	575	-	**575**
Total at 31 March 2017	**16,964**	**-**	**16,964**

Note 40.4 Fair values of financial assets and liabilities

Note 40.5 Maturity of financial liabilities

	31 March 2018	31 March 2017
	£000	£000
In one year or less	14,196	16,298
In more than one year but not more than two years	245	394
In more than two years but not more than five years	-	248
In more than five years	-	24
Total	**14,441**	**16,964**

Note 41 Losses and special payments

	2017/18		2016/17	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Bad debts and claims abandoned	299	172	-	-
Stores losses and damage to property	1	7	-	-
Total losses	**300**	**179**	**-**	**-**
Special payments				
Ex-gratia payments	7	1	10	8
Total special payments	**7**	**1**	**10**	**8**
Total losses and special payments	**307**	**180**	**10**	**8**
Compensation payments received		-		-

Note 42 Gifts

The Foundation trust received no material gifts during the year ended 31 March 2018 (31 March 2017: nil)

Note 43 Related parties

During the year none of the Department of Health Ministers, Trust board members of 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 has 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
Liverpool CCG
Knowsley CCG
Health Education England
NHS Improvement
The Royal Liverpool and Broadgreen University Hospitals NHS Foundation Trust
NHS Business Services Authority
St Helens and Knowsley Teaching Hospitals NHS Trust
Mersey Care NHS Foundation Trust

The Foundation Trust is the sole Trustee of the Liverpool Heart and Chest Charity and as such considers it to be a

Note 44 Transfers by absorption

There were no transfers by absorption in the Financial Statements of the Foundation trust for the year ended 31 March 2018.

Note 45 Prior period adjustments

Ther have been no prior period adjustments to the Financial Statements of the Foundation trust for the year ended 31 March 2018.

Note 46 Events after the reporting date

The Foundation Trust had no material events after the end of the reporting period

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

Our opinion on the financial statements is unmodified`

We have audited the financial statements of Liverpool Heart and Chest Hospital NHS Foundation Trust (the 'Trust') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows For the year ended 31 March 2018 and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the NHS foundation trust annual reporting manual 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2017/2018; 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. 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.

Who we are reporting to

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

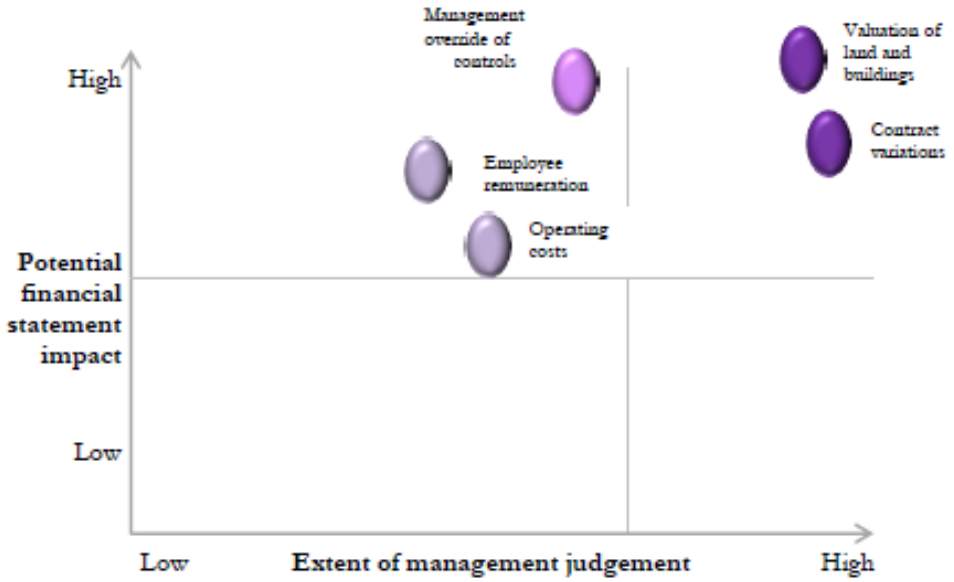
- the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

- Overall materiality: £2,502,000 which represents 2% of the Trust's operating expenses for the prior year;
- Key audit matters were identified as:
  - Contract variations
    Valuation of land and buildings
- We have tested the Trust's material income and expenditure streams and assets and liabilities covering 99% of the Trust's income, 98% of the Trust's expenditure, 99% of the Trust's assets and 87% of the Trust's liabilities.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Risk 1 Contract variations Approximately 92% of the Trust's income is from patient care activities and	Our audit work included, but was not restricted to: • evaluating the appropriateness of the Trust's accounting policy for recognising income from patient care activities;

Key Audit Matter	How the matter was addressed in the audit
contracts with NHS commissioners. These contracts include the rates for and level of patient care activity to be undertaken by the Trust. The Trust recognises patient care activity income during the year based on the completion of these activities. Patient care activities provided that are additional to those incorporated in these contracts (contract variations) are subject to verification and agreement by the commissioners. As such, there is the risk that income is recognised in the accounts for these additional services that is not subsequently agreed to by the commissioners. We have identified the occurrence and accuracy of income from contract variations as a significant risk, which was one of the most significant assessed risks of material misstatement.	• obtaining an understanding of the Trust's system for accounting for income from patient care activities and evaluating the design of the associated controls; • obtaining copies of all signed contracts with commissioners above performance materiality and a schedule of variations to those contracts; • confirming on a sample basis the annual amounts recognised as income in the financial statements to signed contracts; • testing a sample of contract variations back to supporting evidence ensuring that income was accounted for in the right year. The Trust's accounting policy on revenue is shown in note 1.4 to the financial statements and related disclosures are included in note 3. **Key observations** We obtained sufficient audit evidence to conclude that: • the Trust's accounting policy for income from patient activities is in accordance with the Department of Health and Social Care Group Accounting Manual 2017/18 and has been properly applied; and • income from contract variations is not materially misstated.
Risk 2 Valuation of land and buildings The Trust carries out a desktop review of the valuation of its land and buildings on an annual basis to ensure that carrying value is not materially different from fair value at the financial statements date. This represents a significant estimate by management in the financial statements. We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluating the competence, capabilities and objectivity of the valuation expert used. • discussing with the valuer the basis on which the valuation was carried out • challenging the information and assumptions used by the valuer to obtain sufficient assurance that it is robust and consistent with our understanding • evaluating the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. The Trust's accounting policy on property, plant and equipment is shown in note 1.7to the financial statements and related disclosures are included in note 16.1 **Key observations** We obtained sufficient audit assurance to conclude that: • the basis of the valuation of land and buildings was appropriate and the assumptions and processes used by management in determining the estimate were reasonable;

Key Audit Matter	How the matter was addressed in the audit
	• the valuation of land and buildings disclosed in the financial statements is reasonable.

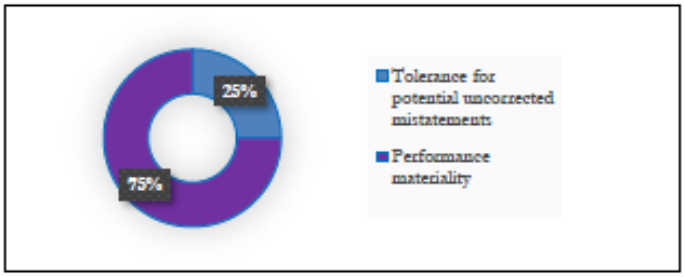
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality Measure	Trust
Financial statements as a whole	£2,502,000 which is 2% of the Trust's operating expenses for 2016/17. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how it has expended its revenue and other funding. Materiality for the current year is at the same percentage level of gross operating costs as we determined for the year ended 31 March 2017 as we did not identify any significant changes in the Trust or the environment in which it operates.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality
Specific materiality	Disclosure of senior managers' remuneration in the Remuneration Report: £23,300
Communication of misstatements to the Audit Committee	£125,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Trusts business, its environment and risk profile and in particular included:

- Evaluation of material areas of the financial statements, both in terms of qualitative and quantitative measures, and the design of a testing strategy based on a measure of materiality;
- Identification of Key Audit Matters based on application of materiality and an assessment of other relevant factors such as complexity;

- Gaining an understanding of and evaluation of the Trust's internal control environment, including its IT system and controls over key financial systems;
- Testing, on a sample basis, all of the Trust's material income streams covering 98% of the Trust's income;
- Testing, on a sample basis, 98% of the Trust's expenditure;
- Testing, on a sample basis, 99% of the Trust's assets including property plant and equipment and 87% of the Trust's liabilities.

Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the Annual Report set out on pages 1-139, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Trust obtained in the course of our work including that gained through work in relation to the Trust's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 31 in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or
- Audit Committee reporting set out on pages 24-27 of the Annual Report in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance – the section describing the work of the Audit Committee does not appropriately address matters communicated to us by the Audit Committee.

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 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 meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2017/18. 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.

Our opinion on other matters required by the Code of Audit Practice is unmodified

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the NHS

foundation trust annual reporting manual 2017/18 and the requirements of the National Health Service Act 2006; and

- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources 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 have reported a matter in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we have referred a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

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

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

As explained more fully in the Statement of Accounting Officer's responsibilities set out on page 69, 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 2017/18, 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 Trust lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Trust.

The Audit Committee is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements – Conclusion on 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 - 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 2018.

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

Responsibilities of the Accounting Officer

The 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 and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

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

Michael Thomas

Michael Thomas
Director
for and on behalf of Grant Thornton UK LLP

Royal Liver Building
Liverpool
L1 3PS

Date 29 May 2018