

# Annual Report & Accounts

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## 2018/19

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

# Annual Report and Accounts 2018/19

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

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# SECTION 1: PERFORMANCE REPORT

*This report is prepared in accordance with:*

- *sections 414A, 414C and 414D<sub>5</sub> 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 2018/19.**

2018 was a special year as the NHS celebrated its 70<sup>th</sup> birthday on 5<sup>th</sup> July. Along with healthcare colleagues across the country, we marked this key anniversary by recognising our extraordinary members of staff who work tirelessly to provide patients and families with the best care possible.

It was, therefore, particularly rewarding that the quality of care that we provide was recognised as being the best in the country, for the 9<sup>th</sup> time in 12 years, in the Care Quality Commission's National Inpatient Survey. This was further supported by the views of our outstanding workforce in the NHS Staff Survey, published in March 2019, which showed that LHCH was ranked as one of the top trusts in the country.

Furthermore, at the prestigious Nursing Times Awards 2018 we were proud of the achievements of our Theatres Team who were announced as winners of the Surgical Nursing category.

One of the highlights of the year came in September 2018 with the successful launch of the Liverpool Centre for Cardiovascular Science – an exciting new partnership between LHCH, the University of Liverpool, Liverpool John Moores University and Liverpool Health Partners.

The new centre aims to address poor heart health in the Liverpool City Region by developing and applying collaborative research and innovation in cardiovascular science. At the launch event at Liverpool Town Hall, we were delighted to be joined by former Liverpool FC Manager, Gerard Houllier, who spoke of his personal support for research into cardiovascular disease and reflected on the lifesaving care and treatment he received as a patient at LHCH.

The official launch of the centre in September also coincided with the start of adult congenital heart disease services being delivered on site at LHCH. We are pleased that patients across the North West can now expect to receive the same high quality services that are delivered in other parts of the country, through a new network approach.

Since our last Annual Report, the Board of Directors has undergone changes and in January 2019 we were delighted to welcome Jonathan Develing as our Trust's Director of Strategic Partnerships, following the departure of Tony Wilding.

As we look ahead to 2019/20, we are eagerly anticipating the culmination of some major capital development projects following significant investment from the Trust. Our new CT and MRI scanner will improve the capacity of diagnostic imaging, thereby reducing the diagnostic waiting times for patients. Work is also well underway to refurbish our existing Catheter Laboratories, with the new state-of-the-art laboratories designed to facilitate the very best patient care. In addition we are also making big changes to our private patient service at LHCH as part of our plans to increase the important contribution it makes to our NHS services. Part of this change is the development of a new dedicated 9-bed private patient unit which is scheduled for completion by summer 2019.

We are grateful once more for the contribution of our members and particularly for the invaluable support of our Governors who give their time voluntarily to raise awareness of the work of the hospital in their constituencies and to assist the Board of Directors on a range of issues.

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 are confident that the challenges ahead of us in 2019/20 will once again be met by our 'Outstanding' team, as we retain our focus on delivering exceptional patient and family centred care, and on 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 2018/19, it treated:

- 2,117 cardiac surgery inpatients
- 8,061 cardiology inpatients
- 734 respiratory inpatients
- 1,232 thoracic surgery inpatients
- 547 other inpatients (including cystic fibrosis)
- 70,247 outpatients

As at 31<sup>st</sup> March 2019, the Trust employed 1,643 staff of whom 437 were male and 1,206 were female. There were also 22 senior managers – being those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS foundation trust - of whom 10 were male and 12 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 ‘*excellent, 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 – *Team LHCH at its Best*.

The Trust operates in a challenging financial environment and continues to strive to develop a portfolio of services that are clinically and financially sustainable. Demand is increasing due to demographic and lifestyle factors. Heart and lung diseases continue to be amongst the biggest killers in the UK and all business decisions and opportunities are considered in the context of benefits for our patients. The Trust has a strong culture of research 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 2018/19

- For the 9<sup>th</sup> time in 12 years, LHCH was rated the top hospital in the country for overall patient experience in the Care Quality Commission's National Inpatient Survey, published in June 2018.
- LHCH partnered with the University of Liverpool, Liverpool John Moores University and Liverpool Health Partners to launch the Liverpool Centre for Cardiovascular Science.
- LHCH's Theatres Team won the Surgical Nursing category at the Nursing Times Awards 2018 and was a shortlisted finalist in three other categories.
- LHCH Chief Executive, Jane Tomkinson, is appointed Partnership Group Chair of the Clinical Research Network, North West Coast.
- LHCH performing with the best organisations in 6 out of 10 new staff survey themes, above average in three and average in one.
- LHCH celebrated 10 years of its emergency heart attack (PPCI) service.
- LHCH was recognised as the top TAVI recruiter in the country in a multi-centre randomised controlled trial to assess the clinical effectiveness and cost-utility of TAVI, compared with conventional surgical aortic valve replacement.
- LHCH celebrated 70 years of the NHS on 5<sup>th</sup> July.
- LHCH is featured in BBC2's award-winning 'Hospital' documentary series filmed in Liverpool.
- LHCH was accredited by the Skills Development Network as a *Level 2 Towards Excellence Finance* organisation.
- LHCH started delivering adult congenital heart disease services following NHS England's announcement of a new network approach in the North West.
- LHCH shortlisted finalist in three categories at North West Coast Research and Innovation Awards 2019.
- 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 2018/19.

### 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.

## 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 table below demonstrates the movement in patient activity numbers since 2014/15.

Activity	2014/15	2015/16	2016/17	2017/18	2018/19	5 year Growth
<b>Medicine Inpatients</b>	9,444	9,360	9,475	9,232	9,768	3%
<b>Surgery Inpatients</b>	3,892	3,699	3,662	3,690	3,667	-6%
<b>Outpatients</b>	73,194	76,863	80,429	81,314	70,247	-4%

As at March 31<sup>st</sup> 2019, 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 31<sup>st</sup> 2019 but compliant for non-admitted pathways.

## Analysis of 2018/19 financial performance

### Summary

The main headlines of financial performance for the Foundation Trust in 2018/19 are below.

- The operating surplus (after adjusting for impairment charges and non-operating transactions) is a surplus of £17.2m, which is £7.6m higher than planned due to additional allocation of Provider Sustainability Funds.
- The financial risk rating using NHS Improvements methodology to assess the level of financial risk is a 1, based on the position as at the end of March 2019.
- The Trust delivered £3.7m savings.

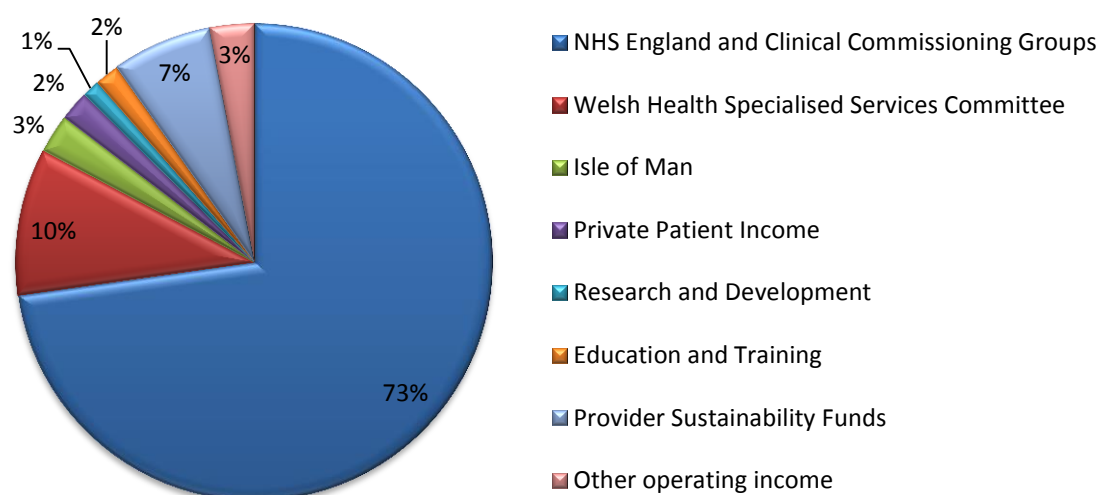
Overall financial performance for the year is summarised in the table below.

	£m	
	2018/19	2017/18
Income from patient care activities	137.1	132.1
Other income	9.2	8.4
Provider Sustainability Fund	10.6	4.1
<b>Total Income</b>	<b>156.9</b>	<b>144.6</b>
Employee expenses	-76.8	-73.3
Non-pay expenses	-57.1	-53.2
<b>Total Expenditure</b>	<b>-133.9</b>	<b>-126.5</b>

<b>EBITDA</b>	<b>23.0</b>	<b>18.1</b>
Depreciation and Amortisation	-4.9	-4.7
Total interest receivable/ (payable)	0.1	0.0
PDC dividends	-2.5	-2.6
<b>Net Surplus (as per annual accounts)</b>	<b>15.7</b>	<b>10.8</b>
Normalising adjustments:		
Net impairments	1.5	-2.4
<b>Adjusted Financial Performance</b>	<b>17.2</b>	<b>8.4</b>

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

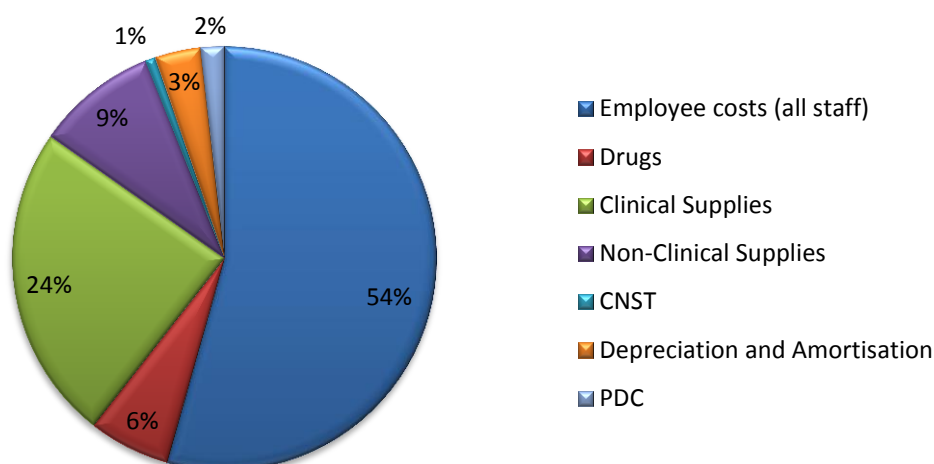
### Income received in 2018/19



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

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

## Expenditure 2018/19



## Cost improvement programme

The Trust had a Cost Improvement Programme target (CIP) of £3.8m or 2.7% 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	0.3	0.2	0.0
Pay	1.7	1.7	-0.1
Non Pay	1.8	1.8	0.0
<b>Total</b>	<b>3.8</b>	<b>3.7</b>	<b>-0.1</b>

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 and Equality 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 that 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 2019/20 and beyond will be focussed on pathway redesign over this wider planning footprint.

### Capital investments and cash flow

During the 2018/19 financial year, the total capital investment in improving the hospital facilities was £9.8m. The main investments are highlighted below.

- Stage 1 of the Catheter Lab refurbishment programme - £1.1m.
- Initial estates work of £0.5m preparing for the new CT and MR Scanners in 2019/20.
- £0.8m developing the Aspen Suite for Private Patients.
- £0.5m equipment for the new ACHD service.
- Estates investment of £2.2m including, electrical infrastructure upgrade, aerocom tube replacement, UPS replacement and roofing refurbishment.
- The purchase of medical equipment (£3.7m).
- IT investment and network upgrades (£1.2m, including £200k on cyber security).

After funding the capital programme outlined above, the Trust had a closing cash balance of £17.5m as at 31<sup>st</sup> March 2019.

### Financing

Under its licence conditions, the Trust's ability to service borrowings is measured through the capital service capacity risk rating, currently a 1. The capital programme in 2018/19 was funded through internally generated funds only.

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 £85k 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.

There has been a significant improvement in performance in 2018/19 due to a concerted effort to resolve long-standing disputes between other NHS organisations and to streamline processes to ensure faster payment.

Year to Date BPCC	2018/19	
	Number	£'000
<b>Non NHS</b>		
Total bills paid in the year	30,292	74,188
Total bills paid within target	29,840	72,969
Percentage of bills paid within target	98.5%	98.4%
<b>NHS</b>		
Total bills paid in the year	1,573	15,316
Total bills paid within target	1,489	14,440
Percentage of bills paid within target	94.7%	94.3%

<b>Total</b>		
<b>Total bills paid in the year</b>	<b>31,865</b>	<b>89,504</b>
<b>Total bills paid within target</b>	<b>31,329</b>	<b>87,409</b>
<b>Percentage of bills paid within target</b>	<b>98.3%</b>	<b>97.7%</b>

## 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 compliance with relevant legislation and regulatory standards and guidance is achieved.

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 its commitment to taking equality, diversity and human rights into account in everything it does. 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/](http://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 £17.2m against its planned surplus of £9.6k (£7.6m better than plan).

Plans for 2019/20 have been set which aim to build upon this year's strong financial performance. This, together with the progress being made on the Trust's efficiency programme, means the Trust is well placed to continue to rise to the financial challenges ahead.



**Jane Tomkinson**

Chief Executive

May 28<sup>th</sup> 2019



## SECTION 2: ACCOUNTABILITY REPORT

This report is prepared in accordance with:

- Sections 415, 416 and 418 of the Companies Act 2006 (section 415(4) and (5) and section 418(5) and (6) do not apply to NHS foundation trusts);
- Regulation 10 and Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (“the Regulations”)
- Additional disclosures required by the *FReM*
- Additional disclosures required by NHS Improvement

### 2.1 Directors’ Report

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

#### The Board of Directors

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

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

The Board is responsible for ensuring the safety and quality of services, research and education and application of clinical governance standards, including those set by NHS Improvement, the Care Quality Commission, the NHS Litigation Authority and other relevant bodies. The Board has a formal Schedule of Matters Reserved for Board Decisions and a Scheme of Delegation.

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

During the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019, the following were members of the Trust's Board of Directors:

Name / Profile Overview	Title	Notes
<b>Neil Large</b> <i>Qualified accountant and diverse NHS career spanning 40 years.</i>	<b>Chairman</b>	Also Non Executive Director at Christie Hospital NHS FT
<b>Nicholas Brooks</b> <i>Consultant Cardiologist and former president of the British Cardiovascular Society and served on the Council of the Royal College of Physicians</i>	<b>Non Executive Director</b>	
<b>Ken Morris</b> <i>Senior executive with extensive Board level experience including 9 years as an NHS Foundation Trust Chairman</i>	<b>Non Executive Director</b>	Took up post from 1 <sup>st</sup> May 2018 and served until 31 <sup>st</sup> March 2019
<b>Julian Farmer</b> <i>Qualified accountant with senior level experience as an auditor within the health and local government sectors.</i>	<b>Deputy Chair / Senior Independent Director / Non Executive Director / Chair of Audit Committee</b>	Appointed Senior Independent Director with effect from 12 <sup>th</sup> March 2019
<b>Mark Jones</b> <i>Senior executive with international career in pharmaceutical industry.</i>	<b>Non Executive Director</b>	
<b>Marion Savill</b> <i>Business investor and Board level strategic advisor.</i>	<b>Non Executive Director / Senior Independent Director</b>	Served as Senior Independent Director until 12 <sup>th</sup> March 2019
<b>Darren Sinclair</b> <i>Senior executive with extensive experience within the retail industry.</i>	<b>Non Executive Director</b>	Served until 30 <sup>th</sup> April 2018
<b>Jane Tomkinson</b> <i>Qualified accountant and former Director of Finance positions– NHS England and Countess of Chester NHS Foundation Trust.</i>	<b>Chief Executive</b>	
<b>Dr Raphael Perry</b> <i>Consultant Interventional Cardiologist of national standing.</i>	<b>Medical Director/Deputy Chief Executive</b>	
<b>Claire Wilson</b> <i>Previously Chief Finance Officer at NHS Bury Clinical Commissioning Group with more than 20 years' finance experience</i>	<b>Chief Finance Officer</b>	
<b>Sue Pemberton</b> <i>BSc Hons, Diploma in Professional Nursing Practice; previous nurse leadership roles at LHCH and Salford Royal NHSFT.</i>	<b>Director of Nursing and Quality</b>	
<b>Tony Wilding</b> <i>Senior level experience at University Hospital of North Staffordshire prior to joining LHCH</i>	<b>Director of Strategic Partnerships &amp; Chief Operating Officer</b>	Served until 31 <sup>st</sup> December 2018
<b>Jonathan Develing</b> <i>Senior level experience at regional and national level in the NHS. Previously Chief Officer at NHS Wirral Clinical Commissioning Group.</i>	<b>Director of Strategic Partnerships</b>	Took up post from 1 <sup>st</sup> January 2019

## How the Board operates

During the year, there were some changes to the Non Executive Directors (NEDs), with one NED leaving and one NED joining.

As at 31<sup>st</sup> March 2019, 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 31<sup>st</sup> March 2019, 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 six times during the year and at each meeting Directors received reports on quality and safety, patient experience and care, key performance information, operational activity, financial performance, key risks and strategy. 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.

The Board has in place a dashboard to monitor progress on delivery of strategic objectives and is responsible for approving major capital investments. The Board engages with the Council of Governors, senior clinicians and management, and uses external advisors where necessary. The proceedings at all Board meetings are recorded and a process is in place that allows any director's individual concerns to be noted in the minutes.

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

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

## Balance, completeness and appropriateness

There is a clear division of responsibilities between the 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, whilst also ensuring 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 biographical details of Directors, summarised above, demonstrate the wide range of skills and experience that they bring to the Board. The Board recognises the value of succession planning and the Board's Nominations and Remuneration Committee undertakes an annual process of succession planning review for Board members.

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

## Board meetings and attendance

The Board met six times during the year. Attendance at meetings is recorded in the table below.

Director	1 <sup>st</sup> May 2018	3 <sup>rd</sup> July 2018	4 <sup>th</sup> Sept 2018	6 <sup>th</sup> Nov 2018	8 <sup>th</sup> Jan 2019	5 <sup>th</sup> March 2019
<b>Chairman</b>						
Neil Large	✓	✓	✓	✓	✓	✓
<b>Chief Executive</b>						
Jane Tomkinson	✓	✓	✓	✓	✓	✓
<b>Non Executive Directors</b>						
Nicholas Brooks	✓	✓	✓	✓	✓	✓
Julian Farmer	✓	✓	✓	✓	✓	✓
Mark Jones	✓	✓	x	✓	✓	✓
Marion Savill	✓	✓	✓	✓	✓	✓
Ken Morris	✓	x	x	✓	✓	✓
<b>Executive Directors</b>						
Sue Pemberton	✓	✓	✓	✓	✓	✓
Raphael Perry	✓	✓	x	✓	✓	✓
Tony Wilding	✓	✓	✓	✓		
Claire Wilson	✓	✓	✓	✓	✓	✓
Jonathan Develing					✓	✓

## Evaluation of Board and committees

Each Board Committee has undertaken a review of its effectiveness in delivering its terms of reference and these reports were 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 2018/19, the Board has continued to follow up on the developmental areas highlighted in the independent 'Well Led Review', which reported in March 2017 and has streamlined the work of its assurance committees and completed a review of the operational Board.

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 2018/19. 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 Executive Directors 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 a conduit between the Board and the members, public and stakeholders.

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

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

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

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 of Governors 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 Trust 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 they are all 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/](http://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 Chair of the Audit Committee reports on the Audit Committee's work to the Council of Governors at each quarterly meeting.

The Committee met on six occasions during 2018/19.

Member	10 <sup>th</sup> April 2018	29 <sup>th</sup> May 2018	17 <sup>th</sup> July 2018	9 <sup>th</sup> Oct 2018	15 <sup>th</sup> Jan 2019	26 <sup>th</sup> Mar 2019
<b>Julian Farmer</b>	✓	✓	✓	✓	✓	✓
<b>Marion Savill</b>	✓	✓	x	✓	✓	x
<b>Mark Jones</b>	x	✓	✓	✓	✓	x
<b>Nicholas Brooks</b>	✓	✓	✓	✓	✓	x
<b>Darren Sinclair</b>	x					
<b>Ken Morris</b>		✓	✓	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 way in which the Committee has functioned and supported the Board of Directors at LHCH during 2018/19, by critically reviewing governance and assurance processes on which the Board of Directors place reliance, is set out below.

During 2018/19 the Committee has discharged its responsibilities for scrutinising the risks and controls which affect all aspects of the organisation's business.

### Principal review areas in 2018/19

The narrative below sets out the principal areas of review and significant issues considered by the Audit Committee during 2018/19 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 2018/19 and other appropriate independent assurances together with the anticipated receipt of the Head of Internal Audit Opinion, external audit opinion at its May 2019 meeting, considers that the 2018/19 Annual Governance Statement is consistent with the Committee's view on the Trust's system of internal control. Accordingly the Committee supported 2018/19 Annual Governance Statement for approval by the Board of Directors.



The Trust has continued to further embed the risk management systems in place during 2018/19 and the Board has undertaken a review of its appetite for risk and updated the Risk Management Policy and Board Assurance Framework accordingly. 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 in July 2018 and January 2019 and the Risk Management Policy was updated in January 2019 to reflect the Board's review of its appetite for risk.

Following the Well Led Review in March 2017, the Audit Committee has maintained oversight of the development of a new Data Quality Strategy and has strengthened its terms of reference to reflect its responsibility for oversight of data quality assurance.

The Audit Committee has received and reviewed annual reports for 2018/19 from each assurance committee of the Board of Directors (March 2019). These enabled the Audit Committee to test the effectiveness of the Assurance Committees and be satisfied that the assurance mechanisms are fit for purpose, in terms of discharging the responsibilities delegated by the Board of Directors. Mersey Internal Audit Agency's (MIAA) recommendations, following a review of Assurance Committees in 2017/18, have been implemented and reporting to the Assurance Committees is now more streamlined with minimal duplication.

The Committee has continued to reinforce the importance of management follow up in respect of audit work.

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

The Committee has identified the need to continue a close focus on data quality assurance going into 2019/20 in light of the informatics review findings, along with new areas highlighted in the latest edition of the Audit Committee Handbook, namely partnership working at scale, cyber security and working with regulators.

### **Internal audit**

Throughout the year, the Committee has worked effectively with internal audit to ensure that the design and operation of the Trust's internal control processes are sufficiently robust.

A comprehensive risk-based programme of internal audits has been carried out and there were no limited assurance opinions issued in 2018/19. The Committee has considered all major findings of internal audit reviews and has given increased focus in 2018/19 to the controls in place to mitigate cyber security threat and in improving management escalation processes to ensure timely implementation of internal audit recommendations. A review of evidence to support provider licence self-certification was undertaken along with a follow up review of conflict of interest arrangements.

The Committee reviewed and approved the internal audit plan and detailed programme of work for 2018/19 at its April 2018 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 anti-fraud work plan for 2018/19 at its April 2018 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 anti-fraud work – no specific fraud investigations were undertaken in 2018/19.

### **External audit**

The external audit service was last market tested during 2017/18 with a new contract awarded by the Council of Governors to Grant Thornton with effect from October 2017. During this second year of the contract 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 updated annual accounts audit timetable and programme of work, updates on key emerging national issues and developments which may be of interest to Committee members. This is alongside a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

The Council of Governors has sought assurance on the external audit service in light of press coverage of wider audit failings. The Audit Committee intends to establish an annual process for evaluating the external auditor and will share this with the Council of Governors.

### **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 a review of cyber security, reviews of the clinical audit programme and compliance with NICE guidelines and arrangements and review of the new Data Quality Strategy, prior to approval by the Board of Directors.

The Committee reviewed the Trust's arrangements for Freedom to Speak Up in July 2018, but following a Board self-evaluation of new national guidelines in September 2018, the Board determined that going forward it wished to receive directly, the quarterly reports from the Freedom to Speak Up Guardian.

### **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.

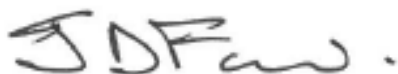
The Committee has reviewed and updated the Governance Manual including Standing Financial Instructions and Schemes of Delegation and has formally adopted the revised manual. It has also periodically reviewed the Trust's register of external visits.

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

### **Review of the effectiveness and impact of the Audit Committee**

In view of the in-depth independent governance review undertaken in 2017 and subsequent governance reviews, including the effectiveness of Board Assurance Committees and the operational Board, the Audit Committee limited its annual self-assessment to a review of compliance with selected areas of the Audit Committee checklist, as set out in the Audit Committee handbook.

All Audit Committee members completed the checklist and a follow up discussion was facilitated by MIAA to discuss the responses and identify any areas for potential further development.



**Julian Farmer**

Chair of Audit Committee

28<sup>th</sup> May 2019

## 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 six occasions and made the following recommendations to the Council of Governors:

- The appointment of Ken Morris as interim Non Executive Director for the period 1<sup>st</sup> May 2018 to 31<sup>st</sup> March 2019.
- The re-appointment of Neil Large as Chair for a further two-year term for the period 14<sup>th</sup> October 2018 to 13<sup>th</sup> October 2020.
- The appointment of Professor Robert Burgoyne, as Non Executive Director, with effect from 1<sup>st</sup> April 2019, for a term of three years ending 31<sup>st</sup> March 2022.
- The appointment of Karen O'Hagan, as Non-Executive Director, with effect from 1<sup>st</sup> May 2019, for a term of three years ending 30<sup>th</sup> April 2022.
- A review of Chair and NED remuneration in line with national benchmarking data, and to reflect 2018/19 inflationary uplift.
- Revised terms and conditions for NEDs.

### 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 2018/19 and conducted the following business:

- Approval of flat-rate inflationary pay award for 2018/19 for executive and associate directors, in line with national recommendations.
- Changes to Executive Portfolios following resignation of Director of Strategic Partnerships / Chief Operating Officer.
- Review of executive remuneration.
- Review of Chief Executive, executive director and associate director annual appraisals (2017/18) and individual objectives for 2018/19.
- Annual review of executive team succession plan.
- Recruitment to post of Director of Strategic Partnerships.
- Approval of 6 month secondment to post of Director of Research & Innovation following resignation of incumbent.

Attendance at Nominations and Remuneration Committee (Executive) in 2018/19:

Member	19 <sup>th</sup> June 2018	4 <sup>th</sup> September 2018	9 <sup>th</sup> October 2018	5 <sup>th</sup> March 2019
Neil Large (Chair)	✓	✓	✓	✓
Marion Savill	✓	✓	✓	✓
Mark Jones	✓	x	✓	✓
Julian Farmer	✓	✓	✓	✓
Nicholas Brooks	x	✓	✓	✓
Ken Morris	✓	x	x	✓

## Assurance Committees

### Quality Committee

The Quality Committee is established as an Assurance Committee of the Board of Directors in order to provide the Board with assurances in respect of quality governance.

It is a Non Executive Committee.

### Integrated Performance Committee

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

It is a Non Executive Committee.

### People Committee

The People Committee is established as an Assurance Committee of the Board of Directors in order to provide the Board with assurance in respect of workforce governance.

## 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.

Further developmental work in 2018/19 included refinement of terms of reference and streamlining of Assurance Committees and a comprehensive review of the Operational Board.

In addition, the Board has overseen significant work to improve the informatics function, develop business intelligence and establish a framework for improved data quality. Preparatory work for the CQC's 'Well Led' inspection in February 2019 facilitated a comprehensive internal review of Divisional leadership and governance.

The Audit Committee has considered the assurances on delivery of its 'Well Led' improvement work in compiling the Trust's Annual Governance Statement (*section 2.7*).

The Quality Report (*section 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 has been rolled out for use in non-clinical areas during 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 6).
- Trust policies on employment and training of disabled persons can be found in the Staff Report within the Accountability Report – Part 2 (page 17).
- 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 17).

- 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 2018 to 31 March 2019
- sets out tables of information showing details of the salary and pension interests of all directors for the financial period 1 April 2018 to 31 March 2019.

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 31 March 2019 are detailed below:

## Single total figure table (audited)

Year ended 31st March 2019							
Name	Title	Salary (Bands of £5,000)	Taxable Benefits (to nearest £100)	Performance related bonuses (Bands of £5,000)	Long term Performance related Bonuses (Bands of £5,000)	All Pension Related Benefits (Bands of £2,500)	Total (Bands of £5,000)
		£000's	£'s	£000's	£000's	£000's	£000's
J Tomkinson	Chief Executive Officer	160 - 165	7,800	0	0	0	170 - 175
R Perry	Deputy Chief Executive / Medical Director	160 - 165	0	0	0	0	160 - 165
C Wilson	Chief Finance Officer	120 - 125	0	0	0	0	120 - 125
S Pemberton	Director of Nursing and Quality	120 - 125	0	0	0	5.0 - 7.5	125 - 130
M Jackson	Director of Research and Innovation	75 - 80	0	0	0	0	75 - 80
T Wilding	Director of Strategic Partnerships and Chief Operating Officer	75 - 80	0	0	0	2.5 - 5	80 - 85
J Develing	Director of Strategic Partnerships	30 - 35	0	0	0	0	30 - 35
L Lavan	Director of Corporate Affairs	90 - 95	0	0	0	50 - 52.5	140 - 145
J Twist	Director of Workforce Development	90 - 95	1,700	0	0	52.5 - 55	145 - 150
P N Large	Chair	40 - 45	2,800	0	0	0	45 - 50
M Savill	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
M Jones	Non-Executive Director	10 - 15	600	0	0	0	10 - 15
J Farmer	Non-Executive Director	15 - 20	900	0	0	0	15 - 20
N Brooks	Non-Executive Director	10 - 15	1,200	0	0	0	10 - 15
K Morris	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
D Sinclair	Non-Executive Director	0 - 5	0	0	0	0	0 - 5

- 70% of R Perry's salary is for his work as a Director. The other 30% relates to his medical role.
- T Wilding ceased to be an Executive Director on 01/01/2019
- M Jackson ceased to be an Executive Director 31/03/2019
- D Sinclair ceased to be a Non-Executive Director on 30/04/2018
- J Develing was appointed to the position of Director of Strategic Partnerships on 01/01/2019
- K Morris was appointed to the position of Non-Executive Director 01/05/2019

Liverpool Heart and Chest Hospital Annual Report and Accounts 2018/19

Year ended 31st March 2018							
Name	Title	Salary (Bands of £5,000)	Taxable Benefits (to nearest £100)	Performance related bonuses (Bands of £5,000)	Long term Performance related Bonuses (Bands of £5,000)	All Pension Related Benefits (Bands of £2,500)	Total (Bands of £5,000)
		£000's	£'s	£000's	£000's	£000's	£000's
J Tomkinson	Chief Executive Officer	150 - 155	6,200	0	0	37.5 - 40	195 - 200
R Perry	Deputy Chief Executive / Medical Director	160 - 165	0	0	0	0	160 - 165
C Wilson	Chief Finance Officer	115 - 120	0	0	0	47.5 - 50	175 - 180
S Pemberton	Director of Nursing and Quality	110 - 115	2,900	0	0	35 - 37.5	150 - 155
M Jackson	Director of Research and Innovation	85 - 90	0	0	0	0	85 - 90
T Wilding	Director of Strategic Partnerships and Chief Operating Officer	105 - 110	0	0	0	25 - 27.5	130 - 135
L Lavan	Director of Corporate Affairs	85 - 90	0	0	0	20 - 22.5	105 - 110
J Twist	Director of Workforce Development	80 - 85	5,000	0	0	132.5 - 135	220 - 225
P N Large	Chair	40 - 45	2,400	0	0	0	40 - 45
D Bricknell	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
L Cotter	Non-Executive Director	0 - 5	0	0	0	0	0 - 5
M Savill	Non-Executive Director	10 - 15	0	0	0	0	10 - 15
M Jones	Non-Executive Director	10 - 15	1,100	0	0	0	10 - 15
J Farmer	Non-Executive Director	15 - 20	600	0	0	0	15 - 20
N Brooks	Non-Executive Director	5 - 10	0	0	0	0	5 - 10
D Sinclair	Non-Executive Director	5 - 10	0	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

### 2017/18 Restatements

- 2017/18 salaries have been adjusted where applicable to exclude salary sacrifice lease car contributions – this was not adjusted for in the original 2017/18 table
- J Twist's pension figures have been revised in accordance with the opening figures received by the Pensions Agency for 2017/18
- Expenses payments taxable now includes Home – Base mileage payments which had been excluded in 2017/18

## Pension benefits (audited)

**Note:** The benefits and related CETVs set out below are presented without any adjustment for a potential future legal remedy required as a result of the McCloud judgement (Dec 2018).

2018/19								
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 2019 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31st March 2019 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2018	Real Increase /(decrease) in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2019	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
J Tomkinson - Chief Executive	0	0	65 - 70	195 - 200	1,422	88	1,510	0
C Wilson - Chief Finance Officer	0	0	30 - 35	75 - 80	446	64	510	0
S Pemberton - Director of Nursing and Quality	0 - 2.5	2.5 - 5	40 - 45	125 - 130	789	115	904	0
M Jackson – Associate Director of Research and Informatics	0	0	30 - 35	90 - 95	719	0	707	0
T Wilding - Chief Operating Officer	0 - 2.5	0	20 - 25	40 - 45	343	28	395	0
L Lavan - Associate Director of Corporate Affairs	2.5 - 5	2.5 - 5	30 - 35	80 - 85	551	111	662	0
J Develing - Director of Strategic Partnerships	0	0	45 - 50	145 - 150	1,054	20	1,202	0
J Twist - Associate Director of Human Resources	2.5 - 5	2.5 - 5	30 - 35	80 - 85	496	114	610	0

- T Wilding ceased to be an Executive Director on 01/01/2019
- M Jackson ceased to be an Executive Director 31/03/2019
- J Develing was appointed to the position of Director of Strategic Partnerships on 01/01/2019

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 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	2.5 - 5	2.5 - 5	30 - 35	75 - 80	364	69	433	0
S Pemberton - Director of Nursing	0 - 2.5	5 - 7.5	40 - 45	120 - 125	681	84	766	0
M Jackson - Director of Research and Informatics	0 - 2.5	0 - 2.5	30 - 35	95 - 100	672	26	698	0
T Wilding - Chief Operating Officer	0 - 2.5	0 - 2.5	20 - 25	40 - 45	291	39	331	0
L Lavan - Associate Director of Corporate Affairs	0 - 2.5	0 - 2.5	25 - 30	75 - 80	488	46	534	0
J Twist - Director of Human Resources	5 - 7.5	12.5 - 15	25 - 30	75 - 80	355	126	481	0

#### 2017/18 Restatements

- J Twist's pension figures have been revised in accordance with the opening figures received by the Pensions Agency for 2017/18.

### Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### Pay multiples (audited)

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 2018/19 was £167.5k (2017/18 £162.5k). This was 6 times (2017/18, 6 times) the median remuneration of the workforce, which was £29k, (2017/18 £28k). The median remuneration of the workforce for 2018/19 has remained consistent with 2017/18.

In 2018/19, 4 (2017/18, 6) employees received remuneration in excess of the highest paid director. Remuneration ranged from £16k to £208k (2017/18 £14k to £208k).

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 2018/19 the total number of directors in office was 16 (2017/18, 16). The number of directors receiving expenses in the reporting period was 11 (2016/17, 9). The aggregate sum of expenses paid to these directors in the reporting period was £9,300 (2017/18, £10,600).

### Expenses of the Governors

In 2018/19 the total number of governors in office was 28 (2017/18, 26). The number of governors receiving expenses in the reporting period was 14 (2017/18, 18). The aggregate sum of expenses paid to these governors in the reporting period was £4,800 (2017/18, £8,000).

A handwritten signature in black ink, appearing to read 'Jane Tomkinson', is positioned above the printed name.

**Jane Tomkinson**

Chief Executive

28<sup>th</sup> May 2019

## 2.3 Staff Report

### Workforce key performance indicators

At 31<sup>st</sup> March 2019, the workforce key performance indicators were as follows:

- Sickness absence was 0.63% above target.
- All turnover (all leavers) is 13.77% which is above the target of 10% by 3.77%.
- Voluntary turnover is 0.56% above target.
- Appraisal was 92%\* which exceeded the Trust target of 90% (\*based on appraisal period ending September 2018).
- Mandatory training at 31/03/19 was 92% which is 3% 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.

### 2018/19 data

N° of Staff paid via ESR	Staff not paid via ESR	Sickness Absence	Turnover (All)	Voluntary Turnover	Mandatory Training	Appraisal
1,643	72	4.03%	13.77%	10.56%	92%	92%
<b>Target</b>		3.4%	10%	10%	95%	90%

### Male and female staffing figures

The table below shows the breakdown of male and female Trust staff as at 31<sup>st</sup> March 2019:

As at 31 <sup>st</sup> March 2019	Male	Female	Total
<b>Board of Directors</b>	7	4	11
<b>Associate Directors</b>	1	2	3
<b>Senior Managers</b>	10	12	22
<b>Trust Employees</b>	437	1206	1643

### 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				
	31/03/18		31/03/19	
Age Band	Heads	%	Heads	%
16-20	7	0.43 %	8	0.49%
21-25	106	6.57 %	101	6.15%
26-30	220	13.64 %	216	13.15%
31-35	191	11.84 %	206	12.54%
36-40	207	12.83 %	196	11.93%
41-45	191	11.84 %	202	12.29%
46-50	205	12.71 %	200	12.17%
51-55	229	14.20 %	229	13.94%
56-60	167	10.35 %	181	11.02%
61-65	63	3.91 %	76	4.63%
66-70	20	1.24 %	20	1.22%
71+	7	0.43 %	8	0.49%
<b>Total</b>	<b>1613</b>	<b>100.00 %</b>	<b>1643</b>	<b>100.00%</b>

Gender				
	31/03/18		31/03/19	
Gender	Heads	%	Heads	%
Female	1183	73.34 %	1206	73.40 %
Male	430	26.66 %	437	26.60 %
<b>Total</b>	<b>1613</b>	<b>100.00 %</b>	<b>1643</b>	<b>100.00 %</b>

\* Transgender not recorded

Disability				
	31/03/18		31/03/19	
Disability	Heads	%	Heads	%
No	1143	70.86 %	1188	72.31 %
Not Declared	75	4.65 %	67	4.08 %
Undefined	346	21.45 %	342	20.81 %
Yes	49	3.04 %	46	2.80 %
<b>Total</b>	<b>1613</b>	<b>100.00 %</b>	<b>1643</b>	<b>100.00 %</b>

Religion				
	31/03/18		31/03/19	
Religion	Heads	%	Heads	%
Atheism	139	8.62 %	145	8.83 %
Buddhism	15	0.93 %	17	1.03 %
Christianity	859	53.25 %	890	54.17 %
Hinduism	29	1.80 %	30	1.83 %
I do not wish to disclose my religion/belief	209	12.96 %	187	11.38 %
Islam	19	1.18 %	20	1.22 %
Judaism	1	0.06 %	1	0.06 %
Other	72	4.46 %	80	4.87 %
Sikhism	10	0.62 %	9	0.55 %
Undefined	260	16.12 %	264	16.06 %
<b>Total</b>	<b>1613</b>	<b>100.00 %</b>	<b>1643</b>	<b>100.00 %</b>

Sexual Orientation				
	31/03/18		31/03/19	
Sexual Orientation	Heads	%	Heads	%
Bisexual	7	0.43 %	6	0.37%
Gay or Lesbian	23	1 %	21	1.28 %
Heterosexual or Straight	1126	69.81 %	1185	72.12 %
I do not wish to disclose my sexual orientation	197	12.21 %	165	10.04 %
Undefined	260	16.12 %	266	16 %
<b>Total</b>	<b>1613</b>	<b>100.00 %</b>	<b>1643</b>	<b>100.00 %</b>

Ethnic Origin				
	31/03/18		31/03/19	
Ethnic Origin	Heads	%	Heads	%
A White - British	1324	82.08 %	1358	82.65 %
B White - Irish	30	1.86 %	36	2.19 %
C White - Any other White background	36	2.23 %	42	2.56 %
D Mixed - White & Black Caribbean	1	0.06 %	1	0.06 %
E Mixed - White & Black African	4	0.25 %	3	0.18 %
F Mixed - White & Asian	5	0.31 %	4	0.24 %
G Mixed - Any other mixed background	5	0.31 %	5	0.30 %
H Asian or Asian British - Indian	114	7.07 %	113	6.88 %
J Asian or Asian British - Pakistani	8	0.50 %	11	0.67 %
L Asian or Asian British - Any other Asian background	8	0.50 %	13	0.79 %
M Black or Black British - Caribbean	3	0.19 %	3	0.18 %
N Black or Black British - African	12	0.74 %	9	0.55 %
P Black or Black British - Any other Black background	2	0.12 %	2	0.12 %
R Chinese	7	0.43 %	12	0.73 %
S Any Other Ethnic Group	13	0.81 %	15	0.91 %
Undefined	25	1.55 %	5	0.30 %
Z Not Stated	16	0.99 %	11	0.67 %
<b>Total</b>	<b>1613</b>	<b>100.00 %</b>	<b>1643</b>	<b>100.00 %</b>

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 Programme 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 “Disability Confident Employer” and is committed to supporting staff to gain access to employment and maintain employment. 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.

The Trust Apprenticeship Strategy is under development following the implementation of the Apprenticeship Levy May 2017. There are currently a range of apprenticeship schemes being delivered in collaboration with different providers. Apprenticeships range from Level 2 through to Level 7 (Masters Level), and cover a range of professional qualifications including healthcare support, procurement, MBA, Leadership at levels 3, 5 and 7. Work is underway to develop apprenticeships for new starters, cohorting groups of staff as appropriate. Currently the education team are working with Medical Engineering, Healthcare Scientists and Healthcare Support Workers to provide apprenticeships on commencement with the Trust. In addition to development of the apprenticeship routes, LHCH is developing a vocational pathway which will include opportunities for people whom traditionally find it difficult to access employment.

Moving forward there is work within the Education Team to ensure this work continues by designing roles with the education team to support the vocational and apprenticeship pathway. Although these pathways are new, there are already successes to celebrate. Moving toward 2019 Head of Learning, Education & OD will chair the Merseyside Regional Apprenticeship Group.

## Communicating with staff

### Team Brief

- The Team Brief approach to encourage staff involvement was further embedded throughout the Trust in 2018/19, 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 and organisational learning 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 ebuletin with a round-up of 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 2018/19 the following schemes have taken place linked to staff engagement:

### 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*, one of the Divisional Head of Operations attends the meeting in order to provide juniors with an opportunity to raise any points of discussion with a Senior Manager from the organisation.
- A Guardian of Safe Working is now embedded as part of the new junior doctor national terms and conditions. No exceptions have been received since its introduction.

### Equality groups

- The Trust has an internal BAME Group which meets quarterly and feeds into the Equality and Inclusion Steering Group, which also meets quarterly. The Trust is

working with other local Trusts and national networks to provide more opportunity for our staff to access larger network groups including LGBT, BAME, Women's and Disability

#### **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 has now been established and delivered in collaboration with the Cheshire and Merseyside Simulation Centre.

#### **Introduction of the Leadership Strategy Inclusive of Talent Management Plan**

- Following staff feedback through the national staff survey, the Trust developed a plan for the introduction of a talent management/succession planning as part of our Leadership Strategy to identify individuals to be the leaders of tomorrow. Although in its infancy, the talent management plan identified a number of staff by their scoring at appraisal and aspirational conversation then being put forward for further training and development opportunities, based on their career ambitions.

#### **Listening into Action (LiA)**

The Trust launched a revised Service Improvement offering, which has been implemented over the last 12 months using LiA methodology. The LiA Pulse check survey completed in May 2018 and the development of Divisional Quality priorities has resulted in a programme of Quality Improvements during 18/19.

The Quality Improvement Support Team (QI Team) has been set up, providing training and support, and improvement project progress is reviewed by the Quality Improvement Support Group (QISG) and at the Executive Improvement Wall for the Divisional quality priority projects.

The Quality Improvement approach has been further developed over the last 3 months with a focus on Local Improvement Teams (LITe), building a culture of improvement and patient participation in the QI approach.

Links have also been made between the Quality Improvement and Cost Improvement programme, and the benchmarking strategy which will provide a natural source of opportunities for improvement projects.

- During 2018 a series of "Big Conversations" following the LIA methodology were held for all staff to highlight issues that they wanted to see improved that had been identified in the Pulse Survey. A number of service improvement projects have concluded and regular celebration events take place to celebrate their success
- 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. Preceptorship has been developed to a multi-professional preceptorship for all newly qualified healthcare professionals from April 2018. This has proved successful to date with preceptees recognising the benefits of networking and discussing clinical issues with their healthcare colleagues. Further

development of preceptorship will take place in 2019/20 as the programme will link to a senior 'buddy' and support extended to two years following registration.

- Other initiatives included increasing Human Factors training, increasing numbers of clinical supervisors, revision of the clinical supervision policy 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 of a competency framework for all nursing staff. Other themes identified included violence and aggression being addressed via delirium work, improving staff communication (task and finish group established) and staff rest rooms.

### **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 2018 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, in September 2018 underpinned by Step 2 & 3 Critical Care Competencies. A further cohort will commence in September 2019 which will include external candidates.

### **Leadership and management**

- With the introduction of the new Leadership Strategy, a leadership and management programme has been established covering a range of sessions including recruitment, management of staff, difficult conversations, workload management and other aspects suggested by staff.
- Staff are given the opportunity to undertake a 360 feedback with the NHS Leadership Academy
- LHCH is part of a collaboration localising the Mary Seacole Programme. This is a NHS Leadership Academy programme directed at those anticipating or undertaking their first leadership role. The first LHCH cohort ran in January 2019 with 12 candidates, and a further cohort will commence in May 2019.
- There are participants on other NHS Leadership Academy programmes including the Elizabeth Garrett Anderson programme, The Nye Bevan programme and the Aspirant Executives programme. All new registrants are encouraged to undertake the Edward Jenner programme for newly qualified healthcare professionals.

### **Clinical leaders**

- The Clinical Leaders Programme completed in September 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. Quarterly master class sessions have now been introduced.

### Partnership Forum

- The Trust has a Partnership Forum, which is established as a Sub-Committee of the Workforce Development 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.

<b>Trade Union Facility Time</b> 1 April 2018 to 31 March 2019	
<b>Employees in the organisation</b>	
	1,501 to 5,000 employees
<b>Trade union representatives and full-time equivalents</b>	
Trade union representatives:	6
FTE trade union representatives:	5.89
<b>Percentage of working hours spent on facility time</b>	
0% of working hours:	2 representatives
1 to 50% of working hours:	4 representatives
51 to 99% of working hours:	0 representatives
100% of working hours:	0 representatives
<b>Total pay bill and facility time costs</b>	
Total pay bill:	£76,804,000
Total cost of facility time:	£7,775
Percentage of pay spent on facility time:	0.01%
<b>Paid trade union activities</b>	
Hours spent on paid facility time:	759
Hours spent on paid trade union activities:	85
Percentage of total paid facility time hours spent on paid TU activities:	11.20%

### 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.

### **Safety Seven**

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

### **Health and wellbeing**

- The Health and Wellbeing (H&WB) Group is very active and has representatives from across all staff groups and has an action plan with a series of planned activities including quarterly open days. The H&WB Group is finalising a new H&WB Strategy to launch in 2019/20.

### **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 and Resilience Training. In addition, a series of resilience training master classes have been provided throughout the year.

The Health & Safety Committee meets on a quarterly basis. In January 2019, 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 2018/19:

- Grievance Policy
- Disciplinary Policy
- Job Planning
- Medics Annual Leave
- Appraisal and Revalidation
- Expenses Policy
- Job Evaluation Policy
- Roster Management
- Revalidation
- Work Experience
- Clinical Supervision
- Manual Handling
- Corporate Induction & Mandatory Training
- Care Certificate

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 2018

The NHS staff survey is conducted annually. From 2018 onwards, the results from questions are grouped to give scores in ten indicators. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The response rate for the 2018 survey amongst trust staff was 59% (2017 - 62%). Scores for each indicator together with that of the **survey benchmarking group** (Acute Specialist Trusts) are presented below.

	2018/19		2017/18		2016/17	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, Diversity and Inclusion	9.4	9.3	9.4	9.3	9.4	9.3
Health and wellbeing	6.6	6.3	6.6	6.3	6.6	6.3
Immediate Managers	7.3	7.0	7.3	6.9	7.0	6.9
Morale	6.4	6.3				
Quality of appraisal	6.2	5.7	6.0	5.5	5.8	5.5
Quality of care	8.1	7.8	8.2	7.7	8.3	7.8
Safe environment – bullying and harassment	8.8	8.2	8.9	8.4	8.8	8.3
Safe environment – violence	9.7	9.7	9.6	9.7	9.6	9.7
Safety culture	7.6	6.9	7.4	6.9	7.4	6.9
Staff engagement	7.7	7.4	7.5	7.4	7.5	7.5

The results are very positive and show us performing, as one of the best acute specialist organisations in 6 of the 10 themes, above average in 3 of the remaining 4 and average in 1 theme.

Compared to other Acute Specialist Trusts who were contracted with Picker LHCH was:

- Significantly better than average for 39 questions
- No significant difference for 51 questions
- Significantly worse than average on 0 questions

#### LHCH scores highest specialist Trust nationally:

- Staff recommendation of the organisation as a place to receive treatment
- Care of patients is the organisations top priority

- Staff involved in changes introduced that affect their work area
- Staff satisfaction with the quality of care they are able to deliver
- Staff agreeing that their role makes a difference to patients/service users
- Staff are able to deliver the care they aspire to
- Senior managers try to involve staff in important decisions
- Senior managers act on staff feedback
- Staff are given feedback in response to reported errors, near misses and incidents
- When incidents are reported, the organisation takes action to ensure that they do not happen again
- My organisation acts on concerns raised by patients
- I am confident my organisation would address my concerns
- I feel secure in raising concerns

**LHCH scores higher than the average against specialist Trust nationally:**

The Trust report above average in most questions significant key scores include:

- Staff recommendation of the organisation as a place to work
- Percentage of staff not experiencing bullying or harassment
- Appraisal leaves staff feeling valued by the organisation
- Support from immediate managers
- Percentage of staff not experiencing discrimination at work in last 12 months
- Support from managers in receiving learning and development
- Staff involved in an error, incident or near miss are treated fairly
- Staff are able to make suggestions and improvements in their area of work
- Number of staff having an appraisal
- Senior managers are visible and communication with them is effective

There are only three questions that the Trust are below the average:

- 66.1% of staff - the last time they reported physical violence (67.2%, average, best 88%)
- 7.6% Staff experiencing physical violence from patients, relatives or the public in last 12 months (average 6.7%, best 1.8%)
- 60.9% of staff look forward to going to work (average 61.8%, best 72.7%)

In conclusion the results are really positive and it is pleasing to see the improvements that have been made since the 2017 survey. In particular with our targeted areas of work of Listening into Action, FTSU, Delirium and Service Improvement have seen the desired effect with staff being more involved in decision making, confident in raising concerns, reduction in violence from patients, senior management engagement, staff involvement in improvement work and overall improvement in our safety culture.

Improvements were made in both staff recommending the organisation as a place to receive care and place to work.

Further analysis of the results will be on-going. Divisions and Departments are provided with a suite of reports and are asked to identify areas for improvement for supported action planning. A number of actions will also be undertaken as part of the Leadership, Equality and Inclusion, Retention and Health and Wellbeing action plans.

## 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?”**

2015/16			2015	2016/17			2016	2017/18			2017	2018/19			2018
FFT Q4	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
75%	64%	72%	70%	66%	70%	70%	73%	64%	73%	71%	74%	69%	74%	76%	76%

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

2015/16			2015	2016/17			2016	2017/18			2017	2018/19			2018
FFT Q4	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
98%	94%	97%	93%	97%	95%	95%	95%	96%	95%	96%	93%	96%	97%	97%	95%

The Trust's approach to engagement for 2018/19 saw the re-introduction of Listening into Action (LiA). A pulse survey was issued to all staff in May 2018 which generated numerous '*Big Conversation*' events and a series of quality and improvement projects.

## 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 that proactively encourages feedback and holds 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.

### Work with schools

- The Trust has supported local school open days with career open days and interviewing/CV skills, paid internships and career coaching.

### Traineeships

- During 2018, two programmes to develop opportunities for people whom traditionally find it difficult to find employment have been established.

- Traineeships have been developed for young people between the ages of 16 and 24 years. Working with a local college these young people are given training to help them be work ready, and to develop their Math's and English skills often gaining qualifications in these areas. A work placement of two days a week is offered alongside this college training. Candidates are supported by the teams in which they work and by a member of the education team. Pastoral care has been part of the support offered as many of these young people have come from difficult backgrounds, often with little support. Several of the young people that have been through this programme have gained places on further programmes, either apprenticeships or the next level up or have accessed bank work.
- Pre-employment programme is offered to people 25 years and over, many of whom have had previous difficulties due to mental health issues, long term sickness or absence from work. This group of people is supported on a three day week work placement and access training on resilience, interview skills, work presence, and other appropriate subjects.
- A review of educational roles is currently underway to ensure support can continue for all vocational pathways.

## Analysis of staffing costs and numbers

Table 1: Staff Costs (audited)							
		2017/18		2017/18			
		Permanent	Other	Total	Total		
		£000	£000	£000	£000		
Salaries and wages		61,356	1,505	62,861	60,095		
Social security costs		5,801	-	5,801	5,448		
Employer's contributions to NHS pensions		276	-	276	266		
Pension cost - other		6,596	-	6,596	6,229		
Other post-employment benefits		-	-	-	-		
Other employment benefits		-	-	-	-		
Termination benefits		5	-	5	74		
Agency/contract staff		-	1,427	1,427	1,482		
NHS charitable funds staff		-	-	-	-		
<b>Total gross staff costs</b>		<b>74,034</b>	<b>2,932</b>	<b>76,966</b>	<b>73,594</b>		
Recoveries in respect of seconded staff		-	-	-	(158)		
<b>Total staff costs</b>		<b>74,034</b>	<b>2,932</b>	<b>76,966</b>	<b>73,436</b>		
<b>Of which</b>							
Costs capitalised as part of assets		138	-	138	102		

Table 2: Average number of employees (WTE basis) (audited)					
		2018/19		2017/18	
		Permanent	Other	Total	Total
		Number	Number	Number	Number
Medical and dental		149	8	157	152
Ambulance staff		-	-	-	-
Administration and estates		322	17	339	327
Healthcare assistants and other support staff		266	25	291	296
Nursing, midwifery and health visiting staff		528	45	573	557
Nursing, midwifery and health visiting learners		-	-	-	-
Scientific, therapeutic and technical staff		253	15	268	249
Healthcare science staff		-	-	-	-
Social care staff		-	3	3	3
Other		-	1	1	1
<b>Total average numbers</b>		<b>1,518</b>	<b>114</b>	<b>1,632</b>	<b>1,607</b>
<b>Of which:</b>					
Number of employees (WTE) engaged on capital projects		6	-	6	2



**Table 3: Reporting of compensation schemes - exit packages 2018/19 (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	5	-	-	1	5
£10,001 - £25,000	-	-	-	-	-	-
£25,001 - 50,000	-	-	-	-	-	-
£50,001 - £100,000	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>5</b>

**Table 4: 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	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>8</b>	<b>6</b>	<b>67</b>	<b>7</b>	<b>75</b>

**Table 5: Exit packages: other (non-compulsory) departure payments (audited)**

	2018/19		2017/18	
	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
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice			4	33
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>67</b>
<b>Of which:</b>				
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 31<sup>st</sup> Mar 2018, for more than £245 per day and that last for longer than six months**

	2018/19	
	Number of engagements	
<b>Number of existing engagements as of 31<sup>st</sup> Mar 2019</b>		-
<b>Of which:</b>		
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		-
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 1<sup>st</sup> Apr 2017 and 31<sup>st</sup> Mar 2018, for more than £245 per day and that last for longer than six months**

	2018/19	
	Number of new engagements	
Number of new engagements, or those that reached six months in duration between 1 <sup>st</sup> Apr 2018 and 31 <sup>st</sup> Mar 2019		-
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		-
<b>Of which:</b>		
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 2018 and 31 Mar 2019**

	2018/19	
	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.		9

### **Expenditure on consultancy**

Total expenditure during 2017/18 on consultancy has totalled £401k.

## 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 2018/19, the Board of Directors has maintained governance policies and processes that reflect the principles of the Code, including:

- A clear vision, underpinned by strategic objectives and operational plan
- A Corporate Governance Manual which includes the constitution and procedures by which the Board of Directors and Council of Governors operate; the Scheme of Reservation and Delegation, the Board Committee structure and associated Terms of Reference, Standing Financial Instructions and key corporate policies.
- At least half the Board of Directors, excluding the Chair, comprises independent non-executive directors;
- The appointment of a Senior Independent Director;
- Regular private meetings between the Chair and non-executive directors;
- Robust annual appraisal process for the Chair and non-executive directors that has been developed and approved by the Council of Governors;
- Robust recruitment process for the appointment of non-executive 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;
- Delivery of developmental action plan following Independent Well Led Review (March 2017);

- 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 2018/19.

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 two year term ending October 2020, at which point he will have served on the Board of the foundation trust for almost eleven years.

The Board has determined that the Chair continues to be independent and there is clear evidence of continued challenge. The Chair has no material conflicts of interest and maintains a clear boundary between personal and professional relationships. There has been a consistent turnover of non-executive directors, bringing collective challenge and fresh perspective to the Board. There will be a change of Senior Independent Director in 2019 and focus on the Board succession plan.

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 membership strategy was reviewed by the Membership and Communications Sub Committee in 2018, along with the communications, recruitment and engagement plan which incorporates a calendar of events which is delivered across the catchment area - Merseyside, North Wales, Cheshire and Rest of England and Wales. The Trust's membership strategy is to maintain a minimum of 8,500 public members and to focus on retention and engagement of members via active targeted recruitment to manage the small turnover rate of members. The strategy strives to increase representation in relation to age profile, ethnicity, gender and demographics across the patient and public population.

The Members' Survey was issued to members in 2018 and achieved a 5.25% response rate. 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.

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 2018, Liverpool John Moores University in October 2018 and Huyton Leisure Centre in March 2019. 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 50-59 years old and those under 60 to attract a younger membership.

## Membership profile

Constituency			
Public Area	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2019	Increase/ Decrease (%)
Cheshire	2,375	2,278	- 4.1%
Merseyside	4,830	4,740	- 1.9%
North Wales	1,823	1,721	- 5.6%
Rest of England and Wales	824	811	- 1.6%
<b>Total - Public Constituency</b>	<b>9,852</b>	<b>9,550</b>	<b>- 3.1%</b>
<b>Staff Constituency</b>	<b>1,569</b>	<b>1,582</b>	<b>+ 0.8%</b>

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](mailto: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 30<sup>th</sup> October 2018, 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 2018/19 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).

\*The Council of Governors meeting on the 12<sup>th</sup> March 2019 approved an amendment to the composition of the Council of Governors, which now comprises 24 seats, with the removal of the nominated governor, Knowsley Council, seat.

### 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.

#### Work undertaken by the Trust during 2018/19

- 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 presentations 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 opportunity for governors to participate in quarterly patient and family feedback events and also to support the annual PLACE assessment process.
- 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.
- Facilitated a group of governors to meet with the Chair and Chief Information Officer to review the performance reports and dashboards that are presented to the Council of Governors.
- Updated the Governor skills audit.

## Elections

The Board of Directors can confirm that elections for Public and Staff Governors held in 2018/19 were conducted in accordance with the election rules as stated in the Trust's constitution.

Constituency/Class	No. of seats	Governors elected	Term Length
Public			
Cheshire (Election Uncontested)	2	Allan Pemberton Lindsey Van Der Westhuizen	3 years
Merseyside (Election Contested)	1	Rachel Glynn Williams	3 years
North Wales (By Election Contested)	2	Ron Smith* Dusty Rhodes*	3 years
(Election Uncontested)	1	Joan Burgen	
Rest of England & Wales (Election Uncontested)	1	Lynne Addison	3 years
Staff			
Non Clinical (Election Uncontested)	1	Matthew Greene	3 years
Registered and Non Registered Nurses (Election Uncontested)	1	Lynn Trayer Dowell	3 years

\*Ron Smith was elected on 1<sup>st</sup> May 2018 in a by-election and Dusty Rhodes joined the Council of Governors on 7<sup>th</sup> June 2018 as the 'next highest polling candidate'. Their term of office ends at the Annual Members' Meeting 2020.

The remaining Governors named above were elected/re-elected for 3 years and their tenures will complete at the end of the 2021 Annual Members' Meeting.

Sandra Wilson joined the Council of Governors on 12<sup>th</sup> March 2019 as the 'next highest polling candidates' from the most recent election for Staff Governor – Registered and Non Registered Nurses. Her term of office ends at the Annual Members' Meeting 2019.

## Governor attendance at Council of Governor meetings 2018/19

Between 1<sup>st</sup> April 2018 and 31<sup>st</sup> March 2019 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 2018/19			
	5 <sup>th</sup> June 2018	18 <sup>th</sup> September 2018	11 <sup>th</sup> December 2018	12 <sup>th</sup> March 2019
<b>Public Constituency</b>				
<b>Merseyside</b>				
Vera Hornby	✓	✓		
Rachel Glynn Williams			✓	✓
Trevor Wooding (Senior Governor)	✓	✓	✓	x
Dorothy Burgess	✓	✓	✓	✓
Elaine Holme	✓	✓	✓	✓
Ruth Rogers	x	✓	✓	✓
John Black	✓	✓	x	✓
<b>Cheshire</b>				
Kenneth Blasbery	✓	x		
Lindsey Van Der Westhuizen			✓	x
Allan Pemberton	x	x	✓	✓
Mark Allen	✓	✓	x	x
Peter Brandon	✓	✓	✓	✓
<b>North Wales</b>				
Joan Burgen			✓	x
Dusty Rhodes		x	✓	✓
Ron Smith	x	x	✓	✓
Amanda Clarke	✓	x		
<b>Rest of England and Wales</b>				
Lynne Addison	✓	✓	✓	✓
<b>Staff Constituency</b>				
<b>Registered Nurses and Non-Registered Nurses</b>				
Lynn Trayer-Dowell	✓	✓	✓	x
Charles Cowburn		✓	x	x
Kerry Fitzpatrick	x	x	x	
<b>Non Clinical</b>				
Alex Thompson	✓	x		
Sharon Hindley	x	x	✓	✓
Matt Greene			x	x
<b>Allied Health Professionals, Technical and Scientific</b>				

Governor Name	Council of Governor Meeting Dates 2018/19			
	5 <sup>th</sup> June 2018	18 <sup>th</sup> September 2018	11 <sup>th</sup> December 2018	12 <sup>th</sup> March 2019
Dorothy Price	✓	✓	✓	✓
<b>Registered Medical Practitioners</b>				
Caroline McCann	x	x	x	x
<b>Nominated Governors:</b>				
Ian Jones ( <i>Liverpool John Moores University</i> )	x	x	x	x
Glenda Corkish ( <i>Friends of Robert Owen House</i> )	x	x	✓	x
Cllr Sharon Connor ( <i>Liverpool City Council</i> )	x	x	x	x
Seat Vacant ( <i>Knowsley Council</i> )	x	x	x	x
<b>Board Members in attendance:</b>				
Neil Large	✓	✓	✓	✓
Jane Tomkinson	✓	✓	✓	✓
Sue Pemberton	✓	✓	✓	✓
Raphael Perry	x	x	x	x
Tony Wilding	✓	✓	x	
Claire Wilson	✓	✓	✓	✓
Jonathan Develing				✓
Nicholas Brooks	x	✓	x	✓
Julian Farmer	✓	x	✓	x
Mark Jones	✓	x	x	✓
Marion Savill	✓	✓	✓	✓
Ken Morris	✓	✓	✓	✓

## 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 31<sup>st</sup> March 2019 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	2018/19	2017/18
<b>Financial Sustainability</b>	Capital Service Capacity	Degree to which the provider's generated income covers its financial obligations	1	1
	Liquidity (Days)	Days of operating costs held in cash or cash-equivalent forms, including wholly committed lines of credit available for drawdown	1	1
<b>Financial Efficiency</b>	I & E margin	I & E surplus of deficit/total revenue	1	1
<b>Financial Controls</b>	Distance from financial plan	Year to date (YTD) actual I&E surplus/deficit in comparison to YTD plan I & E surplus/deficit	1	1
	Agency Spend	Distance from provider's cap	1	1
<b>Overall Finance and Use of Resources Rating</b>			<b>1</b>	<b>1</b>

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 [name] NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of [name] 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 and Social Care Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual)* have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- **confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy** and
- prepare the financial statements on a going concern basis.

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  
28<sup>th</sup> May 2019





## 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 2018/19 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 approach was assured as part of our independent 'Well Led' review undertaken in March 2017 and subsequent internal audit review undertaken in Quarter 1 (Opinion : 'substantial assurance').

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.

### Key in-year risks

- i) Compliance with provider licence condition 4 (FT governance) – the Trust has continued to manage 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 to alleviate pressures on the acute hospital sector. These factors have presented challenges in relation to RTT compliance and diagnostic waiting times.
- ii) The Trust has made strong progress in the delivery of the significant actions arising from the 2017/18 external review of its informatics function. Work is progressing to establish effective business intelligence and integrated strategy for digital, IM&T and informatics functions; a new Data Quality Strategy is now in place and the Audit Committee will ensure that there are effective arrangements for data quality assurance going forward.
- iii) There have been four serious clinical incidents in 2018/19:
  - Patient discharged with an incorrect prescription, resulting in an overdose of medication
  - A joint investigation with another hospital revealed that there had been a failure to act upon the results of a PET scan which delayed diagnosis and treatment of a bowel cancer
  - Delay in initiating a patient onto the correct treatment pathway where there was involvement of a number of agencies
  - A 'no harm' 'Never Event' involving a patient being connected to medical air when oxygen was intended

A further incident was reported on STEIS as this involved the possibility of adverse media as a result of a police investigation involving a member of staff who is no longer employed at the Trust.

Immediate investigations were initiated into each of these incidents and organisational learning plans were immediately in place. Full duty of candour has been discharged where applicable.

- iv) 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.

- v) Whilst the Trust maintains its strong track record for financial performance, there remains a significant financial risk relating to resolution of the funding dispute with NHS Wales – this issue is the subject of national discussions.

### 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).
- Ongoing focus and improvement in incident reporting which is now embedded within the Trust's 'Safety Seven' initiative and integral to 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.

The DATIX risk management system has brought many benefits, including universal electronic incident reporting, integration of incidents, claims and complaints and vastly improved risk management reporting, and is now fully embedded.

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

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 has received an assurance report on cyber security, and has included oversight of cyber security controls within its terms of reference.

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); the Chief Information Officer (from October 2018) 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 2017. The review's conclusion was that the Trust is well led and there were no significant findings. The Trust implemented a development action plan and has undertaken further work in 2018/19 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. The membership of the executive team has been strengthened in 2018/19 following the appointment of a dedicated Director of Strategic Partnerships to maintain focus and pace on the system-wide review of CVD pathways. The portfolios of other executive team members have been reviewed and enhanced to enable this enhanced external focus.

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 a positive internal audit opinion in relation to its BAF processes: ***The organisation's Assurance Framework is structured to meet the NHS requirements, is visibly used by the Board and clearly reflects the risks discussed by the Board.*** This statement has again been confirmed for 2018/19.

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 provided further independent assurance in relation to the effectiveness of governance arrangements and Board leadership and the Trust has undergone a 'Well Led' inspection by the Care Quality Committee in 2018/19. The report on findings of this review is expected to be published in April 2019.

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

## Future risks

### i) ***Delivery of the 2019/20 Financial Plan***

Whilst the Trust has agreed the Control Total set for 2019/20, 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

**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 Health and Care Partnership Business Plan and is leading on the redesign of the CVD and Stroke pathways across the Cheshire and Merseyside footprint. The Trust also supports the Cheshire and Merseyside Prevention Board as the Director of Strategic Partnerships undertakes the senior leadership role for this work stream.

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 Trust has in place an overarching “Team LHCH at its Best” Framework supported by a number of strategic plans; Workforce Plan, Retention, Equality and Inclusion, Health and Wellbeing and Leadership and Succession Planning. The successful delivery of these plans are critical to ensuring the mitigation of its workforce risks, particularly in relation to attracting, developing and retaining the best staff, especially in relation to the impact of national shortages of key staffing groups.

The Trust continues to work with partners to support the review of efficiencies, as set out in the Carter Review in relation to corporate and clinical support services, and the Trust will ensure it engages with staff around the change process and mitigates against reduced staff experience.

The Board has continued to receive monthly staffing reports providing assurance on safe staffing in line with National Quality Board guidance, with an annual staffing review presented to the People Committee.

**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 biggest risk relates to capacity to deliver diagnostic waiting times within the elective pathway. The Board has approved a business case which will see investment in additional CT and MR capacity during 2019/20 with the increased capacity being operationalised from August 2019. A further challenge for the Trust is the high levels of late referrals to its tertiary services and the impact on delivering a timely RTT pathway. This will be addressed with referring organisations through relationship visits planned through 2019. There is a further risk to RTT relating to ongoing contracting discussions for TAVI procedures.

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

***The foundation trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.***

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

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

The foundation trust has undertaken risk assessments and ***has a sustainable development management plan*** in place which takes account of ***UK Climate Projections 2018 (UKCP18)***. ***The Trust ensures that its*** obligations under the Climate Change Act and the Adaptation Reporting requirements 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 2018/19. 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 Data Security and Protection Toolkit.

The Trust Data Security and Protection Toolkit Assessment for 2018/19 was submitted with all mandatory standards met within all assertions. The Trust received independent assurance from Mersey internal Audit Agency obtaining a 'substantial' assurance opinion demonstrating the Trust has a good system of internal control and the controls are applied consistently.

## 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 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, Patient and Family Support Team and Safeguarding team. The Annual Quality Report 2018/19 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 and have informed the Trust's quality priorities.

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 attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee [and risk/ clinical governance/ quality committee, if appropriate] 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 Assurance 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 2018/19, 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: 28th May 2019

## SECTION 3: QUALITY REPORT

**Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH) 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 2018/19, this included:

1. procedures used to visualise the coronary arteries and treat narrowing's using balloons and stents (coronary angiography and intervention). Cardiology intervention procedures for those patients with congenital heart disease (CHD)
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 treat bypass coronary artery narrowings, replacing the valves of the heart or dealing with other problems with major vessels in the chest (cardiac surgery) that includes a transcatheter aortic valve replacement (TAVR) or transcatheter aortic valve implantation (TAVI). Enhanced technology with the use of robotic surgery for cardiac surgery and provision of cardiac surgery for those patients with congenital heart disease (CHD)
4. surgical procedures used to treat all major diseases that can affect the normal function of the lungs (thoracic surgery). Enhanced technology with the use of robotic surgery for 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 2018. All areas were awarded a green status with achievement plaques displayed outside each entrance.

The ward areas achieving gold status has risen this year with awards being presented at the 'Best of the Best' LHCH Grand Awards ceremony held in December 2018 and in recognition for their outstanding delivery of patient and family centred care.

The areas that received their awards in 2018 were:

- Catheter Labs
- Holly Suite
- Oak Ward
- Coronary Care Unit
- Critical Care

Other areas which have maintained gold status include:

- Maple Ward
- Cherry Ward
- Theatres

- Knowsley Cardiovascular Disease Services
- Knowsley Respiratory Services

The Trust is the lead for the Cardiovascular Disease (CVD) Programme for Cheshire and Merseyside Health Care Partnership (C&M HCP).

As part of the 2019/20 plan, the Trust is leading on a Single Cardiorespiratory Service pathway for the city of Liverpool. LHCH is working in partnership with Aintree University Hospital and the Royal Liverpool and Broadgreen University Hospital to develop a single model of care for conditions such as transient loss of consciousness (Syncope) and breathlessness (heart failure), plus common central hubs for cardiac and pulmonary rehabilitation and diagnostics.

LHCH will continue, through 2019/20, to lead on the CVD programme for the City of Liverpool and for the region, and will continue to bring a focus to areas of CVD care in need of improvement.

### **New configuration of congenital heart disease services**

In 2018 LHCH welcomed the decision to work with clinical partners across the North West Congenital Heart Disease Network to ensure this specialist service continued to meet patients' care needs.

The network provides a single and seamless pathway for patients with congenital heart disease of all ages, ensuring the highest levels of care and improving quality of life in the future. Collaborative working with local trusts to deliver this service will continue in to 2019/20.

## **Developments for 2019**

### **New Ward Area**

The Trust has continued to invest in its services with an improved Private Patient Unit opening in June 2019, to be named Rowan Suite, providing nine en-suite bedrooms and three clinic rooms. This new facility will support our vision continuing the delivery of the patient and family experience vision.

### **Aspen Suite**

As part of the Trust's Quality Improvement Strategy, the Surgical Division has focused a project on day of surgery admission (DOSA). This improvement to hospital access highlights the benefits DOSA has provided to both the Trust and our patients. The release of Mulberry Ward has enabled the building of the Private Patient Unit. This, in conjunction with compliance with the GIRFT quality improvement report, supports the decision to implement DOSA.

Since June 2018, almost 400 patients have been admitted as DOSA patients. The DOSA service has now extended to include thoracic, TAVI and vascular patients. Utilisation of Aspen Suite has also been extended to the admission of planned admissions for procedures

the following day. This enables a timely nursing and medical admission process ensuring any outstanding investigations or tests prior to surgery are undertaken, thus reducing any potential delays.

### **Robotic Surgery**

Following Board approval for the implementation of robotic surgery, the programme is making steady progress, which is strongly supported by robust governance mechanisms.

Clinical benefits for thoracic robotic patients include reduced length of stay, reduced blood loss, small incisions and less pain. Furthermore robotic surgery has enabled several patients, who would not have previously been suitable for minimally invasive approaches, to undergo successful robotic surgery. Similar benefits can be noted for cardiac robotic surgery, using the LEAR technique which has the additional benefit of improved recovery rate post discharge.

LHCH is now planning to introduce a 'hybrid' procedure, where patients have a robotic coronary artery bypass graft (CABG), followed by stenting in the catheter labs under cardiologists a couple of weeks later.

The robotic programme will continue into year two with sustained favourable outcomes for patients and as the learning curve period progresses, theatre times are expected to decrease. The second year of robotic surgery will also include a strategy for research studies.

### **CT and MR scanning**

The Trust has purchased new CT and MRI scanners which are expected to be operational by August 2019. The new scanners provide state of the art functionality allowing for a wider range of complex testing, reduced scanning times and reduced radiology exposure for CT scanning.

LHCH manages a high level of referrals for patients being treated at our hospital and a range of other providers. This is due to the specialist nature of tests that can be undertaken, especially cardiac CT and MRI scanning. Installation of the new scanners will provide a much improved patient experience.

## 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 2018/19.

- Delirium – assessment completed on admission.
- 365 shadows completed within one year.
- Complex health needs assessment completed on admission.
- On admission to the hospital, offering patient families the opportunity to be a care partner to assist health care providers to deliver care.

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 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 2018/19 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”***,

as well as 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 2017/18. Our front line staff have been involved in identifying and focusing on quality improvements that they have generated. This resulted in a high level of staff engagement through responses to the staff survey and at the subsequent staff improvement events. This has translated into a set of improvement projects, using the 7 step approach (Listening into Action methodology), which has been progressed by patient-facing staff.

Our Quality Strategy brings together the learning from the Francis Report, the Keogh Report and the Berwick Review with the Trust’s own programmes of work, for example our Safety Seven pledges, Listening into Action and Service Improvement. This ensures a cohesive approach to maintaining safe, quality care provision.

This strategy was refreshed in August 2018 following extensive consultation with all staff groups and was approved by the Board of Directors in September 2018.

Alongside this we have focused on developing a culture of openness, honesty and transparency with our patients and their families. Liverpool Heart and Chest Hospital is committed to an open, transparent and safe culture. The Trust has a Freedom to Speak Up (FTSU) Policy, and a designated FTSU Guardian supported by a network of FTSU Champions. As Chief Executive, I have made a personal three-point pledge to all new starters and I repeat this pledge to all staff on a regular basis:

1. I will actively encourage staff to speak up about any concerns.
2. I will review fully, openly and transparently and will provide feedback wherever possible.
3. I will keep you safe and ensure you suffer no detriment.

This pledge forms the basis for the Trust’s ‘speaking up’ culture. The Trust has put in place a number of ways to encourage and support staff to speak up about any concerns they may have, including but not limited to, quality of care, patient safety and bullying and harassment. These are as follows:

- Access to Freedom to Speak Up Guardian and Champions

- Daily Trust-wide Safety Huddle led by the Chief Executive
- Incident reporting through DATIX
- Speak out Safely through the risk management team
- HALT – empowering all staff to call a ‘HALT’ if there is harm or the potential of harm to any patient
- Confidential hotline to report concerns anonymously
- Discussion with line manager
- Support from Human Resources and/or trade union representatives

Speaking up is explicitly referred to in the Trust’s values.

All staff who ‘speak up’ are given feedback in a timely manner by whoever they have spoken up to and there is a zero tolerance policy for staff who may experience any detriment due to ‘speaking up’. The process is overseen by the FTSU Guardian.

The Trust’s senior leaders hold a quarterly ‘FTSU Summit’ where FTSU concerns are discussed and triangulated with data on harms, staff experience and employee relations. The feedback process is checked and learning from FTSU is cascaded via team brief and the Trust’s safety and organisational learning (SOLE) bulletin. The FTSU Guardian reports directly to the Board of Directors every quarter.

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. I am the Senior Responsible Officer for leading the Single Cardiorespiratory Service Pathway programme. In addition, our Director of Strategic Partnerships is the Senior Responsible Officer for the Prevention at scale strategic programme.

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

- For the 9<sup>th</sup> time in 12 years, LHCH was rated the top hospital in the country for overall patient experience in the Care Quality Commission’s National Inpatient Survey, published in June 2018.

- LHCH partnered with the University of Liverpool, Liverpool John Moore's University and Liverpool Health Partners to launch the Liverpool Centre for Cardiovascular Science.
- LHCH's Theatres Team won the Surgical Nursing category at the Nursing Times Awards 2018 and was a shortlisted finalist in three other categories.
- LHCH Chief Executive, Jane Tomkinson, was appointed Partnership Group Chair of the Clinical Research Network, North West Coast.
- LHCH was ranked 2<sup>nd</sup> in the country, among similar organisations, for recommending the Trust as a place to work and receive care. It was rated "best" in 6 of the 10 new key themes, and above average in a further 3 in the NHS Staff Survey 2018 results.
- LHCH celebrated 10 years of its emergency heart attack (PPCI) service.
- LHCH was recognised as the top TAVI recruiter in the country in a multi-centre randomised controlled trial to assess the clinical effectiveness and cost-utility of TAVI, compared with conventional surgical aortic valve replacement.
- LHCH celebrated 70 years of the NHS on 5th July 2018.
- LHCH featured in BBC2's award-winning 'Hospital' documentary series filmed in Liverpool.
- LHCH was accredited by the Skills Development Network as a Level 2 towards Excellence Finance organisation.
- LHCH started delivering adult congenital heart disease services following NHS England's announcement of a new network approach in the North West.
- LHCH was a shortlisted finalist in three categories at the North West Coast Research and Innovation Awards 2019.
- 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 2018/19.

The CQC carried out a 'Well Led' inspection of the Trust between 5-7<sup>th</sup> February 2019. This was preceded by an unannounced inspection on Wednesday 16<sup>th</sup> January – Friday 17<sup>th</sup> January 2019, with the inspection focus on the surgical division services. The report is expected in May 2019. There were no concerns raised following the inspection.



**Current Status as 2016**

<b>CQC rating for Liverpool Heart and Chest Hospital</b>		
<b>Safe</b>		<b>Good</b>
<b>Effective</b>		<b>Good</b>
<b>Caring</b>		<b>Outstanding</b>
<b>Responsive</b>		<b>Outstanding</b>
<b>Well Led</b>		<b>Outstanding</b>
<b>Overall</b>		<b>Outstanding</b>

**Clinical standards for seven day services**

A review of the Trust's compliance against the seven day hospital standards has provided robust assurance that emergency patients admitted to LHCH receive care in line with the standards. Having been compliant against the standards, no formal improvement plan was required however the Trust will continue to ensure it meets the standards into 2019/20 and beyond. The process by which the Trust assesses compliance against the seven day service standards has altered for 2019/20 by way of self-assessment against the four key clinical standards and an audit of the Trust's choice against one of the clinical standards. The standards only relate to those patients admitted as an emergency admission. It should be noted that the majority of emergency admissions attending LHCH are Primary PCI patients, which is a consultant-led service.

On review of the April 2018 audit, the Trust achieved a 99% compliance rate against the four clinical standards, demonstrating a robust service provision for emergency patients. In addition, the self-assessment completed did not identify any areas for concern.

Looking forward to 2019/20 the Trust does not envisage any areas that will require improvement when completing the seven day clinical standards self-assessment and audit. However to ensure that a continuous focus is placed on providing the best care for emergency patients, the Trust will develop a seven day service Board Assurance Framework utilising the Department of Health guidance ratified through the Corporate Governance process and monitor on a regular basis.

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



**Jane Tomkinson**  
Chief Executive

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

### Priorities for improvement

#### Priority One:

Those patients who have been identified as potentially developing delirium to be risk assessed on admission, and in-order for staff to be able to identify the signs of delirium to enhance care to undertake the training via a newly developed delirium training package.

- 85% surgical patient to have an delirium risk assessment on admission
- 40% of staff to have completed the new delirium training package as e- learning

#### Category:

- Safe

#### 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 and ensure staff have received the appropriate training.

#### By When:

- March 2020

#### Who collects the data:

- Information will be collected by the nurses in the risk assessment document on admission.
- Training records from the Learning and Development Department.

#### Monitoring of Data:

- The Trust's Business Intelligence Team.
- The Education Team.

#### Current Position:

- 78% implementation of the risk assessment document completed on admission, 19% of e-learning completed.

## Priority Two:

- Trust data provides the information to inform the Surgical Division of avoidable discharge delays. The focus for this priority is to increase the numbers of patients identified for discharge to home from Elm Ward and Cedar Ward.

### Category:

- Patient Experience

### Why:

- Healthcare is changing with the focus on ensuring patients, when medically fit, will be able to leave the hospital to their home timely, ensuring our surgical patient experience is optimised by timely discharge.

### How much:

- Improve patient flow when patients are medically fit for discharge to home on the day of discharge between the hours of 9am and 4pm.
- Increase the numbers of patients medically fit for discharge on the day of discharge by 10% for Elm Ward and Cedar Ward patients.

### By When:

- April – June explore changes to the discharge summary aspect of the TTO required to enable more timely discharge.

### Who collects the data:

- The Information Team

### Monitoring of Data:

- On a weekly basis to ensure performance and actions can be identified in real time.

### Current Position:

- 75% of discharges to home from Cedar ward by after 16.00hrs
- 69% of discharges to home from Elm ward by after 16.00hrs

## Priority Three:

- Assessment of patients who have been identified on admission as having a complex/enhanced health condition, particularly significant hearing or visual needs, and when identified by admission they will receive an individualised risk assessment and care plan.

### Category:

- Patient Experience

### Why:

- Patients who require specialist care pathway planning pre-procedure and post procedure need to be identified before admission to enable correct plans of care to be considered and implemented.

### How much:

- Development of a risk assessment within flow sheet on EPR.
- The Trust's aim is to identify those patients with these complex health conditions to ensure appropriate care plans are in place.

### By When:

- April – June 2019 streamline the categories hearing and visual complexities within the admission document EPR, and develop the risk assessment document within EPR.
- July –September 2019 design and implement the care plan within the flowsheet in EPR.

### Who collects the data:

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

### Monitoring of Data:

- The Trust's Business Intelligence Team

### Current Position:

- No individualised risk assessment or care plan for patients with significant hearing and visual needs.

## Priority Four:

- The Trust has an incident reporting system, Datix, which records all medication incidents. These incidents are reviewed by the Safe Medication Committee whereby the grade of potential harm is considered. 20% of all incidents reviewed relate to the second checking of infusions and the administration of insulin.

### Category:

- Safe

### Why:

- To target learning and analyse trends of potential harm to patients.

### How much:

- The Trust's aim is to improve safety by reducing medication errors of infusion medication and that of insulin by 10%.

### By When:

- Improve the education of second checking process for medication infusions which incorporates administration of insulin.
- April – June develop the education packages for clinical staff.
- June – March 2020 monitor reduction of reported incidents.

### Who collects the data:

- Information will be collected by Datix and the Safer Medication Committee.

### Monitoring of Data:

- Datix

### Current Position:

A total of 78 nursing administration errors.

## How our priorities were selected

In pursuit of its goal to deliver the best outcomes and be the safest integrated healthcare organisation in the country, throughout 2018/19 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 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' interest group who are continuously identifying priorities from the Trust's 9,500 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.

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. This is called '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 18<sup>th</sup> January 2019.

This process has resulted in four of the seven 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
- changes within the Datix reporting system to ensure duty of candour is considered and actioned.

## Review of priorities from 2017/18

### 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 2019

### Who collects the data:

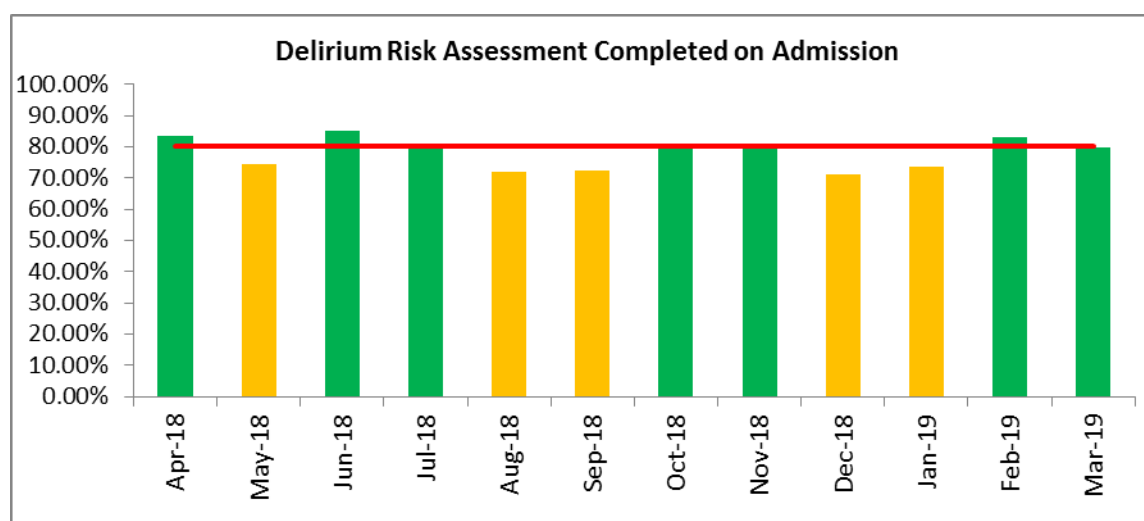
- Information will be collected by the nurses in the risk assessment document, to be completed on admission, and on the assessment and care flow sheets in EPR.

### Monitoring of Data:

- The Trust's Business Intelligence Team.

### Current Position:

- March 2019: Overall Performance 78.9%





### 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

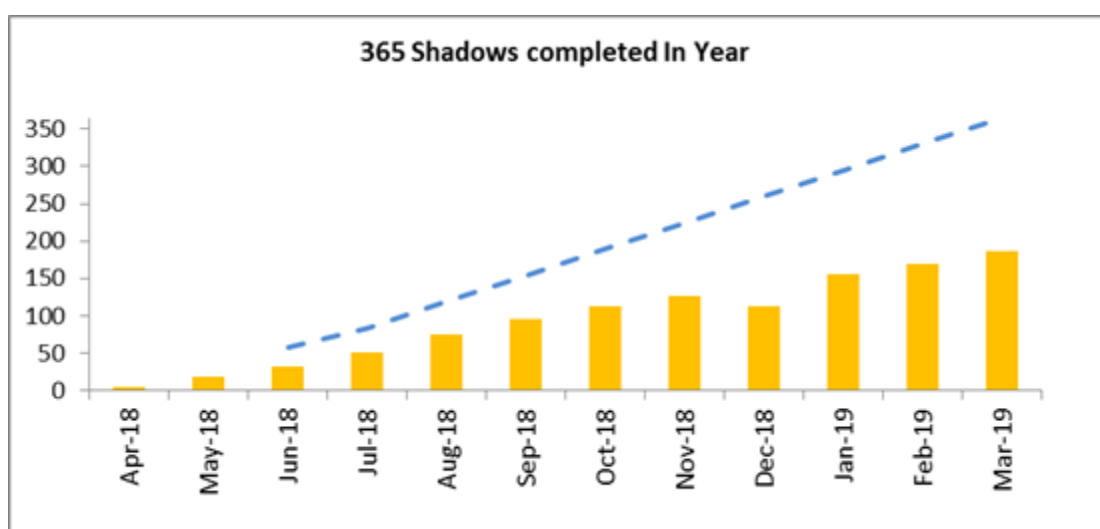
### Who collects the data:

- 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:** March 2019: Overall Performance 51.0%



### 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 2019

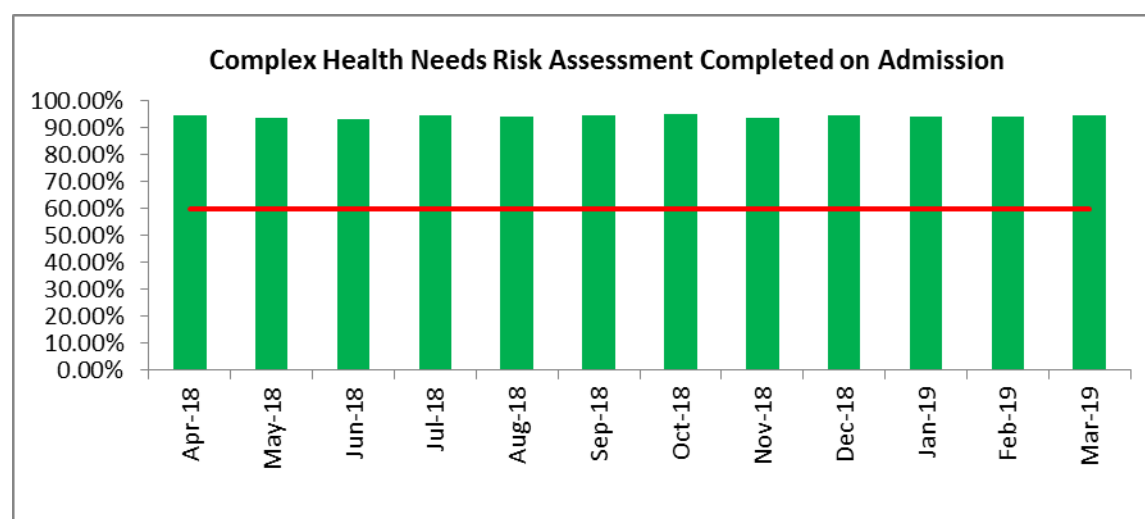
### Who collects the data:

- 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 2019: Overall performance 94.28%



### 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 the Trust engages with families to enable 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

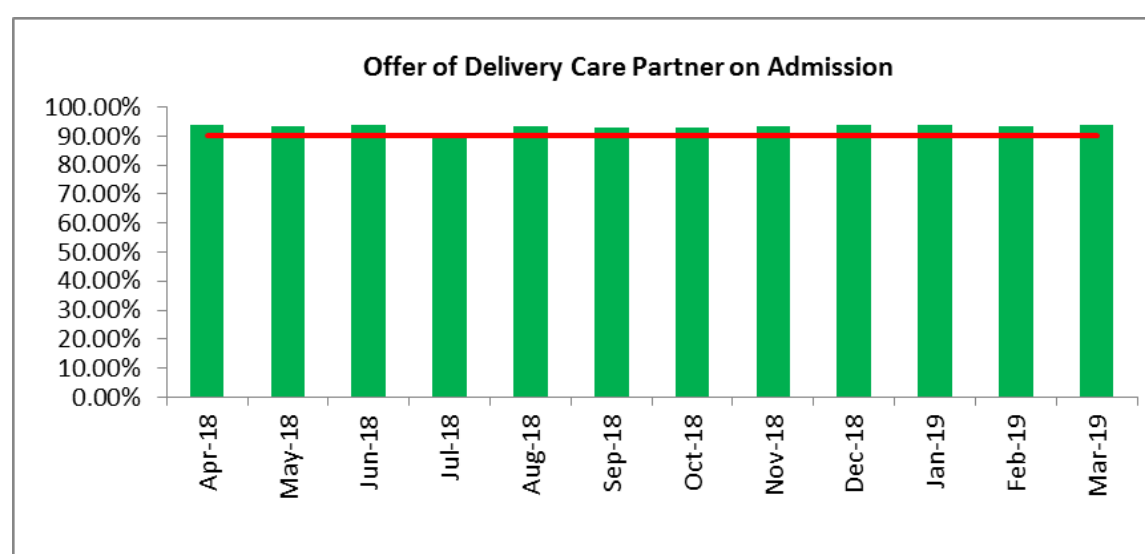
### Who collects the data:

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

### Monitoring of Data:

- The Trust's Business Intelligence Team.

**Current Position:** March 19: Overall performance 93.62%



## Part 2.2 Statements of assurance from the Board

### Participation in clinical audits

During 2018/19, 19 national clinical audits and 1 national confidential enquiry covered relevant health services that Liverpool Heart and Chest Hospital provides.

During that period, Liverpool Heart and Chest Hospital participated in 95% 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 2018/19 are as follows in Table 1.

The national clinical audits and national confidential enquiries that Liverpool Heart and Chest Hospital **participated** in during 2018/19 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 2018/19, 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 2018/19 Liverpool Heart and Chest Hospital provided and/or sub-contracted the following 15 health services in cardiology, cardiac surgery, thoracic surgery, cystic fibrosis, respiratory medicine, critical care, adult congenital heart disease, cardio-respiratory and radiology diagnostics, physiotherapy, dietetics, speech and language therapy, psychology, palliative care and pathology.

Liverpool Heart and Chest Hospital has reviewed all the data available on the quality of care in all of these relevant health services.

The income generated by the relevant health services reviewed in 2018/19 represents 90% of the total income generated from the provision of relevant health services by Liverpool Heart and Chest Hospital for 2018/19.

A proportion of Liverpool Heart and Chest Hospital's income in 2018/19, at a value of £1.8m (2017/18 £1.7m), 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.

Please see p117 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.

Table 1: A list of national clinical audits and national confidential enquiries			
	Eligible to participate in	Participated in Yes / No	% cases submitted
<b>Acute</b>			
1	Adult critical care (ICNARC CMP)	Yes	<p>The Trust is part of the ICNARC CMP and part of the Cardio-Thoracic sub-group. The data is submitted on a quarterly basis:</p> <p>For 2018/19 submitted data on 1953 of 1953 (100%) of patients admitted to Critical Care</p>
<b>Blood and transplant</b>			
2	National Comparative Audit of Blood Transfusion programme - 2018 National Comparative Audit of the Management of Major Haemorrhage	Yes	Submitted data on 4 inpatient cases, which is 100% of the sample size requested by the terms of the audit
<b>Cancer</b>			
3	Lung cancer (NLCA)	Yes	<p>Data for patients diagnosed in 2018 is submitted via the trust's monthly Cancer Outcomes and Services Dataset submissions to the National Cancer Registration System.</p> <p>Currently 922/922 (100%) records for suspected lung cancer have been submitted for patients diagnosed from January to December 2018</p>
<b>Heart</b>			
4	Acute coronary syndrome or Acute myocardial infarction (MINAP)	Yes	<p>Data submission for Apr 2018 – Mar 2019</p> <p><b>STEMI cases</b>            Q1 x 272 Cases Submitted (100%)            Q2 x 202 Cases Submitted (100%)            Q3 x 224 Cases Submitted (100%)            Q4 Submission due by 25/05/2019</p> <p>698/926 (75.4%) STEMI cases submitted to NICOR (Time period April 18 – Mar 19).</p> <p><b>NSTEMI / ACS</b>            Q1 x 6/249 Cases Submitted (2.5%)            Q2 x 14/235 Cases Submitted (6%)            Q3 x 9/243 Cases Submitted (3.7%)            Q4 Submission due by 25/05/2019 along with full year submission.</p> <p>1/58 (1.7%) Takotsubo cases submitted (final cases tbc).            Deadline for submission 25/05/2019</p>

5	Cardiac Rhythm Management (CRM)	Yes	<p>1020 / 1638 (62%) cases submitted for pacing and implantable cardiac defibrillators for period April 18 – Jan 19 Deadline submission is due by 30/06/2019.</p> <p>580 /1128 (51%) EPS cases have been submitted for the reporting period April 18 – Jan 19 Deadline submission is due by 30/06/2019.</p>
6	Congenital Heart Disease (Paediatric cardiac surgery) (CHD)	Yes	<p>FY 201819</p> <p>Q1-Q3 88/88 (100%) cases submitted for catheter or surgical procedures. Q1-Q3 28/28 (100%) cases submitted for ICD &amp; Pacing procedures Q1-Q3 9/9 (100%) cases submitted for Other procedures Q4 Submission due by 25/05/2019</p>
7	National Audit of Percutaneous Coronary Interventions (PCI) (Coronary Angioplasty)	Yes	<p>Data submission April 2018 – Mar 2019</p> <p>Q1 x 661 Cases Submitted (100%) Q2 x 577 Cases Submitted (100%) Q3 &amp; 570 Cases Submitted (100%) Q4 Submission due by 30/06/2019</p> <p>A total of 1808/2469 (73%) including <i>coronary pressure studies, IVUS and OCT</i> cases (2274 PCIs)</p>
8	National Adult Cardiac Surgery Audit	Yes	<p>Adult cardiac surgery data submissions are undertaken every 12 weeks as required by NICOR.</p> <p>FY 18/19 Q1 x 534 Cases Submitted (100%) Q2 x 468 Cases Submitted (100%) Q3 x 482 Cases Submitted (100%)</p> <p>Q4 due 30/06/2019</p>
9	National Cardiac Arrest Audit (NCAA)	Yes	<p>April 2018 – March 2019. FY 18/19</p> <p>Q1 x 20 Cases Submitted (100%) Q2 x 35 Cases Submitted (100%) Q3 x 34 Cases Submitted (100%)</p> <p>Q4 submission is due by 30/06/2019.</p>
10	National Heart Failure Audit	Yes	<p>Q1 &amp; Q2 2018/19 35/35 (100%) cases submitted</p> <p>Q3 14/14 (100%) cases submitted</p> <p>Q4 submission is due by 30/06/2019.</p>

Long term conditions			
11	Sentinel Stroke National Audit programme (SSNAP) - Post-acute provider organisational audit	Yes	<p>Knowsley service provider 2018/19</p> <p>Data provided from 1st April 2018 to 11<sup>th</sup> Feb 2019</p> <p>Early Supported Discharge: 96 of 109 (88%) of patients referred for ESD have been eligible to enter onto SSNAP by acute providers or had data entered by the team onto SSNAP during this time period. Some of these patients have completed rehabilitation and some are still on-going with the team. 34 of these have transferred from ESD to CSR on SSNAP.</p> <p>Data for 72 ESD patients have been submitted during this time period (22 of these records for patients referred in 2017-18).</p> <p>Community Stroke Rehabilitation: 63 of 121 (52%) of patients referred for CSR have been eligible to enter onto SSNAP (by acute providers or transferred from ESD) or had data entered by the team onto SSNAP during this time period. Some of these have completed rehabilitation and some are still on-going with the team.</p> <p>Data for 77 CRT patients have been submitted during this time period (8 of these records for patients referred in 2017/18).</p>
12	National Adult Community Acquired Pneumonia Audit 2018/19	Yes	14 eligible cases to be submitted by 31/05/2019
13	National Audit of Cardiac rehabilitation	Yes	<p>Phase 1 cardiac rehabilitation (CR) locally, is provided by Liverpool Heart and Chest Hospital team (0%) submitted Trust - working on electronic upload from EPR.</p> <p>Referrals from LHCH 1/4/18 to 31/3/19 is 6005</p> <p>Phase 2</p> <p>The Knowsley community Cardiovascular service for cardiac rehabilitation</p> <p>Referral for Knowsley CR 1/4/18 to 31/3/19 is 633 with 439 accepting for full completion of 100%</p>
14	National Audit of Care at the End of Life (NACEL)	Yes	11/11 (100%) submitted cases as per the audit criteria.
15	UK Cystic Fibrosis Registry	Yes	340/340 (100%) submitted for calendar year 01/01/2018 -31/12/2018 as per the UK CF Registry.
16	Mandatory Surveillance of Bloodstream Infections and Clostridium Difficile Infection	Yes	23/23 (100%) submitted to Public Health England

17	Reducing the impact of serious infections(Antimicrobial Resistance and Sepsis)	Yes	<p><b>Sepsis:</b> 138/138(100%) submitted to UNIFY Q1-Q2 met criteria for screening 40/40 (100%) submitted to UNIFY Q1-Q2 met criteria for timely treatment with diagnosed suspected sepsis</p> <p><b>Antimicrobial Resistance</b> 30 cases per quarter. Q1-Q3 submitted 90/90 (100%) submitted to Public Health England.</p> <p>Q4 submission's due 30/04/2019</p>
18	Seven Day Hospital Services	Yes	35/35 (100%) cases submitted for 7 days survey April 2018 to NHS England as per criteria
19	Surgical Site Infection Surveillance Service	No	The Trust is eligible to participate in the surveillance service, on a voluntary, not mandatory basis. However the Trust does not participate.
<b>Medical and Surgical Clinical Outcome Review Programme: National Confidential Enquiry into Patient Outcome and Death</b>			
20	National Confidential Enquiry into Patient Outcome and Death (NCEPOD) - Pulmonary Embolism	Yes	<p>As per NCEPOD criteria</p> <p>2/2 (100%) Surgical questionnaires submitted 2/2 (100%) Case note extracts submitted 1/1 (100%) Organisational Questionnaire submitted</p>
<b>Total = 20</b>		<b>Yes = 19</b>	

**The reports of 19 national clinical audits were reviewed by the provider in 2018/19 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 2019/20 quality account.

- National Comparative Audit of Blood Transfusion programme
  - 2018 National Comparative Audit of the Management of Major Haemorrhage
- National Lung Cancer Audit annual report
- National Audit of Cardiac Rhythm Management
- National Adult Community Acquired Pneumonia Audit 2018/19
- National Audit of Care at the End of Life (NACEL)
  - National Summary Report to be published 22nd May 2019 (England and Wales)
- National Confidential Enquiry into Patient Outcome and Death (NCEPOD) Pulmonary Embolism



## **Cancer - National Lung Cancer Audit**

### **National Mesothelioma Audit report 2018 (for the audit period 2014/16) (June 2018)**

The report is a historic report (14/16). At that time the Trust was on the LHCH Somerset system. The report suggests 45 registered cases; a paper trawl suggests 38 cases. The Information team is unable to identify patients as the old system couldn't and still can't separate secondary from tertiary patients. In that time period there were significant problems uploading entered data from Somerset into the national reports.

Since 2016 the Trust has moved from Somerset, and in light of this first report, has added secondary/tertiary classification into its data quality assurance system. The self-assessment therefore cannot be completed except to state it is thought to be inaccurate and moving forwards, Trust data systems are more robust.

### **Lung cancer clinical outcomes publication 2018 (Published February 2019)**

Liverpool performed 394 lung resections during that period. This is the highest number of resections of any unit with less than 6 whole time thoracic surgeons. This demonstrates that the Trust continues to have an efficient unit. 30 and 90 day mortality as well as 1 year survival were all within the expected confidence limits despite the large number of cases. The continued efficiency makes it difficult to increase activity without increasing the number of surgeons as each of them is already amongst the busiest in the country.

Liverpool's length of stay was a median of 6 days. This is consistent with the majority of units. This is despite this data being produced prior to the introduction of same day admission (SDA). The introduction of SDA will lead to a reduction of at least one day in the length of stay which will be reflected in subsequent year's data. In order for this to be achieved, the Trust needs to ensure that the majority of patients have access to SDA.

The resection rate at Liverpool also remains high at 20.9% which is the highest for any unit outside Southern England. This resection rate can be improved with the continued development of a flexible working policy amongst the surgeons which ensures greater MDT coverage. Less variation in practice also leads to improved surgical resections. 100% coverage of MDTs is not achievable with the current number of surgeons.

Liverpool has the lowest readmission rate nationally at 23.4%. This is a reflection of the work undertaken in carrying out daily team and weekend consultant ward rounds.

## **Heart - National Cardiac Audit Programme (NCAP) Annual Report**

### **PPCI**

The Trust is a high volume PPCI centre and has an established pathway for PPCI activations. The Trust's door to balloon (DTB) times reflect performance above the national norm once patients arrive at the Trust. Call to balloon (CTB) is influenced largely by ambulance delays attending the patient due to pressures on North West Ambulance Service. The downgrading of chest pain calls to category 2 as a national directive is likely to impact further on these delays. PPCI outcomes are excellent with maintenance of low in-hospital mortality despite increasing patient acuity and complexity e.g. out of hours cardiac arrest (OOHCA) survivors.

## **ACS / NSTEMI**

The Trust runs a successful acute coronary syndrome (ACS) day case service and has established a regional web-based ACS referral system which has streamlined the referral process. The Trust's transfer times from point of referral to angiography are in line with national standards. A gap is recognised due to delayed referral by partner trusts. Secondly, treatment delay is also influenced by ambulance availability though the Trust now has a successful multi-occupancy vehicle model. Thirdly, catheter laboratory capacity limits cases performed with added pressures of competing procedures such as ACHD/TAVI.

The Trust has developed weekend ACS lists and has a plan to extend the working hours of a PCI lab to enable lists to be completed. The Trust's transfer to management times reflects the current national norm. Finally, the Trust is currently piloting a Direct NSTEMI service for local hospitals with a view to regional rollout if supported with further development of the Trust infrastructure and staffing.

The Trust has two areas to address. One is the speed of provision of PCI services delivered to ACS patients in the region. This is being addressed at the network meeting on 4<sup>th</sup> April. The second is around femoral access for PCI. The Trust needs to now assume a default position of radial access and provide more information to patients when femoral access is planned. This may include a section on our consent form to detail why femoral access may be preferred. The clinical lead for Intervention is developing a patient information leaflet for use in pre-admission clinic.

## **Adult Percutaneous Coronary Interventions (Angioplasty audit) (Published Nov 2018)**

The Trust has a dedicated radial programme for PCI and angiography and remains one of the highest radial sites in the UK. The Trust has an established and ongoing research programme of radial artery access. To meet the NCAP recommendation the Trust needs to inform patients when such an approach won't be used and also provide choice of access to patients who are under the care of its one femoral operator.

The Trust's DTB time target remains very acceptable and averages 32mins, which outperforms the national norm. Longer DTB times relate to the increasing complexity/acuity of patients (OOHCA) coming directly to the Trust.

## **National Cardiac Audit Programme (NCAP) Report**

### **Myocardial Ischaemia National Audit Project (MINAP) (Published Nov 2018)**

The Trust provides a PPCI/ACS service that outperforms the national norm for most parameters. Through its high quality audit data, the Trust is able to act early on any variations in patient care. Service improvements include a direct NSTEMI pilot for high risk NSTEMI cases and direct access for OOHCA survivors with STEMI.

The Trust interrogates its DTB and CTB data on a monthly basis to identify outliers. These are largely due to ambulance delays as well as patient factors. Ambulance delays are a national problem which will be compounded by the reduction to category 2 for chest pain calls.

The Trust has a reputation for prompt and comprehensive reporting to MINAP demonstrating transparency with its data. This data is used locally to identify areas of substandard care and adjust or develop patient pathways to improve efficiency and safety. The Trust engages fully

with local partner trusts and the ambulance service to try and share best practice, streamline the referral process and standardise the care delivered to all patients across the region.

### **National Cardiac Audit Programme (NCAP) Report Adult Cardiac Surgery Audit (Published Nov 2018)**

The report has been reviewed by the Clinical Audit lead.

1. As far as the risk adjusted mortality performance, the Trust is standing almost at the middle point of the UK adult cardiac surgery units group.
2. Regarding the data of average waiting time to either elective or urgent CABG, one could comment that this is now rather historical. It refers to the period 2014-17. At present, as already discussed multiple times in business meetings, the current waiting times are considerably lower.
3. The reoperation for bleeding rate is marginally higher than the average UK rate. There is constant monitoring and presentation of this particular data in every audit day with reminders to all about the importance of reducing this.
4. The CVA rate is believed to be higher than the average UK, quite likely due to the fact that LHCH has a very strong neurology service for identification and recording of post-operative neurological complications. Of note is that in the GIRFT report some units, including the other high volume unit, did not report any neurological adverse outcomes (clearly data which is incorrect).
5. There is a strategy plan for improving mortality (and consequently morbidity).

### **National Cardiac Audit Programme (NCAP) Report National Heart Failure Audit (Published Nov 2018)**

This report is only partially representative of the service the Trust provides to the Heart Failure (HF) patients as a tertiary care hospital. It does not reflect on the large number of patients admitted as daycase following cardiac device implantation every day, who also benefit from the service offered by the HF team.

The Trust's 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 a cardiologist and heart failure review during admission.

Referral to a HF nurse follow-up, although better than the national average, could be improved further. The HF service is now more integrated with the community allowing better cover for annual leave and absences.

The Trust's guidelines have been updated to reflect the latest NICE guidelines and patients are being cared for on cardiology or cardiothoracic wards with regular input from the specialist HF team.

In terms of general quality for HF, the Trust now has a dedicated Sacubitril Valsartan clinic that allows appropriate patients to access this evidence based therapy. Furthermore, the Trust is also in the process of setting up an IV iron service for iron deficient patients with HF.

### **National Cardiac Audit Programme (NCAP) Report**

#### **National Congenital Heart Disease (Published Nov 2018)**

Data collection for congenital heart surgery is already happening. All the Alder Hey surgeons who contribute at LHCH for the ACHD service have the minimum volume of activity specified by the service specifications. Hence the Trust is compliant with the current standards and plans are in place to recruit a fourth surgeon.

#### **National Cardiac Arrest Audit (NCAA) Published 14<sup>th</sup> June 2018**

The NCAA Report covering April 2017 to March 2018 specifically by risk adjusted comparative analyses compared LHCH with four other cardiothoracic hospitals in this audit period. The whole report in its entirety was presented to the Resuscitation Committee for its findings to be reviewed.

For the fourth year running compared with all other hospitals (at least 75% of all acute hospitals in this country now participate in this audit), 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 the two cardiac arrests where the report had predicted a probability of survival to discharge greater than 50%. Analysis 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**

Following the publication of the 2016/17 report, which showed very high numbers of readmissions within 48 hours of unit discharge, each readmission since the start of the last financial year has been reviewed to see if there are any learning points and to see if the readmission could have been avoided.

A Multi-Disciplinary Team Readmission group was then set up. The reviews are undertaken by the MDT who provide feedback to the Critical Care Delivery Group. This latest report from ICNARC shows an improvement in the occurrence rate though it is still higher than hoped. The MDT continues with the analysis of the readmissions and the recent winter quarters has seen the lowest readmission rate since 2013/14.

## **COPD National report 2018: Pulmonary rehabilitation, an exercise in improvement (Published Apr 2018)**

### **Knowsley Service**

The Knowsley Community Respiratory pulmonary rehabilitation service is currently meeting almost all the report recommendations and is striving to ensure that enrolment within 90 days is achieved where possible. Constraints to this include winter pressures, when staff have been required to divert their resources into ensuring adequate winter support for the respiratory service as a whole, thus reducing pulmonary rehabilitation availability.

Integration with the rapid response respiratory support service, early supported discharge teams and the multi-disciplinary clinics ensure the team is able to provide seamless care as patients transition between these clinical support structures and ensure the team can rapidly signpost patients to the best care for their needs. Support from the service's psychology team has been integrated into the education provision starting this spring, to better support patients.

### **Liverpool Service**

The Liverpool pulmonary rehabilitation service is currently meeting almost all the report recommendations. The service is striving to ensure that enrolment within 90 days is achieved where possible. Constraints to this include a number of patients who do not attend their first appointment that are offered a second appointment, along with a significant increased number of referrals to the service thus reducing pulmonary rehabilitation availability in the meantime. Additional appointment slots have been added and patients are now provided with a courtesy telephone call prior to the first appointment to confirm attendance. Any cancelled appointments are rebooked.

There are seven community venues across Liverpool and one hospital based venue that increases accessibility to the service. All patients undergo a comprehensive assessment that includes medical condition, exacerbations, lifestyle and also psychological health and wellbeing. Facilitation of referrals can be provided to numerous pathways that are well established, such as community support services and Telehealth.

A wide range of support is available to meet the needs of the service users through a range of educational interventions based upon a patient's preference such as both group and 1-1 sessions, verbal and written advice, augmented reality and the services website information resources. This ensures that the service can comprehensively meet the diverse needs by providing, signposting or referring to best care.

## **National Comparative Audit of Blood Transfusion programme: 2017 Audit of Transfusion Associated Circulatory Overload (Published June 2018)**

The Hospital Transfusion Team (HTT) reviewed this national audit and found the service being provided by the Trust is appropriate for the need of the patients. All of the patients in this retrospective audit were monitored and there was no evidence of TACO in this group.

The following actions were taken to address the areas indicated in the report findings where the Trust is below national standards.

- Assessing risk of TACO and documentation in the patient's record has now been introduced and is included in our EPR system.
- The indication/reason for transfusion has also been included in EPR.

The HTT monitor all transfusion related incidents and there have been no reported cases of TACO in the Trust. The Trust uses a 'pop –up' box to assist in the implementation of restrictive transfusion thresholds and single unit transfusion other than those with major haemorrhage, acute coronary syndrome or a chronic transfusion requirements.

This is part of the Transfusion policy and Transfusion Medical Induction training programme.

### **Sentinel Stroke (SSNAP)**

A Sentinel stroke (SSNAP) Annual CCG Stroke Dashboard – Knowsley CCG is published each year. There are quarterly team reports available on the SSNAP website most recent is March-June 2018. Data has been submitted for the deadline of 31<sup>st</sup> January 2019 for July – December data – currently awaiting report.

#### **Actions:**

- Number of Early Supported Discharge (ESD) patients in Knowsley has increased each year. 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 are using electronic records - EMIS system. Plan in future to collect data for SSNAP directly from EMIS.
- Occupational Therapist started 11<sup>th</sup> February 2019 and Rehabilitation Assistant on 28<sup>th</sup> January 2019 to fill current vacancy
- Team has three members of staff going on maternity leave during 2019 – at present team are attempting to recruit SLT to cover maternity leave.

### **UK Cystic Fibrosis Registry Annual Report 2017 (Published August 2018)**

The Trust is a national leader in terms of outcomes (lung function and nutritional state). The Trust's high levels of pseudomonas colonisation are a legacy from the paediatric sector and it has very few new cases. The Trust's use of expensive treatments (mucolytics and IVs) is less than the national average, indicating that the service provided achieves good results at a competitive cost.

There are no gaps in the Trust's service related to these measures.

### **National Audit of Care at the End of Life (NACEL)**

#### **NACEL National Summary Report to be published 22<sup>nd</sup> May 2019 (England and Wales)**

The Trust has received the participant bespoke report published February 2019. This report has showed LHCH at a higher than the national average in most key areas however there are some additional areas that can be improved upon as follows.

- The use of the individualised care plan was lower than the national average which is

also reflected in the lower scoring in relation to recognising that death may be imminent. It has been recognised within the Trust that not all the deaths which occur in Intensive Therapy Unit (ITU) post withdrawal of treatment utilise this document and SPCT are considering developing an ITU specific shorter document that supports a patient's death and care of their family under these circumstances as there is a rapid deterioration in this group of patients and not all the areas on the individualised plan of care areas relevant in this group.

- Another key recommendation that the Trust is considering is working in collaboration with the AMBER network to develop an ITU specific AMBER tool which will aid in recognising patients with uncertain recovery.
- Training is key and the team are planning to focus on medical training in this financial year and continue with the provision of communications skills training.

### **National Audit of Cardiac Rehabilitation Quality and Outcomes Report 2018 (Published 29/11/2018)**

#### **Phase 1**

Phase 1 cardiac rehabilitation (CR) locally, is provided by Liverpool Heart and Chest Hospital. The activity collected by this team is not routinely reported to NACR, however the Trust is hoping to upload data for all CR referrals and has plans in place to do this, for future to increase the quality of information to be uploaded. Liverpool Heart and Chest Hospital phase 1 cardiac rehab team is the biggest referring service across Cheshire and Merseyside, and is therefore essential that they are on board with information upload to a national level.

This report at present is therefore more for information regarding local services and to highlight gaps for future intervention. The main gap identified for phase 1 is CR for ethnic minorities - this is something the Trust is looking at with Liverpool University.

#### **Phase 2**

The Knowsley Community Cardiovascular Service for cardiac rehabilitation at the time of the report being currently audited, did not submit full patient data to NACR. The information is useful for us to be able to identify local gaps. The KCVD CR service is now submitting patient level data to NACR and therefore the next report will provide service level data. The Trust is also under Knowsley commissioning services which demands a high level of reporting data, which hopefully will be transferable to NACR.

The main gaps identified with this audit are around women. This year the Trust will submit its application for gold standard certification which will highlight any further gaps.

### **National Confidential Enquiry into Patient Outcome and Death (NCEPOD) Peri-op Diabetes (Published Dec 2018)**

The review of the report findings and recommendations:

The Trust intends to:

1. appoint an ITU/anaesthetic consultant to lead the diabetes service and therefore take charge of peri-operative diabetes management



2. ensure patients with diabetes are prioritised on the operating lists to reduce prolonged fasting
3. make sure the diabetes specialist nurses are involved in the management of all patients undergoing surgery; for elective patients this should ideally start during pre-operative work-up or pre-assessment. Patients with abnormal HbA1c measurements in pre-assessment will also be referred to the diabetes team prior to surgery.
4. explore the possibility of Point of Care HbA1c testing machine to be implemented within Outpatients Department to ensure timely access to diabetes team if required
5. ensure good handover of patients from theatre to intensive care and then from intensive care to the ward.

## **Reducing the Impact of Serious Infections (Antimicrobial Resistance and Sepsis)**

### **AMR**

LHCH has made a quarterly Antimicrobial Stewardship Surveillance submission for CQUINN part 2c to Public Health England. Results obtained are published on the fingertips website. LHCH has met the requirements for Quarters 1-3. However, in order to ensure continuation of achieving the standards for the remainder of the year, it was identified early in quarter one a change in documentation had to take place. Mid quarter 3 a mandatory antibiotic review note was added to try to ensure that the 90% standard of Q4 will be met.

### **Sepsis**

The Trust's lead for sepsis continues to lead the sepsis group to ensure continuous improvement of the care of patients with sepsis at LHCH.

The objectives have been clarified and simplified using MEWS scoring. MEWS  $\geq 5$  and suspicion of infection do not need screening and should be treated within one hour, preferably using the sepsis bundle. Two consecutive MEWS  $\geq 3$  and suspicion of infection need the screening tool completing and, if high risk, treated within one hour.

There is a national drive to use NEWS2 scoring rather than MEWS, however the sepsis group and the infection prevention committee consider that this is not the best tool for the Trust's specific patient population. Discussions with commissioners have led to LHCH continuing to use MEWS with NEWS2 being monitored and applied to transfer patients.

There is a plan for optimisation of EPR workflow, which includes making the collection of blood culture timing to be a mandatory field; pop up reminders for the screening tool when trying to prescribe sepsis antibiotics off bundle; a tick box for MEWS greater than 5 to eliminate the need for the screening tool; automatically opening the sepsis bundle on completion of high risk screening.

The drive now is to use the screening tool and ensure all KPIs can be measured via EPR. The mortality from sepsis remains low.

There is an ongoing education programme, delivering teaching sessions for junior doctors, outreach and hospital coordinators, whilst Trust-wide reminders through screensavers and



desktop messaging continue. There is also a new sepsis eLearning package which is included in mandatory training for clinical staff.

### **Mandatory Surveillance of Bloodstream Infections and Clostridium Difficile Infection**

Reviews of relevant patients have been undertaken by the infection prevention team and the relevant divisions and any specific actions addressed. The Trust intends to undertake a review and more audits of policy and practices related to catheter associated urinary tract infections in order to ensure standardisation and adherence to best practice.

### **Seven Day Hospital Services**

A review of the Trust's compliance against the seven day hospital standards provided robust assurance that emergency patients admitted to LHCH receive care in line with the standards. Having been compliant against the standards, no formal improvement plan was required.

The reports of 17 local clinical audits were reviewed by the provider in 2018/19 and Liverpool Heart and Chest Hospital intends to take the following actions to improve the quality of healthcare provided:

### **Palliative care audits**

<b>Audit</b>	<b>Improvement work planned for 2019</b>
A review of prescribing at the End of Life (EOL) in Critical Care	Undertake regional audit to develop NICE accredited Standards and guidelines working with the Pallaborative group. Feedback at Critical Care Network
Audit of compliance with Hydration and Nutrition standards for end of life care	Develop e learning for medical staff Identify ways of improving documentation in cultural preferences when applicable TBC Re audit
Uncertain Recovery and communication within ITU	Potential for the development AMBER Care Bundle tool for ITU. Work collaboratively with AMBER network
Audit of compliance with anticipatory medication prescribing standards for end of life care	EPR changes made to opioids as only option was for pain now includes the option of breathlessness

## Infection prevention audit programme

Audit	Improvement work planned for 2019
<b>Decolonisation prior to cardiac surgery</b>	Audits were performed related to the policy for decolonisation of patients with S. aureus prior to cardiac surgery. Following the results of the audits a new practice of universal decolonisation of cardiac surgical patients pre-operatively was instituted. This new initiative has been audited and further work is planned to improve compliance and monitor patient satisfaction with this process.
<b>Infection Prevention Standard Precautions</b>	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 individual action plans were produced to rectify and issues identified. A multi –disciplinary team has reviewed the cleaning schedules and monitoring process for the Trust.

## Pharmacy audit programme

Audit	Improvement work planned for 2019
<b>Antibiotic prescribing audit</b>	<p>Re-establishment of the Antimicrobial Group – to meet quarterly – DIPC, Consultant microbiologist, Antibiotic Pharmacist, infection Prevention nurse plus 2 clinicians to attend.</p> <p>Promote adherence to antimicrobial Policy by utilising antibiotic order sets for common Trust infections and audit of appropriate use</p> <p>Mandatory antibiotic review note development and Audit of appropriate use.</p> <p>Antimicrobial Policy review – November 2019</p> <p>Review of the use of piperacillin / tazobactam with a focus on sepsis antibiotics.</p> <p>Re-establishment of ward rounds on appointment of new consultant microbiologist.</p>
<b>Audit on the prescribing, preparation, measurement and administration of medicines via enteral routes in patients with enteral tubes or with swallowing difficulties</b>	<p>Inform Senior Nurses for cascade highlighting particular areas of concern namely:</p> <ul style="list-style-type: none"> <li>• Administering all of the required flushes</li> <li>• Not mixing medications together prior to administration</li> <li>• Withholding feed for appropriate length of time before administration of specific medications.</li> </ul> <p>Pharmacist to be reminded to use Pharmacist Amendment Policy to change orders to the most appropriate formulation.</p> <p>Ward managers to be reminded to stock necessary sizes of enteral syringes.</p>

<b>Audit on the prescribing of oxycodone within LHCH and when patients are discharged</b>	<p>To review if oxycodone was prescribed appropriately on discharge and managed appropriately once the patient's oxycodone prescription was complete.</p> <p>Pharmacists reminded to supply advice leaflet on pain relief to patients discharged on oxycodone. Encourage nurses to provide advice on analgesia whilst doing teach back to patients on discharge.</p> <p>Provide Guidance to GPs on stepping down the patient down from oxycodone within the discharge summary.</p>
<b>Post-Operative Nausea and Vomiting Audit</b>	<p>Lack of adherence to formulary prompted various discussions with consultant staff.</p> <p>Full review of PONV algorithm and associated order sets underway</p>
<b>Medicines Reconciliation on admission to LHCH Wards</b>	<p>Main issue identified is time to complete meds rec within 24hour target. Several options identified to improve figures.</p> <p>Department meeting Feb 19 to discuss options/actions required</p>
<b>NPSA Injectable Audit</b>	<p>Main issue identified was lack of junior medical staff trained on administration. Learning and Development Team to introduce training as part of induction</p>
<b>Anticoagulation Audit</b>	<p>Prescriber improvements:</p> <p>To always document when a patient is admitted on warfarin and the usual dose on the anticoagulation order set.</p> <p>To ensure that omitted doses need to be prescribed using the anticoagulant order set.</p> <p>Pharmacy improvements:</p> <ul style="list-style-type: none"> <li>• ensure completion of warfarin section within pharmacy medicines reconciliation document before signing off</li> <li>• ensure the date of INR appointment is documented on TTO within the anticoagulant information's section 'INR appointment date'</li> <li>• to include in EPR training that anti-coagulant order set is to be updated as patient's condition status changes.</li> </ul>

<b>Self-medication scheme re-audit</b>	<p>To review if the patients self-administrating medications, complied with the Trust's medicines policy.</p> <p>To re-educate nurses on the self-administration policy in particular completing assessment documentation, safe-storage of medications especially use of insulin boxes and accurately documenting blood glucose levels and administered insulin doses on EPR.</p> <p>Reminding pharmacists to tick the appropriate self-administration box on EPR.</p> <p>Discuss issues of lack of diabetes specialist nurses consenting patients for patients self-administering insulin.</p>
<b>Fridge storage monitoring audit</b>	<p>The Pharmacy department have led on a project to put in place automated temperature monitoring of all ward storage areas throughout the hospital</p> <p>The system alerts the pharmacy department during normal working hours, or switch-board when pharmacy is closed should the temperature of a fridge storing medicines go out of range</p> <p>This automated system removes the requirement of nursing staff to record fridge temperatures in ward storage areas on a daily basis</p> <p>The automated system also enables the pharmacy technician managing ward services to generate an automated report when writing the fridge temperature audit report</p> <p>Due to several issues arising from IT problems and the system re-calibration process, further work on SOPs relating to Business Continuity Planning will be done during 2019 and a re-calibration schedule is to be set up with the supplier.</p>

## Theatre audit programme

<b>Audit</b>	<b>Improvement work planned for 2019</b>
<b>Health and Safety, Risk Management Organisational and Environmental</b>	<p>Promote adherence to current policy and guidelines</p> <p>To ensure the perioperative setting meets statutory and mandatory requirements</p> <p>To assure all staff adhere to the requirements of the Data Protection act, ensure confidentiality of all patients records</p> <p>To assure there are systems in place to provide a safe and secure environment for patients and staff</p>
<b>Five Steps to Safer Surgery</b>	<p>To ensure all safety checks are performed for all patients undergoing surgical interventions</p> <p>Safer surgery process forms part of a wider organisational policy and supports learning from incidents and adopting an open culture</p>

## Participation in clinical research

Research is an integral component of the Trust's core activities. It provides the opportunity to generate new knowledge and test new treatments or models of care to improve service quality across the board. 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 1<sup>st</sup> April 2018 – 28<sup>th</sup> February 2019 that were recruited during this period to participate in clinical research approved by a research ethics committee was 851, surpassing the expected target of 825.

During 2018/19 Liverpool Heart and Chest Hospital was involved in actively recruiting to 26 clinical research studies across the cardiovascular and respiratory specialties as summarised in table below.

Specialty	Numbers
Cardiology	15
Lung cancer	3
Respiratory Medicine	4
Cardiac Surgery	2
Critical Care	1
Radiology	1
<b>Total</b>	<b>26</b>

### CLAHRC project

Collaborations for Leadership in Applied Health Research and Care (CLAHRC) are partnerships between a University and surrounding NHS organisations in undertaking high quality applied health research focused on improving patient outcomes. The North West collaboration's primary theme is health inequalities, supported by evidence synthesis, knowledge exchange, engagement and effective implementation, public health, mental health, managing complex needs and delivering personalized health and care.

The Trust has participated in the CLARHC programme that funded 2 internships for non-medical clinical staff from the Knowsley Community Service to undertake 12 months evaluation project of the service which won "Best Innovation Award" by the NIHR Clinical

Research Network, North West Coast. The internships were successfully delivered on time and target, final submitted to CLAHRC. Another internship is on-going focusing on research delivery of new type of care pathway for asthma patients.

The Trust contributed to the delivering of 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 to deliver a new postoperative trial called SMArTVIEW for remote monitoring of vital signs for cardiac surgery patients at home after hospital discharge. This will be the first study of its kind and has the ability to radically transform care. The Trust has nearly completed the Vision Cardiac clinical research trial.

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

### **VISION cardiac surgery**

Despite its benefits, people that undergo heart surgery may experience complications (such as death, heart attack, cardiac arrest, and stroke) around the time of their surgery. Although some heart surgery studies have provided useful information to help predict who may be at risk of having complications, it is still not known the extent to which major complications are currently happening to patients undergoing heart surgery.

The purpose of this study is to determine the relationship between postoperative troponin (a blood marker for heart damage) and the risk of major vascular complications, including death after surgery.

### **Cryoballoon Pulmonary Vein Isolation As First Line Treatment For Typical Atrial Flutter (craft)**

People with atrial flutter are at increased risk of heart problems such as a heart attack. This is a study to assess which of two different options of treatment, targeting different tissues in the heart, results in better results.

One of the two treatments being investigated is the current accepted ('conventional') treatment, while the other is a treatment that has become accepted for another type of abnormal rhythm called atrial fibrillation. There are initial suggestions the second ('novel') type of treatment may be better than the current accepted treatment, but it is not known if this will be the case. Therefore, this study will compare patients treated by the two different techniques, to assess which will lead to better control of this type of abnormal heart rhythm.

### **SMArTVIEW TRIAL - technology enabled remote monitoring and self-management: vision for patient empowerment following cardiac and vascular surgery**

Despite its numerous benefits and the resultant improvement in the quality of life, many patients, have certain complications after surgery such as undetected problems with blood circulation, surgical site infection, chronic pain and trouble adapting to everyday life after surgery. However if identified early, many of these complications can be treated before they impact a patient's health. Nurses on the ward routinely check vital signs such as: blood

pressure, heart rate, temperature and surgical wound recovery to identify early signs of complications.

The purpose of this study is to establish whether the introduction of a remote automated monitoring system for vital signs within the hospital and at home improves recovery and wellbeing of patients recovering from cardiac or vascular surgery.

#### **VIOLET**

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

#### **Brugada RASE**

The Brugada RASE study is a multi-centre collaboration observational study funded by the British Heart Foundation.

Patients with Brugada syndrome are often underdiagnosed. One of the characteristics of patients with Brugada Syndrome is that they have a higher risk of sudden collapse or even sudden death.

At present, it is hard to identify which patients with Brugada syndrome have a high risk of collapse or sudden death. Detailed analysis of ECG recordings maybe helpful to identify people who are more likely to collapse than others. This study is testing whether a new digital type of ECG machine is better at detecting these high risk patients.

#### **Cystic fibrosis studies**

The Trust's collaboration with Vertex in the delivery of high quality clinical research for patients with Cystic Fibrosis (CF) continues. All eligible CF patients are invited to participate in several trials testing a number of new medicines.

#### **The SURE public and patients research advisory group**

The Service Users Research Endeavour (SURE) Group is a very well established public patient group that supports 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 is developing a culture of innovation for improving the quality of care and patient experience which has led to a solid portfolio of innovation activity.

Examples of ongoing innovations at the Trust in 2018/19 are summarised below:

Innovation	Description	Status
Impedance identification of ECG electrodes during EP	Better spatial mapping for 3D reconstruction during interventions	Early stage of development student project which is about to conclude.
Innovation technology tariff	Arterial connectors implemented. PneuX system has also been introduced.	Mid-stage of development with ongoing evaluations. Innovations underwritten by NHSE.
Innovation technology payment	SecurAcath and HeartFlow already implemented.	Mid-stage of development. Evaluations ongoing. Innovations underwritten by NHSE.
Patient dependency tool in coronary care (PANDA)	Software tool to determine levels of dependency using existing guidelines adapted for coronary care.	Evaluation and commercialization plan being implemented
CareCube	Implementation of new scheduling, status and safety solution in Catheter Labs.	Late stage of development. Seeking further commercialization. NCBC showcase.
Geko device to increase deep vein blood flow	Reducing the risk of DVT in patients who may be contraindicated to drugs or mechanical prophylaxis	Early stage of development. Possible strategic collaboration via Institute of Cardiovascular Medicine and Science.
Wound detection in the Community	Early detection of infection / other wound problems using mobile phone technology	Early stage of development. Grant funded.
Combined pressure relief / shear stress reduction device	Pillow cover that supports legs and provides shear stress reduction to reduce pressure damage to heels	Early stage of development. Prototype developed. Trust funding exploitation supported by TrusTECH.
Electronic forms in Community EPR	Structured data capture of quality of life and other patented assessments	Early stage of development. Scoping work underway.
Trial Management software	Electronic management of trial administration and case record forms	Middle level of development. System developed; being commercialized by Aimes.
Triage AF	Heart failure remote management in a real	Funding awarded by Liverpool Clinical Commissioning Group.



	world setting. Shortlisted application for a European Innovation Technology Grant	Awaiting outcomes for a further funding application from the European Innovation Technology.
3DPrinting	Physical model printing from CT scans	Late stage of development. Grant support from Innovation Agency.
RITMOCORE	Innovative procurement system for pacemakers and online monitoring systems	EU grant awarded and project is at the mid-way stage of development.

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 2018/19, 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
- Preventing ill Health

### 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 Susan Pemberton, Director of Nursing and Quality (e-mail [sue.pemberton@hch.nhs.uk](mailto:sue.pemberton@hch.nhs.uk) or telephone (0151 600 1007).

## 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 2018/19.

Liverpool Heart and Chest Hospital has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period 2018/19.

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%

### Data Security and Protection Toolkit Assessment Report Attainment Levels

Liverpool Heart and Chest Hospital's Data Security and Protection Toolkit Assessment for 2018/19 was submitted with all mandatory standards met within all assertions.

The Trust received independent assurance from Mersey internal Audit Agency obtaining a 'substantial' assurance opinion demonstrating the Trust has a good system of internal control and the controls are applied consistently.

### Clinical Coding Error Rate

On an annual basis Liverpool Heart and Chest Hospital participates in an External Clinical Coding Audit by an approved NHS Digital Clinical Coding Auditor.

The External Clinical Coding Audit is commissioned by the Trust and is also used as evidence as part of the Data Security Protection Toolkit (DSPT).

The clinical coding accuracy scores are provided by the Terminology and Classifications Delivery Service to support the Data Security Protection Toolkit is as follows:

	Mandatory	Advisory
Primary Diagnosis	>=90%	>=95%
Secondary Diagnosis	>=80%	>=90%
Primary Procedure	>=90%	>=95%
Secondary Procedure	>=80%	>=90%

Trusts must meet or exceed the required percentages across all four areas above in order to meet mandatory or advisory levels.

The results of Clinical Coding Audit 2018/2019 for LHCH found the following level of coding accuracy:

- Primary diagnoses incorrect – 99.5%
- Secondary diagnoses incorrect – 98.37%
- Primary procedures incorrect – 99.46%
- Secondary procedures incorrect – 98.27%

The audit results demonstrate that the Trust maintains a high level coding accuracy and exceeds the level required for Advisory Level set by the Terminology and Classifications Delivery Service.

### **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
<b>Accuracy</b>	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.
<b>Validity</b>	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.
<b>Reliability</b>	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.
<b>Timeliness</b>	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.
<b>Relevance</b>	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.
<b>Completeness</b>	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.

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 2018/19 (to end 31/1/19), 147 LHCH patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:

- 41 in the first quarter;
- 47 in the second quarter;
- 44 in the third quarter;
- 15 in the fourth quarter

**Note 2:** To end 31/1/19, 104 case record reviews and 34 investigations have been carried out in relation to the 147 deaths included in Note 1.

In 34 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:

- 41 in the first quarter;
- 47 in the second quarter;
- 43 in the third quarter;
- 7 in the fourth quarter

**Note 3:** 5 deaths representing 3.4% 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:

- 1 representing 2.4% for the first quarter;
- representing 6.4% for the second quarter;
- 1 representing 2.3% 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 what Liverpool Heart and Chest Hospital has learnt from case record reviews and investigations conducted in relation to the deaths identified in Note 3.

- Need to ensure escalation processes are clearly understood for deteriorating patients.
- Enhance timely transfer for unstable patients.
- Ensure all available information is available for urgent transfers.
- Review impact of bowel ischaemia on post-surgical outcomes.
- Update NG tube insertion policy.

- Ensure appropriate MDT discussions are carried out for patients with multiple co-morbidities.
- Ensure adequate communication across the multi-disciplinary team.
- Develop appropriate step down facilities.
- Ensure safeguarding arrangements are understood out of hours for emergency patients.

**Note 5:** A description of the actions which Liverpool Heart and Chest Hospital has taken in the reporting period, and proposes to take following the reporting period, in consequence of what LHCH has learnt during the reporting period (see Note 4).

All of the above issues have been addressed or are being addressed.

- There has been reinforcement of escalation with nursing and medical staff.
- The target for urgent surgical revascularisation has been reduced to five days.
- Direct communication to referrers at the time of emergency transfer has been reinforced.
- Feedback to referrers is in place.
- An audit of bowel ischaemia has been completed and recommendations made.
- The NG policy has been updated, approved and circulated with appropriate training as required.
- MDT processes have been updated and the high risk MDT audited for outcomes. Where there may be a range of opinion on patient treatment the medical body have been advised to engage in peer discussion in the absence of a timely MDT.

**Note 6:** An assessment of the impact of the actions described in item Note 5 which were taken by Liverpool Heart and Chest Hospital during the reporting period.

It is not possible to comment on the effect of these actions in the time period under consideration

**Note 7:** 23 case record reviews and 16 investigations completed after 28/02/2018 which related to 39 deaths which took place before the start of the reporting period.

**Note 8:** 1 death representing 0.7% 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:** 7 deaths representing 3.3% of the patient deaths during 2017/18 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 Standardised Mortality Ratio (HSMR)

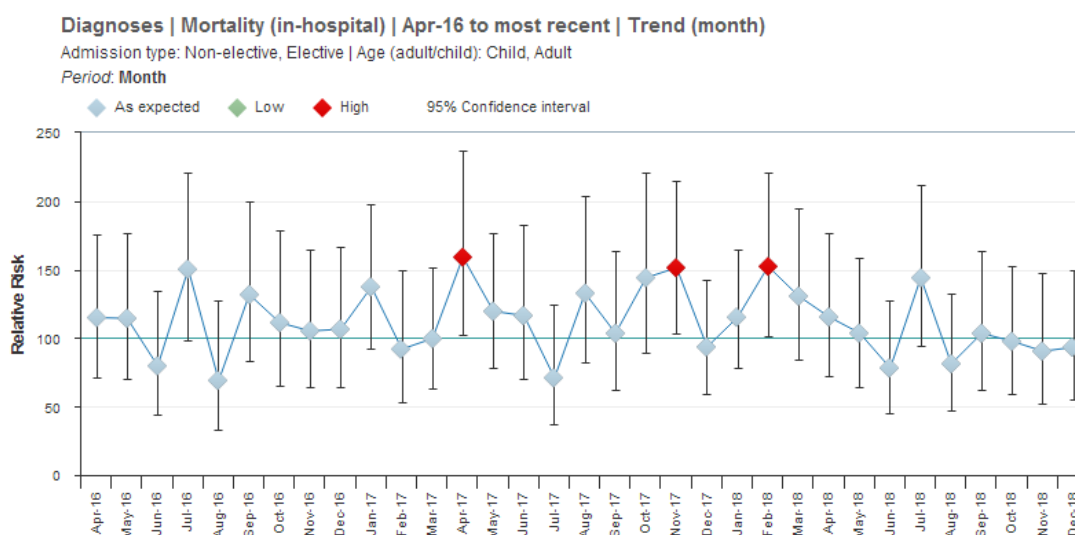
Liverpool Heart and Chest Hospital considers that this data is as described for the following reasons:

- 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 Ratio (HSMR) that is updated each month as part of its performance management arrangements and reported to the Trust's Quality Committee.

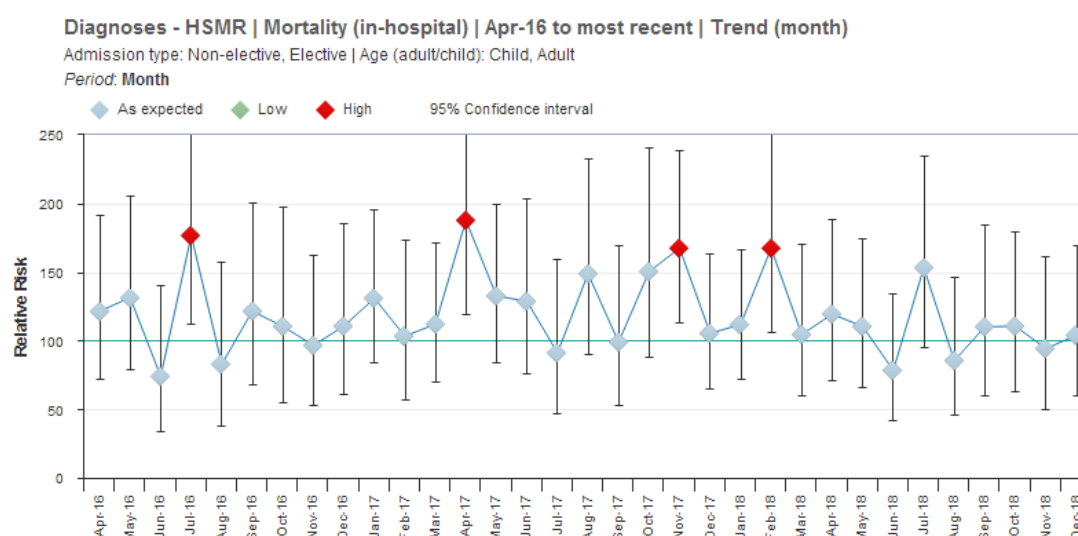
To achieve statistical significance using confidence intervals:

- 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'.

### HSMR for all diagnoses



## HSMR for 56-diagnosis groups as determined by Dr Foster Intelligence



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.

## 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 the Trust.

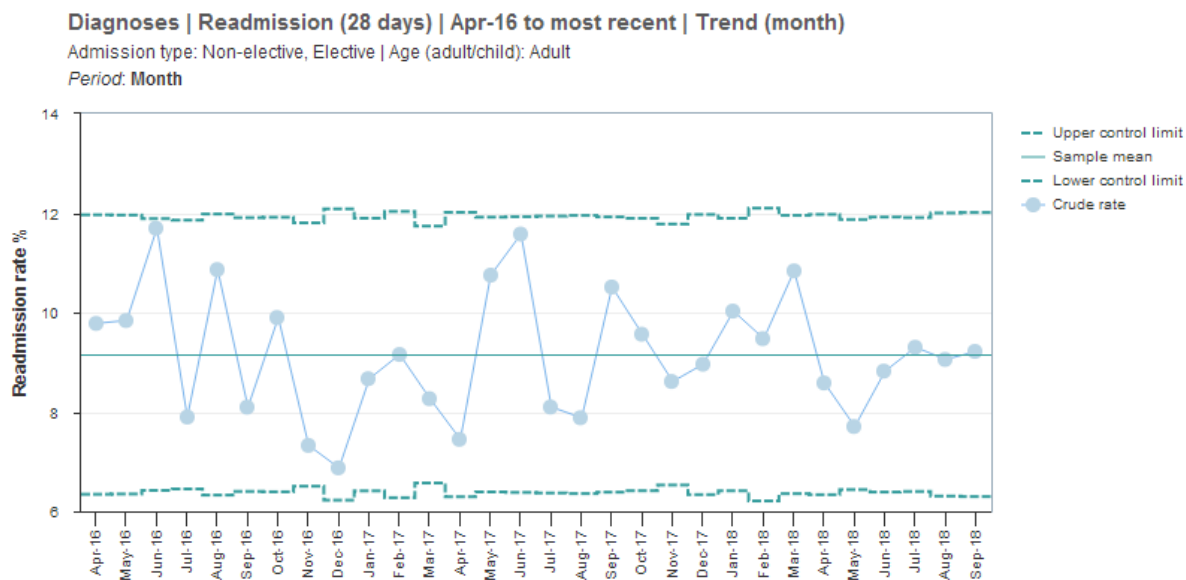
	Performance 16/17	Performance 17/18
Percentage of patients aged 16 or over readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust during the reporting period	Elective: 7.4% (RR: 119.5) Non-Elective: 13.3% (RR: 96.1) Total: 9.5% (RR: 108.2)	18/19 Performance Information will be available from September 2019

. \*18/19 Performance Information will be available from September 2019.

NB. The Trust monitors 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.

	Performance 16/17	Performance 17/18
Trust's responsiveness to the personal needs of its patients during the reporting period	80.9%	18/19 Performance Information will be available from 31 <sup>st</sup> May 2019

*NB 18/19 Performance Information will be available from May 31<sup>st</sup> 2019*

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 17/18	Performance 17/18	Target 18/19	Performance 18/19
The 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%	93%	94%	95%

*\*Q3 2018 Staff Survey data*

The continued high levels of advocacy from staff highlights the ongoing 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 17/18	Performance 17/18	Target 18/19	Performance 18/19
The percentage of patients who were admitted to hospital and who were risk-assessed for venous thromboembolism during the reporting period	95.0%	97.1%	95.0%	96.92

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 2018/19 **was three**, with none of these infections being due to a lapse in care.

	Target 17/18	Performance 17/18	Target 17/18	Performance 17/18
The rate per 100,000 bed days of cases of C. difficile infection reported within the trust among patients aged 2 or over during the reporting period	<=16.9	1.63	<=16.9	3.4

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 17/18	Performance 17/18	Target 18/19	Performance 18/19
The 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.	TBC	1574 patient incidents  11.70 per 100 admissions (13,460 admissions)  0 (0%) resulted in severe harm or death	TBC	1551 patient incidents  11.55 per 100 admissions (13,424 admissions)  1 (0.6%) resulted in severe harm or death

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 the Trust measures routinely to prove the quality of care it provides.

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

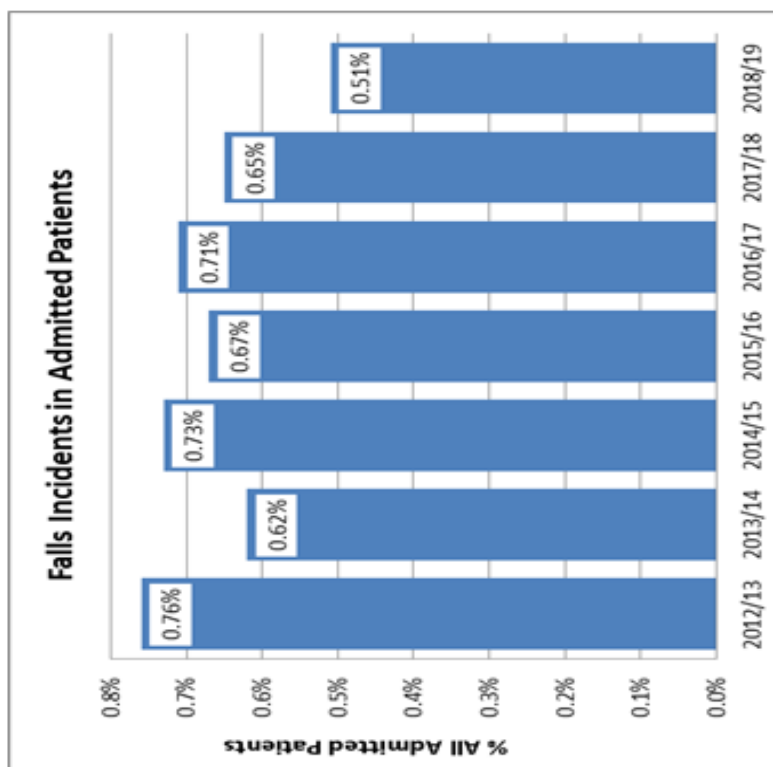




## Quantitative Metrics

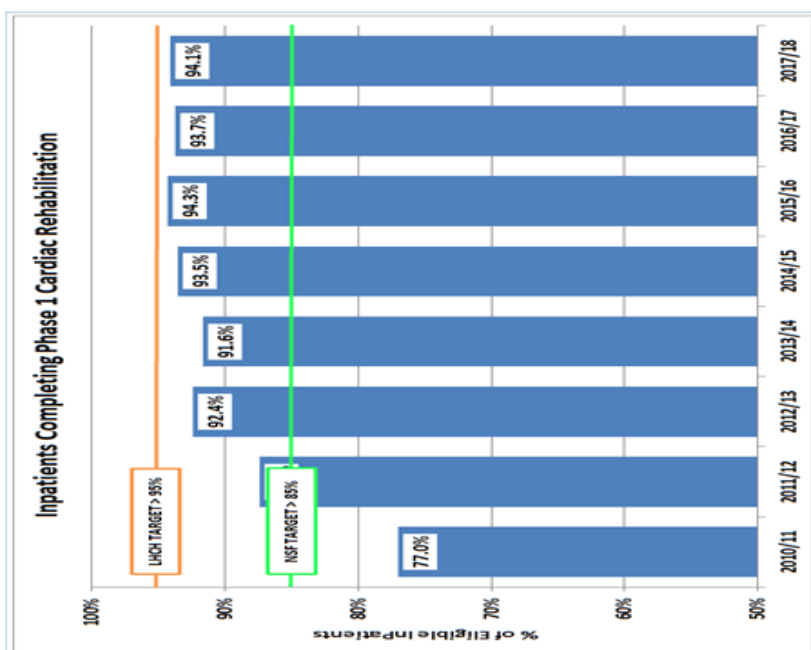
Safety																						
Metric	Pressure ulcer incidence	Organisation Wide or Service Specific	Organisation Wide																			
Derived From	Referrals to the Tissue Viability Specialist Nurse	Why metric chosen	Pressure ulcers are painful for patients and contribute to a negative patient experience. Nursing high impact action	<div><h3>Annual Pressure Ulcers Incidence Rate</h3><table><caption>Annual Pressure Ulcers Incidence Rate Data</caption><thead><tr><th>Year</th><th>Grade 2</th><th>Grade 3 or 4</th></tr></thead><tbody><tr><td>2014/15</td><td>0.38</td><td>0.04</td></tr><tr><td>2015/16</td><td>0.39</td><td>0.07</td></tr><tr><td>2016/17</td><td>0.10</td><td>0.04</td></tr><tr><td>2017/18</td><td>0.08</td><td>0.00</td></tr><tr><td>2018/19</td><td>0.09</td><td>0.00</td></tr></tbody></table></div>	Year	Grade 2	Grade 3 or 4	2014/15	0.38	0.04	2015/16	0.39	0.07	2016/17	0.10	0.04	2017/18	0.08	0.00	2018/19	0.09	0.00
Year	Grade 2	Grade 3 or 4																				
2014/15	0.38	0.04																				
2015/16	0.39	0.07																				
2016/17	0.10	0.04																				
2017/18	0.08	0.00																				
2018/19	0.09	0.00																				
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 2018/19	Grade 2 = 0.09 (< 1 ulcers per month) Grade 3+ = 0 (= 0 ulcers per year)	LHCH Performance 2017/18	Grade 2 = 0.08 (< 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 inpatient 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 severe harm falls-	
LHCH Performance 2018/19	0.51% (68 falls in 13,436 admissions)	LHCH Performance 2017/18	0.65% (87 falls in 13,460 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.			

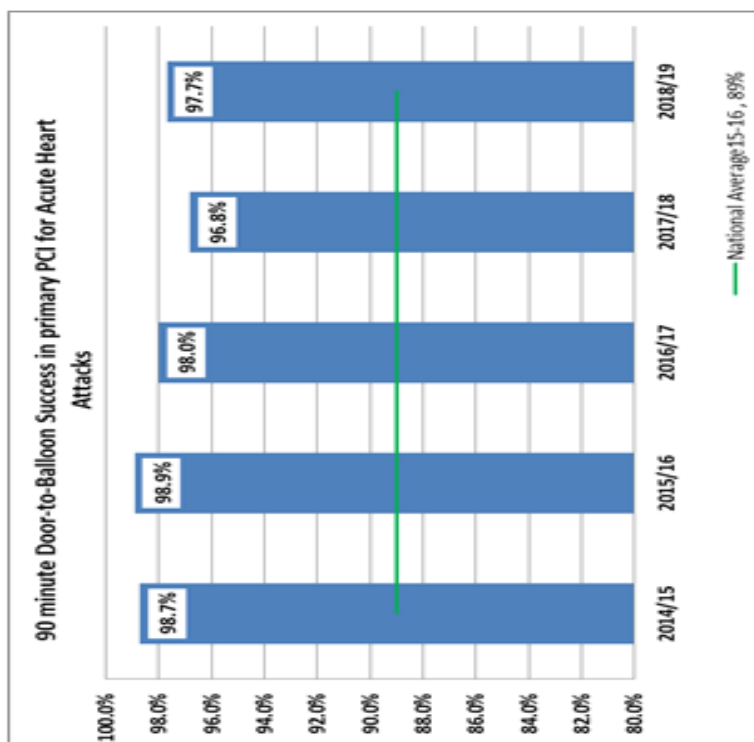




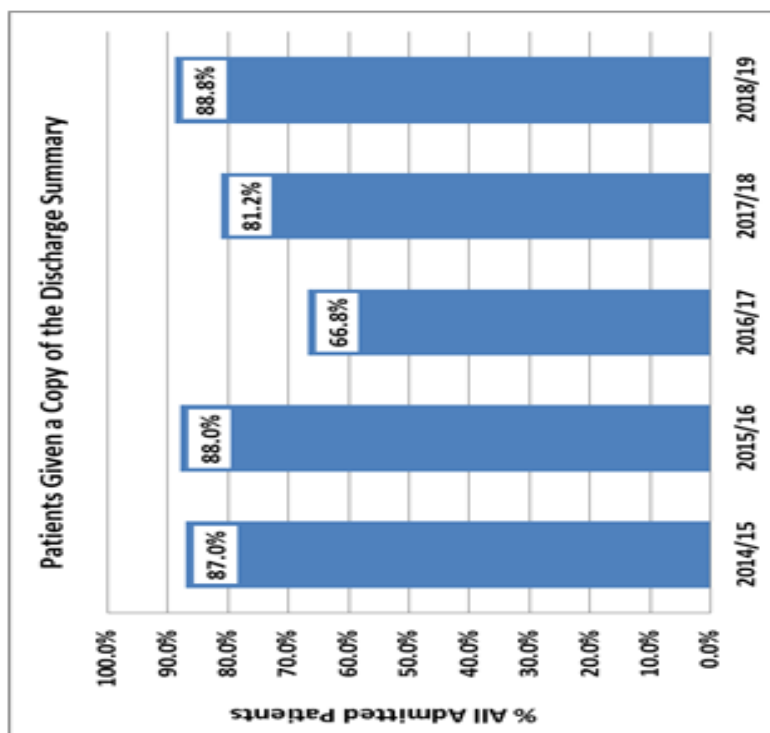
Effectiveness				
Metric	% patients completing phase one cardiac rehabilitation	Organisation Wide or Service Specific	Organisation wide – phase 1;	
Derived From	Local audit figures	Why metric chosen	Promotes lifestyle change and reduces future risk of cardiac events such as heart attacks	
How is data 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 2018/19	97.7%	LHCH Performance 2017/18	96.8%	
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.			

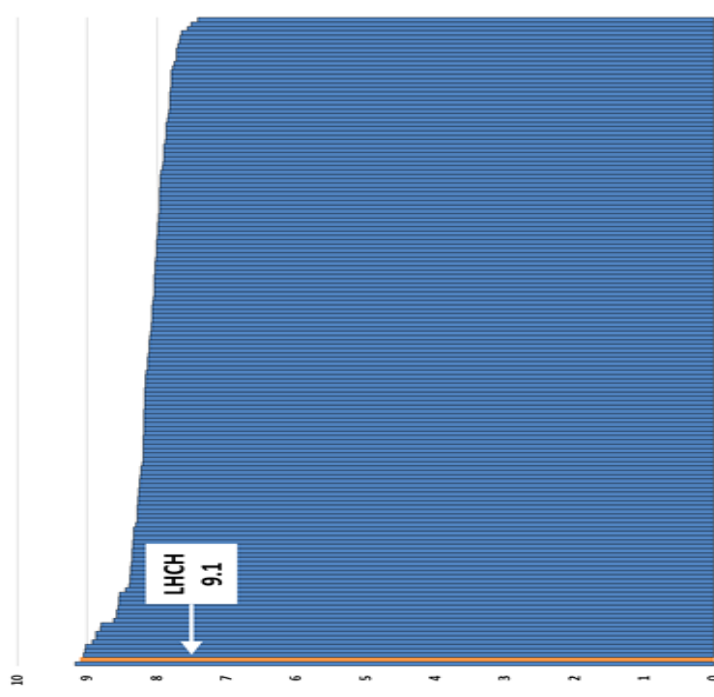


Effectiveness				
Metric	% of patients who received a copy of their discharge summary to the GP	Organisation Wide or Service Specific	Service specific – Support Services	
Derived From	Nursing Discharge Checklist in the Electronic Patient Record	Why metric chosen	Patients should receive a copy of their 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 2018/19	88.8%	LHCH Performance 2017/18	81.2%	
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	<p>compliant non-compliant Target &gt; 90%</p>
How is data collected	By nursing staff in ward at assessment and entered into Electronic Patient Record	Improvements planned	Dementia awareness training	<p>compliant non-compliant Target &gt; 90%</p>
LHCH 2018/19	438 out of 451 Patients treated appropriately (97%)	LHCH 2017/18	575 of 586 Patients treated appropriately (98%)	<p>15/16 16/17 17/18 18/19</p> <p>Eligible Patients are asked the case finding question</p> <p>Patients Requiring full Dementia Assessment are Assessed</p> <p>Patients identified as possible Dementia are Referred to GP</p>
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.			



Patient Experience				
Metric	Mean of 'Overall patient experience' question. Inpatient care rated 0-10	Organisation Wide or Service Specific	Organisation wide	<p>National data not available until May/June 2018 2016/17 graph below:</p> 
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	<p>National data not available until May/June 2018</p> <p>2016/17 graph below:</p> <table border="1"><caption>LHCH Percentage (%) by Metric and Year (2005-2016)</caption><thead><tr><th>Metric</th><th>2005</th><th>2006</th><th>2007</th><th>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th><th>2013</th><th>2014</th><th>2015</th><th>2016</th></tr></thead><tbody><tr><td>Were you involved as much as you wanted to be in decisions about your care and treatment?</td><td>85</td><td>86</td><td>87</td><td>88</td><td>89</td><td>90</td><td>91</td><td>92</td><td>93</td><td>94</td><td>95</td><td>96</td></tr><tr><td>Did you find someone on the hospital staff to talk to about your worries and fears?</td><td>75</td><td>76</td><td>77</td><td>78</td><td>79</td><td>80</td><td>81</td><td>82</td><td>83</td><td>84</td><td>85</td><td>86</td></tr><tr><td>Were you given enough privacy when discussing your condition or treatment?</td><td>65</td><td>66</td><td>67</td><td>68</td><td>69</td><td>70</td><td>71</td><td>72</td><td>73</td><td>74</td><td>75</td><td>76</td></tr><tr><td>Did a member of staff tell you about who to contact if you were worried about your medication side effects?</td><td>55</td><td>56</td><td>57</td><td>58</td><td>59</td><td>60</td><td>61</td><td>62</td><td>63</td><td>64</td><td>65</td><td>66</td></tr><tr><td>Did hospital staff tell you who to contact if you condition or treatment went home? after you left hospital?</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td><td>51</td><td>52</td><td>53</td><td>54</td><td>55</td><td>56</td></tr><tr><td>Overall Average</td><td>85</td><td>86</td><td>87</td><td>88</td><td>89</td><td>90</td><td>91</td><td>92</td><td>93</td><td>94</td><td>95</td><td>96</td></tr></tbody></table>	Metric	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Were you involved as much as you wanted to be in decisions about your care and treatment?	85	86	87	88	89	90	91	92	93	94	95	96	Did you find someone on the hospital staff to talk to about your worries and fears?	75	76	77	78	79	80	81	82	83	84	85	86	Were you given enough privacy when discussing your condition or treatment?	65	66	67	68	69	70	71	72	73	74	75	76	Did a member of staff tell you about who to contact if you were worried about your medication side effects?	55	56	57	58	59	60	61	62	63	64	65	66	Did hospital staff tell you who to contact if you condition or treatment went home? after you left hospital?	45	46	47	48	49	50	51	52	53	54	55	56	Overall Average	85	86	87	88	89	90	91	92	93	94	95	96
Metric	2005	2006	2007		2008	2009	2010	2011	2012	2013	2014	2015	2016																																																																																		
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Overall Average	85	86	87	88	89	90	91	92	93	94	95	96																																																																																			
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(SOF) to M12

Liverpool Heart and Chest Hospital considers that this data is described from Indicators arising from appendices 1 and 3 of the Single Oversight Framework to M12.

Indicator	Target	Performance 2017/18	Performance 2018/19
Maximum time of 18 weeks from point of referral to treatment in aggregate- patients on an incomplete pathway	92%	92.15%	92.31%
All cancers: 62 day wait for first treatment from urgent GP referral for suspected cancer	85%	97.05%	95.3%
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	1	2
Hospital Standardised Mortality Ratio (HSMR)	<=100	122.9 (all diagnoses)  131.2 (HSMR diagnoses)	100.3 (all diagnoses, Apr - Dec 2018)  106.5 (For HSMR diagnoses, Apr - Dec 2018)
Maximum 6-week wait for diagnostic procedures	99%	98.55%	81.78%
Venous thromboembolism (VTE) risk assessment	95%	97.1%	96.9%

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.

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

### Statement from Healthwatch

*Healthwatch Liverpool welcomes this opportunity to comment on the 2018-19 Quality Account for the Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH).*

*We base these comments on the contents of a draft Quality Account which was provided to us prior to publication, as well as our ongoing engagement with the Trust and feedback received from a variety of sources including [www.careopinion.org.uk](http://www.careopinion.org.uk) patients and families.*

*As with all Trusts in Liverpool, we hold an annual Listening Event where a team of staff and volunteers from Healthwatch Liverpool visits the hospital to speak to patients and visitors about their experiences. These events are intended to provide a snapshot of what patients and visitors think about the service. The Trust can then use this feedback in conjunction with other patient experience measures to provide valuable insight.*

*This year we visited the Liverpool Heart and Chest Hospital in June 2018 and spoke to 65 patients and visitors to find out about their experiences of the Trust. The feedback was very positive, particularly about the staff and the care and treatment provided.*

*The Quality Account provides a clear overview of the quality of services provided during 2018 -19. We are pleased to see that there was a focus on ensuring positive patient experience throughout the document. The report also highlights the continuing expansion of services, including new CT and MRI scanners that will benefit patients and are due to be in operation later this year.*

*Details about the Trust's performance show that good progress was made against the 2018-19 priorities. The target to carry out risk assessments and screen patients for delirium was narrowly missed, but we are pleased to see that this will continue to be a priority for 2019/-20.*

*Although less patients were 'shadowed' than had been planned, we have been told it did lead to positive changes for individual patients, and that proposals for further improvements have been made as a result; we will be interested to learn more about any outcomes.*

*The Trust met its target of encouraging carer and family involvement through 'care partner requests', a positive approach which we would like to see shared with other hospital Trusts.*

*We were pleased to learn that the Trust was rated one of the top hospitals for overall patient experience in the National Inpatient Survey once again in 2018.*

*Examples of how the Trust engages with patients included how the quality priorities for 2019-20 were chosen, using a systematic approach ensuring that there was input from patients and carers as well as hospital staff and clinicians.*

*As in the previous year, the priorities show a clear focus on patient and carer experience, and the report overall gives the impression of a Trust looking at patients beyond their medical conditions, to provide more personalised care.*

*Some of the ongoing work and priorities chosen clearly reflect a recognition that access to services can be more difficult for some patients, and working with those patients and organisations like the Deaf Society should help to ensure more support is available.*

*Healthwatch Liverpool is looking forward to ongoing regular engagement with the Trust in 2019-20.*

### **Inez Bootsgezel**

Information and Project Officer

### **Statement from Commissioners**

*Liverpool CCG, Knowsley CCG and NHS England, Specialised Commissioning welcome the opportunity to jointly comment on the Liverpool Heart and Chest NHS Foundation Trust Draft Quality Account for 2018/19. It is acknowledged that the submission to Commissioners was draft and that some parts of the document require updating.*

*Commissioners look forward to receiving the Trust's final version of the Quality Account. We have worked closely with the Trust throughout 2018/19 to gain assurances that the services delivered were safe, effective and personalised to service users. The CCGs share the fundamental aims of the Trust and supports their strategy to deliver high quality, harm free care. The account reflects good progress on most indicators.*

*The Trust's presentation of its Quality Account was an honest, open and positive demonstration of the improvements made to date and an acknowledgement of areas that need to be developed further.*

*This Account details the Trust's commitment to improving the quality of the services it provides, with commissioners supporting the key priorities for the improvement of quality during 2018/19 which are:*

**Priority One:** *those patients who have been identified as potentially developing delirium to be risk assessed on admission, and in-order for staff to be able to identify the signs of delirium to enhance care to undertake the training via a newly developed delirium training package.*

**Priority Two:** *your data provides the information to inform the surgical division of avoidable discharge delays. The focus for this priority is to increase the numbers of patients identified for discharge to home from Elm and Cedar wards.*

**Priority Three:** *assessment of patients who have been identified on admission as having a complex/enhanced health condition in particular significant hearing or visual needs, and when identified by admission they will receive an individualised risk assessment and care plan*

**Priority Four:** *the Trust has an incident reporting system Datix which records all medication incidents. 20% of all incidents reviewed relate to the second checking of infusions and the administration of insulin. The Trust's aim is to improve safety by reducing medication errors of infusion medication and that of insulin by 10%.*

*This is a comprehensive report that clearly demonstrates progress within the Trust. It identifies where the organisation has done well, where further improvements are required and what actions are needed to achieve these goals, in line with the Trust Quality Strategy. Through this Quality Account and on-going quality assurance process, the Trust clearly demonstrates their commitment to improving the quality of care and services delivered.*

*Liverpool Heart and Chest Hospital NHS Foundation Trust continues to develop innovative ways to capture the experience of patients and their families in order to drive improvements in the quality of care delivered.*

*Of particular note is the work the Trust has undertaken to improve outcomes on the following work streams:*

- *The learning identified from the patients shadowing undertaken across 2018/19*
- *The Trust achieving an overall performance 78.9% in the completion of delirium risk assessment on admission*
- *The Trust achieving an overall performance 94.28% of complex health needs risk assessments completed on admission*
- *The Trust achieving an overall performance 93.67% in the offer of a care partner on admission*

*Commissioners are aspiring through strategic objectives to develop a local NHS that delivers great outcomes, now and for future generations. This means reflecting the government's objectives for the NHS set out in their mandate to us, adding our own stretching ambitions for improving health and delivering better services to go even further to tailor care to the local health economy. Providing high quality care and achieving excellent outcomes for our patients is the central focus of our work and is paramount to our success.*

*We therefore commend the Trust in taking account of opportunities to further improve the delivery of excellent, compassionate and safe care for every patient, every time.*

**Liverpool CCG**  
**Jan Ledward**  
Chief Officer

**NHS England Specialised Commissioning**  
**Andrew Bibby**  
Assistant Director of Specialised Commissioning

### **Statement from the Trust's Council of Governors**

*I have reviewed the Quality Accounts for 2018/19 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 18/09/18 was well attended and discussed 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 range of work was selected to be considered by LHCH for the coming year.*

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

*The Governors are totally supportive of LHCH and acknowledge the professionalism and enthusiasm demonstrated by every member of the LHCH team.*

**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 2018 to May 28<sup>th</sup> 2019
  - papers relating to Quality reported to the board over the period April 2018 to May 28<sup>th</sup> 2019
  - feedback from commissioners dated 23/05/19
  - feedback from governors dated 22/04/19
  - feedback from local Healthwatch organisation dated 16/05/19
  - 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 10/05/19
  - the 2017 national patient survey – 13/06/18
  - the 2018 national staff survey - 27/03/19
  - the Head of Internal Audit's annual opinion over the Trust's control environment dated 28/05/19
  - 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  
28<sup>th</sup> May 2019



**Jane Tomkinson**  
Chief Executive  
28<sup>th</sup> May 2019

## 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](mailto: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 NHS 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 2019 (the "Quality Report") and certain performance indicators contained therein against the criteria set out in the 'NHS foundation trust annual reporting manual 2018/19' and additional supporting guidance in the 'Detailed requirements for quality reports 2018/19' (the 'Criteria').

### Scope and subject matter

The indicators for the year ended 31 March 2019 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 at the end of the reporting period

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 2018/19' 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 2018/19' 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 2018/19'; 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 2018/19' and supporting guidance and the six dimensions of data quality set out in the "Detailed requirements for external assurance for quality reports 2018/19".

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual 2018/19' 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 2018 to 28 May 2019;
- papers relating to quality reported to the Board over the period 1 April 2018 to 28 May 2019;
- feedback from commissioners dated 23/05/2019;
- feedback from governors dated 22/04/2019;
- feedback from local Healthwatch organisations dated 16/05/2019;
- the Trust's complaints report published under regulation 18 of the Local Authority, Social Services and National Health Service Complaints (England) Regulations 2009, dated 10/05/2019;



- the 2017 national patient survey – 13/06/18
- the 2018 national staff survey - 27/03/19
- the Head of Internal Audit's annual opinion over the Trust's control environment dated 28/05/19
- CQC Inspection report dated 16/09/16.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with these 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 2019, 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 2018/19' and supporting guidance to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is narrower 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 2018/19' 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 and is subject to separate terms and conditions. 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 2019:

- 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 2018/19' 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 2018/19'; and
- the indicators in the 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 2018/19' and supporting guidance.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Chartered Accountants  
Liverpool

29 May 2019



## SECTION 4: ANNUAL ACCOUNTS

Liverpool Heart and Chest Hospital NHS Foundation Trust

Annual Report and Accounts 2018/19

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 2019

**Foreword to the accounts**

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

These accounts, for the year ended 31 March 2019, 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**

A handwritten signature in black ink, appearing to read 'Jane Tomkinson', written over a horizontal dotted line.

**Name** Jane Tomkinson  
**Job title** Chief Executive  
**Date** 28th May 2019

## Statement of Comprehensive Income

		2018/19	2017/18
	Note	£000	£000
Operating income from patient care activities	3	137,102	132,145
Other operating income	4	19,813	12,449
Operating expenses	7, 9	(138,890)	(131,182)
<b>Operating surplus/(deficit) from continuing operations</b>		<b>18,025</b>	<b>13,412</b>
Finance income	12	85	19
Finance expenses	13	(19)	(31)
PDC dividends payable		(2,499)	(2,581)
<b>Net finance costs</b>		<b>(2,434)</b>	<b>(2,593)</b>
Other gains / (losses)	14	6	5
Share of profit / (losses) of associates / joint arrangements	21	(1)	(3)
Gains / (losses) arising from transfers by absorption	46	-	-
Corporation tax expense		-	-
<b>Surplus / (deficit) for the year from continuing operations</b>		<b>15,596</b>	<b>10,821</b>
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	15	-	-
<b>Surplus / (deficit) for the year</b>		<b>15,596</b>	<b>10,821</b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Impairments	8	(6,452)	(24)
Revaluations	19	7,293	6,327
Share of comprehensive income from associates and joint ventures	21	-	-
Fair value gains/(losses) on equity instruments designated at fair value through OCI	22	-	-
Other recognised gains and losses		-	-
Remeasurements of the net defined benefit pension scheme liability / asset	38	-	-
Other reserve movements		-	-
<b>May be reclassified to income and expenditure when certain conditions are met:</b>			
Fair value gains/(losses) on financial assets mandated at fair value through OCI	22	-	-
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	14	-	-
Foreign exchange gains / (losses) recognised directly in OCI		-	-
<b>Total comprehensive income / (expense) for the period</b>		<b>16,438</b>	<b>17,124</b>

## Statement of Financial Position

	Note	31 March 2019 £000	31 March 2018 £000
<b>Non-current assets</b>			
Intangible assets	16	654	728
Property, plant and equipment	17	92,861	88,516
Investment property	20	-	-
Investments in associates and joint ventures	21	48	49
Other investments / financial assets	22	-	-
Receivables	25	-	-
Other assets	26	-	-
<b>Total non-current assets</b>		<b>93,562</b>	<b>89,293</b>
<b>Current assets</b>			
Inventories	24	3,413	4,450
Receivables	25	16,205	11,487
Other investments / financial assets	22	-	-
Other assets	26	-	-
Non-current assets held for sale / assets in disposal groups	27	-	3
Cash and cash equivalents	28	17,724	7,465
<b>Total current assets</b>		<b>37,343</b>	<b>23,405</b>
<b>Current liabilities</b>			
Trade and other payables	29	(18,068)	(15,958)
Borrowings	32	(226)	(388)
Other financial liabilities	30	-	-
Provisions	34	(667)	(579)
Other liabilities	31	(977)	(995)
Liabilities in disposal groups	27	-	-
<b>Total current liabilities</b>		<b>(19,938)</b>	<b>(17,920)</b>
<b>Total assets less current liabilities</b>		<b>110,967</b>	<b>94,777</b>
<b>Non-current liabilities</b>			
Trade and other payables	29	-	-
Borrowings	32	(16)	(265)
Other financial liabilities	30	-	-
Provisions	34	(126)	(138)
Other liabilities	31	(81)	(81)
<b>Total non-current liabilities</b>		<b>(223)</b>	<b>(484)</b>
<b>Total assets employed</b>		<b>110,744</b>	<b>94,294</b>
<b>Financed by</b>			
Public dividend capital		64,154	64,142
Revaluation reserve		21,259	20,436
Financial assets reserve		-	-
Other reserves		-	-
Merger reserve		-	-
Income and expenditure reserve		25,330	9,716
<b>Total taxpayers' equity</b>		<b>110,744</b>	<b>94,294</b>

The notes on pages 1 to 48 form part of these accounts.

  
 Name Jane Tomkinson  
 Position Chief Executive Officer  
 Date 28th May 2019



## Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve* £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2018 - brought forward</b>	64,142	20,436	-	-	-	9,716	94,294
Impact of implementing IFRS 15 on 1 April 2018	-	-	-	-	-	-	-
Impact of implementing IFRS 9 on 1 April 2018	-	-	-	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-	-	15,596	15,596
Transfers by absorption: transfers between reserves	-	-	-	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-	-	-	-
Other transfers between reserves	-	(18)	-	-	-	18	-
Impairments	-	(6,452)	-	-	-	-	(6,452)
Revaluations	-	7,293	-	-	-	-	7,293
Transfer to retained earnings on disposal of assets	-	-	-	-	-	-	-
Share of comprehensive income from associates and joint ventures	-	-	-	-	-	-	-
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Fair value gains/(losses) on equity instruments designated at fair value through OCI	-	-	-	-	-	-	-
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	-	-	-	-	-	-	-
Foreign exchange gains/(losses) recognised directly in OCI	-	-	-	-	-	-	-
Other recognised gains and losses	-	-	-	-	-	-	-
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	-	-
Public dividend capital received	12	-	-	-	-	-	12
Public dividend capital repaid	-	-	-	-	-	-	-
Public dividend capital written off	-	-	-	-	-	-	-
Other movements in public dividend capital in year	-	-	-	-	-	-	-
Other reserve movements	-	-	-	-	-	-	-
<b>Taxpayers' equity at 31 March 2019</b>	<b>64,154</b>	<b>21,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,330</b>	<b>110,744</b>

\* Following the implementation of IFRS 9 from 1 April 2018, the 'Available for sale investment reserve' is now renamed as the 'Financial assets reserve'

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

	Public dividend capital £000	Revaluation reserve £000	Available for sale investment reserve £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2017 - brought forward</b>	63,322	14,167	-	-	-	(1,139)	76,350
Prior period adjustment	-	-	-	-	-	-	-
<b>Taxpayers' equity at 1 April 2017 - restated</b>	63,322	14,167	-	-	-	(1,139)	76,350
Surplus/(deficit) for the year	-	-	-	-	-	10,821	10,821
Transfers by absorption: transfers between reserves	-	-	-	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-	-	-	-
Other transfers between reserves	-	-	-	-	-	-	-
Impairments	-	(34)	-	-	-	34	-
Revaluations	-	(24)	-	-	-	-	(24)
Transfer to retained earnings on disposal of assets	-	6,327	-	-	-	-	6,327
Share of comprehensive income from associates and joint ventures	-	-	-	-	-	-	-
Fair value gains/(losses) on available-for-sale financial investments	-	-	-	-	-	-	-
Recycling gains/(losses) on available-for-sale financial investments	-	-	-	-	-	-	-
Foreign exchange gains/(losses) recognised directly in OCI	-	-	-	-	-	-	-
Other recognised gains and losses	-	-	-	-	-	-	-
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-	-	-
Public dividend capital received	820	-	-	-	-	-	820
Public dividend capital repaid	-	-	-	-	-	-	-
Public dividend capital written off	-	-	-	-	-	-	-
Other movements in public dividend capital in year	-	-	-	-	-	-	-
Other reserve movements	-	-	-	-	-	-	-
<b>Taxpayers' equity at 31 March 2018</b>	64,142	20,436	-	-	-	9,716	94,294

## 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	2018/19 £000	2017/18 £000
<b>Cash flows from operating activities</b>			
Operating surplus / (deficit)		18,026	13,412
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	7.1	4,891	4,738
Net impairments	8	1,546	(2,367)
Income recognised in respect of capital donations	4	(26)	(117)
Amortisation of PFI deferred credit		-	-
Non-cash movements in on-SoFP pension liability		-	-
(Increase) / decrease in receivables and other assets		(4,477)	(3,669)
(Increase) / decrease in inventories		1,037	(704)
Increase / (decrease) in payables and other liabilities		(108)	(859)
Increase / (decrease) in provisions		76	10
Tax (paid) / received		-	-
Operating cash flows from discontinued operations		-	-
Other movements in operating cash flows		1	1
<b>Net cash generated from / (used in) operating activities</b>		<b>20,965</b>	<b>10,445</b>
<b>Cash flows from investing activities</b>			
Interest received		85	19
Purchase and sale of financial assets / investments		-	-
Purchase of intangible assets		(82)	(192)
Sales of intangible assets		-	-
Purchase of property, plant, equipment and investment property		(7,352)	(5,881)
Sales of property, plant, equipment and investment property		21	17
Receipt of cash donations to purchase capital assets		26	117
Prepayment of PFI capital contributions		-	-
Investing cash flows of discontinued operations		-	-
Cash movement from acquisitions / disposals of subsidiaries		-	-
<b>Net cash generated from / (used in) investing activities</b>		<b>(7,303)</b>	<b>(5,920)</b>
<b>Cash flows from financing activities</b>			
Public dividend capital received		12	820
Public dividend capital repaid		-	-
Movement on loans from the Department of Health and Social Care		-	-
Movement on other loans		(7)	(3)
Other capital receipts		-	-
Capital element of finance lease rental payments		(404)	(391)
Capital element of PFI, LIFT and other service concession payments		-	-
Interest on loans		-	-
Other interest		(4)	-
Interest paid on finance lease liabilities		(15)	(31)
Interest paid on PFI, LIFT and other service concession obligations		-	-
PDC dividend (paid) / refunded		(2,985)	(2,323)
Financing cash flows of discontinued operations		-	-
Cash flows from (used in) other financing activities		-	-
<b>Net cash generated from / (used in) financing activities</b>		<b>(3,403)</b>	<b>(1,928)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>10,259</b>	<b>2,597</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>7,465</b>	<b>4,868</b>
Prior period adjustments		-	-
<b>Cash and cash equivalents at 1 April - restated</b>		<b>7,465</b>	<b>4,868</b>
Cash and cash equivalents transferred under absorption accounting	46	-	-
Unrealised gains / (losses) on foreign exchange		-	-
<b>Cash and cash equivalents at 31 March</b>	28.1	<b>17,724</b>	<b>7,465</b>

## 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 NHS Foundation 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 2018/19 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts

##### 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 1.2 Going concern

The annual report and 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 1.3 Interests in other entities

#### NHS Charitable Fund

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

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. please refer to the separate Trustees Report and Accounts for this charity. However, the transactions are immaterial in the context of the group and the transactions have not been consolidated in 2018/19. 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 2019 and the results are reflected in the accounts of the group in this financial year.



#### **Note 1.4.1 Revenue from contracts with customers**

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

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

#### **Revenue from NHS contracts**

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

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

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

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

#### **Revenue from Private Patients**

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

#### **Education and Training**

A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is Health Education England

#### **Note 1.4.2 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 1.4.3 Other income**

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

#### **Note 1.5 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 scheme 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.

## 7 Note 1.7 Property, plant and equipment

### 7 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 initial equipping and setting up cost of a new building, ward or unit, irrespective of their own individual or collective cost.

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

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

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

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

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

Valuers Cushman & Wakefield have been appointed by LHCH to revalue trust land and buildings. They have provided a full valuation of the Trust's land and buildings as at the 1<sup>st</sup> April 2018, and a desktop review as at the 31<sup>st</sup> March 2019.

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

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



### **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 lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

### **Revaluation gains and losses**

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

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.

## **7 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 abandoned or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

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

**7 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, plant and equipment.

**8 Note 1.7.5 Useful lives of property, plant and equipment**

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

	Min life Years	Max life Years
Land	n/a	n/a
Buildings, excluding dwellings	11	50
Dwellings	30	50
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 life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

**8 Note 1.8 Intangible assets****8 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 trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably.

***Internally generated intangible assets***

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised 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***

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

**8 Note 1.8.2 Measurement**

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or "fair value less costs to sell".

***Amortisation***

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

**8 Note 1.8.3 Useful economic life of intangible assets**

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

	<b>Min life Years</b>	<b>Max life Years</b>
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) method,

## **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.

## **Note 1.11 Financial assets and financial liabilities**

### **Note 1.11.1 Recognition**

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

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

### **Note 1.11.2 Classification and measurement**

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

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

Financial liabilities classified as subsequently measured at amortised cost.

#### ***Financial assets and financial liabilities at amortised cost***

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

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

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense.

#### ***Financial assets and financial liabilities at fair value through income and expenditure***

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



**Impairment of financial assets**

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

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

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

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

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

**Note 1.11.3 Derecognition**

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

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

#### **Note 1.12 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 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 charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. 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. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

#### ***Leases of land and buildings***

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

#### **Note 1.13 Provisions**

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

#### ***Clinical negligence costs***

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 34.2 (2017/18 £735k) 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 35 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 35, 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 any adjustment to net assets occur as a result the audit of the annual accounts.

#### **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 are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

**Note 1.19 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 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 2019 is disclosed at note 6.

**Note 1.22.1 Sources of estimation uncertainty**

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.

**Note 1.23 Early adoption of standards, amendments and interpretations**

No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

**Note 1.24 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.

**IFRS 16 Leases**

Application required for accounting periods beginning on or after 1 January 2020. The foundation trust has reviewed its 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.

**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 2019 was £156,915m of which 87% related to patient care activities for which NHS England and Clinical Commissioning Groups account for 75% of the revenue.

**Note 3 Operating income from patient care activities**

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4.1

<b>Note 3.1 Income from patient care activities (by nature)</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
Elective income	41,559	41,219
Non elective income	28,818	27,402
First outpatient income	4,273	3,827
Follow up outpatient income	4,067	4,344
A & E income	-	-
High cost drugs income from commissioners (excluding pass-through costs)	5,761	5,369
Other NHS clinical income	43,257	42,691
<b>Community services</b>		
Community services income from CCGs and NHS England	4,347	4,040
Income from other sources (e.g. local authorities)	-	-
<b>All services</b>		
Private patient income	3,188	3,253
Agenda for Change pay award central funding	965	-
Other clinical income	867	-
<b>Total income from activities</b>	<b>137,102</b>	<b>132,145</b>

**Note 3.2 Income from patient care activities (by source)**

<b>Income from patient care activities received from:</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
NHS England	90,541	89,666
Clinical commissioning groups	23,002	21,979
Department of Health and Social Care	981	-
Other NHS providers	-	-
NHS other	-	-
Local authorities	-	-
Non-NHS: private patients	3,172	3,254
Non-NHS: overseas patients (chargeable to patient)	52	56
Injury cost recovery scheme	-	-
Non NHS: other	19,354	17,190
<b>Total income from activities</b>	<b>137,102</b>	<b>132,145</b>
<b>Of which:</b>		
Related to continuing operations	137,102	132,145
Related to discontinued operations	-	-

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

	2018/19	2017/18
	£000	£000
Income recognised this year	52	56
Cash payments received in-year	20	48
Amounts added to provision for impairment of receivables	32	7
Amounts written off in-year	-	-

**Note 4 Other operating income**

	2018/19	2017/18
	£000	£000
<b>Other operating income from contracts with customers:</b>		
Research and development (contract)	1,892	1,620
Education and training (excluding notional apprenticeship levy income)	2,594	2,678
Non-patient care services to other bodies	3,833	3,954
Provider sustainability / sustainability and transformation fund income (PSF / STF)	10,626	4,078
Income in respect of employee benefits accounted on a gross basis	-	-
Other contract income	771	2
<b>Other non-contract operating income</b>		
Research and development (non-contract)	-	-
Education and training - notional income from apprenticeship fund	-	-
Receipt of capital grants and donations	26	117
Charitable and other contributions to expenditure	71	-
Support from the Department of Health and Social Care for mergers	-	-
Rental revenue from finance leases	-	-
Rental revenue from operating leases	-	-
Amortisation of PFI deferred income / credits	-	-
Other non-contract income	-	-
<b>Total other operating income</b>	<b>19,813</b>	<b>12,449</b>
<b>Of which:</b>		
Related to continuing operations	19,813	12,449
Related to discontinued operations	-	-

**Note 5.1 Additional information on revenue from contracts with customers recognised in the period**

	2018/19 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	854
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-

**Note 5.2 Transaction price allocated to remaining performance obligations**

	31 March 2019 £000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	
within one year	-
after one year, not later than five years	-
after five years	-
<b>Total revenue allocated to remaining performance obligations</b>	<b>-</b>

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

**Note 5.3 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:

	2018/19 £000	2017/18 £000
Income from services designated as commissioner requested services	132,842	127,969
Income from services not designated as commissioner requested services	4,260	4,176
<b>Total</b>	<b>137,102</b>	<b>132,145</b>

**Note 7.1 Operating expenses**

	2018/19 £000	2017/18 £000
Purchase of healthcare from NHS and DHSC bodies	-	-
Purchase of healthcare from non-NHS and non-DHSC bodies	-	-
Purchase of social care	-	-
Staff and executive directors costs	75,061	72,309
Remuneration of non-executive directors	122	124
Supplies and services - clinical (excluding drugs costs)	34,145	35,144
Supplies and services - general	3,140	2,117
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	8,746	8,953
Inventories written down	-	-
Consultancy costs	401	641
Establishment	1,496	1,087
Premises	3,713	3,330
Transport (including patient travel)	268	369
Depreciation on property, plant and equipment	4,735	4,609
Amortisation on intangible assets	156	129
Net impairments	1,547	(2,367)
Movement in credit loss allowance: contract receivables / contract assets	675	
Movement in credit loss allowance: all other receivables and investments	-	1,545
Increase/(decrease) in other provisions	85	46
Change in provisions discount rate(s)	(2)	2
Audit fees payable to the external auditor		
audit services- statutory audit	54	54
other auditor remuneration (external auditor only)	5	5
Internal audit costs	84	20
Clinical negligence	1,129	1,110
Legal fees	17	43
Insurance	179	142
Research and development	1,794	1,025
Education and training	855	182
Rentals under operating leases	364	368
Early retirements	-	-
Redundancy	-	-
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	-	-
Charges to operating expenditure for off-SoFP PFI / LIFT schemes	-	-
Car parking & security	-	35
Hospitality	-	8
Losses, ex gratia & special payments	25	8
Grossing up consortium arrangements	-	-
Other services, eg external payroll	-	-
Other	96	144
<b>Total</b>	<b>138,890</b>	<b>131,182</b>
<b>Of which:</b>		
Related to continuing operations	138,890	131,182
Related to discontinued operations	-	-

**Note 7.2 Other auditor remuneration**

	2018/19 £000	2017/18 £000
<b>Other auditor remuneration paid to the external auditor:</b>		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	5	5
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
<b>Total</b>	<b>5</b>	<b>5</b>

**Note 7.3 Limitation on auditor's liability**

The limitation on auditor's liability for external audit work is £2m (2017/18: £2m).

**Note 8 Impairment of assets**

	2018/19 £000	2017/18 £000
<b>Net impairments charged to operating surplus / deficit resulting from:</b>		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	1,547	(2,367)
Other	-	-
<b>Total net impairments charged to operating surplus / deficit</b>	<b>1,547</b>	<b>(2,367)</b>
Impairments charged to the revaluation reserve	6,452	24
<b>Total net impairments</b>	<b>7,999</b>	<b>(2,343)</b>

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



**Note 9 Employee benefits**

	<b>2018/19</b>	<b>2017/18</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	62,861	60,095
Social security costs	5,801	5,448
Apprenticeship levy	276	266
Employer's contributions to NHS pensions	6,596	6,229
Pension cost - other	-	-
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	5	74
Temporary staff (including agency)	1,427	1,482
<b>Total gross staff costs</b>	<b>76,966</b>	<b>73,594</b>
Recoveries in respect of seconded staff	-	(158)
<b>Total staff costs</b>	<b>76,966</b>	<b>73,436</b>
<b>Of which</b>		
Costs capitalised as part of assets	138	102

**Note 9.1 Retirements due to ill-health**

During 2018/19 there were 3 early retirements from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is ££110k (£81k in 2017/18).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

## Note 10 Pension costs

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

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

### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

### b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

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

**Note 11 Operating leases**

**Note 11.1 Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessor**

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

**Note 11.2 Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessee**

This note discloses costs and commitments incurred in operating lease arrangements where Liverpool Heart and Chest Hospital NHS Foundation Trust is the lessee.

The Foundation Trust make payments under leases as follows:-

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, the table below does not include future minimum lease payments for this arrangement.

	2018/19 £000	2017/18 £000
<b>Operating lease expense</b>		
Minimum lease payments	364	368
Contingent rents	-	-
Less sublease payments received	-	-
<b>Total</b>	<b>364</b>	<b>368</b>
	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Future minimum lease payments due:</b>		
- not later than one year;	378	208
- later than one year and not later than five years;	43	17
- later than five years.	97	-
<b>Total</b>	<b>518</b>	<b>225</b>
Future minimum sublease payments to be received	-	-

**Note 12 Finance income**

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

	2018/19	2017/18
	£000	£000
Interest on bank accounts	85	19
Interest income on finance leases	-	-
Interest on other investments / financial assets	-	-
Other finance income	-	-
<b>Total finance income</b>	<b>85</b>	<b>19</b>

**Note 13.1 Finance expenditure**

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

	2018/19	2017/18
	£000	£000
<b>Interest expense:</b>		
Loans from the Department of Health and Social Care	-	-
Other loans	-	-
Overdrafts	4	-
Finance leases	15	31
Interest on late payment of commercial debt	-	-
Main finance costs on PFI and LIFT schemes obligations	-	-
Contingent finance costs on PFI and LIFT scheme obligations	-	-
<b>Total interest expense</b>	<b>19</b>	<b>31</b>
Unwinding of discount on provisions	-	-
Other finance costs	-	-
<b>Total finance costs</b>	<b>19</b>	<b>31</b>

**Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015**

	2018/19	2017/18
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

**Note 14 Other gains / (losses)**

	2018/19	2017/18
	£000	£000
Gains on disposal of assets	6	5
Losses on disposal of assets	-	-
<b>Total gains / (losses) on disposal of assets</b>	<b>6</b>	<b>5</b>
Gains / (losses) on foreign exchange	-	-
Fair value gains / (losses) on investment properties	-	-
Fair value gains / (losses) on financial assets / investments	-	-
Fair value gains / (losses) on financial liabilities	-	-
Recycling gains / (losses) on disposal of financial assets mandated as fair value through OCI	-	-
<b>Total other gains / (losses)</b>	<b>6</b>	<b>5</b>

**Note 15 Discontinued operations**

The Foundation Trust did not discontinue any operations during the year ended 31 March 2019.

**Note 16.1 Intangible assets - 2018/19**

	<b>Software licences £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2018 - brought forward</b>	<b>1,738</b>	<b>1,738</b>
Transfers by absorption	-	-
Additions	82	<b>82</b>
Impairments	-	-
Reversals of impairments	-	-
Revaluations	-	-
Reclassifications	-	-
Transfers to / from assets held for sale	-	-
Disposals / derecognition	-	-
<b>Valuation / gross cost at 31 March 2019</b>	<b>1,820</b>	<b>1,820</b>
<b>Amortisation at 1 April 2018 - brought forward</b>	<b>1,010</b>	<b>1,010</b>
Transfers by absorption	-	-
Provided during the year	156	<b>156</b>
Impairments	-	-
Reversals of impairments	-	-
Revaluations	-	-
Reclassifications	-	-
Transfers to / from assets held for sale	-	-
Disposals / derecognition	-	-
<b>Amortisation at 31 March 2019</b>	<b>1,166</b>	<b>1,166</b>
<b>Net book value at 31 March 2019</b>	<b>654</b>	<b>654</b>
<b>Net book value at 1 April 2018</b>	<b>728</b>	<b>728</b>

**Note 16.2 Intangible assets - 2017/18**

	<b>Software licences £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2017 - as previously stated</b>	<b>1,546</b>	<b>1,546</b>
Prior period adjustments	-	-
<b>Valuation / gross cost at 1 April 2017 - restated</b>	<b>1,546</b>	<b>1,546</b>
Transfers by absorption	-	-
Additions	192	192
Impairments	-	-
Reversals of impairments	-	-
Revaluations	-	-
Reclassifications	-	-
Transfers to / from assets held for sale	-	-
Disposals / derecognition	-	-
<b>Valuation / gross cost at 31 March 2018</b>	<b>1,738</b>	<b>1,738</b>
<b>Amortisation at 1 April 2017 - as previously stated</b>	<b>881</b>	<b>881</b>
Prior period adjustments	-	-
<b>Amortisation at 1 April 2017 - restated</b>	<b>881</b>	<b>881</b>
Transfers by absorption	-	-
Provided during the year	129	129
Impairments	-	-
Reversals of impairments	-	-
Revaluations	-	-
Reclassifications	-	-
Transfers to / from assets held for sale	-	-
Disposals / derecognition	-	-
<b>Amortisation at 31 March 2018</b>	<b>1,010</b>	<b>1,010</b>
<b>Net book value at 31 March 2018</b>	<b>728</b>	<b>728</b>
<b>Net book value at 1 April 2017</b>	<b>665</b>	<b>665</b>

Note 17.1 Property, plant and equipment - 2018/19

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation/gross cost at 1 April 2018 - brought forward</b>	2,850	67,760	1,263	47	28,744	-	17,333	2,445	120,442
Transfers by absorption	-	-	-	-	-	-	-	-	-
Additions	-	2,309	-	2,342	4,033	-	1,113	-	9,797
Impairments	(1,100)	(6,757)	(471)	-	-	-	-	-	(8,328)
Reversals of impairments	-	329	-	-	-	-	-	-	329
Revaluations	-	5,721	(1)	-	-	-	-	-	5,720
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(261)	-	-	-	(261)
<b>Valuation/gross cost at 31 March 2019</b>	<b>1,750</b>	<b>69,362</b>	<b>791</b>	<b>2,389</b>	<b>32,516</b>	<b>-</b>	<b>18,446</b>	<b>2,445</b>	<b>127,698</b>
<b>Accumulated depreciation at 1 April 2018 - brought forward</b>	-	102	3	-	19,456	-	10,064	2,301	31,926
Transfers by absorption	-	-	-	-	-	-	-	-	-
Provided during the year	-	1,449	20	-	1,683	-	1,534	50	4,735
Impairments	-	-	-	-	-	-	-	-	-
Reversals of impairments	-	-	-	-	-	-	-	-	-
Revaluations	-	(1,551)	(23)	-	-	-	-	-	(1,574)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(250)	-	-	-	(250)
<b>Accumulated depreciation at 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>20,889</b>	<b>-</b>	<b>11,597</b>	<b>2,351</b>	<b>34,837</b>
<b>Net book value at 31 March 2019</b>	<b>1,750</b>	<b>69,362</b>	<b>791</b>	<b>2,389</b>	<b>11,627</b>	<b>-</b>	<b>6,848</b>	<b>94</b>	<b>92,861</b>
<b>Net book value at 1 April 2018</b>	<b>2,850</b>	<b>67,658</b>	<b>1,260</b>	<b>47</b>	<b>9,288</b>	<b>-</b>	<b>7,269</b>	<b>144</b>	<b>88,516</b>



**Note 17.2 Property, plant and equipment - 2017/18**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation / gross cost at 1 April 2017 - as previously stated</b>	2,750	59,036	1,123	1,494	25,790	-	15,910	2,445	108,548
Prior period adjustments	-	-	-	-	-	-	-	-	-
<b>Valuation / gross cost at 1 April 2017 - restated</b>	2,750	59,036	1,123	1,494	25,790	-	15,910	2,445	108,548
Transfers by absorption	-	-	-	-	-	-	-	-	-
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)
<b>Valuation/gross cost at 31 March 2018</b>	<b>2,850</b>	<b>67,760</b>	<b>1,263</b>	<b>47</b>	<b>28,744</b>	<b>-</b>	<b>17,333</b>	<b>2,445</b>	<b>120,442</b>
<b>Accumulated depreciation at 1 April 2017 - as previously stated</b>	-	-	-	-	18,916	-	8,724	2,242	29,882
Prior period adjustments	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation at 1 April 2017 - restated</b>	-	-	-	-	18,916	-	8,724	2,242	29,882
Transfers by absorption	-	-	-	-	-	-	-	-	-
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)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	(47)	-	-	-	(47)
Disposals / derecognition	-	-	-	-	(842)	-	-	-	(842)
<b>Accumulated depreciation at 31 March 2018</b>	<b>-</b>	<b>102</b>	<b>3</b>	<b>-</b>	<b>19,456</b>	<b>-</b>	<b>10,064</b>	<b>2,301</b>	<b>31,926</b>
<b>Net book value at 31 March 2018</b>	<b>2,850</b>	<b>67,658</b>	<b>1,260</b>	<b>47</b>	<b>9,288</b>	<b>-</b>	<b>7,269</b>	<b>144</b>	<b>88,516</b>
<b>Net book value at 1 April 2017</b>	<b>2,750</b>	<b>59,036</b>	<b>1,123</b>	<b>1,494</b>	<b>6,874</b>	<b>-</b>	<b>7,186</b>	<b>203</b>	<b>78,666</b>

**Note 17.3 Property, plant and equipment financing - 2018/19**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Net book value at 31 March 2019</b>									
Owned - purchased	1,750	68,678	366	2,389	11,507	-	6,270	85	91,045
Finance leased	-	-	-	-	-	-	574	-	574
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	-	-	-
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	-
Owned - government granted	-	-	-	-	-	-	-	-	-
Owned - donated	-	684	425	-	120	-	4	9	1,242
<b>NBV total at 31 March 2019</b>	<b>1,750</b>	<b>69,362</b>	<b>791</b>	<b>2,389</b>	<b>11,627</b>	<b>-</b>	<b>6,848</b>	<b>94</b>	<b>92,861</b>

**Note 17.4 Property, plant and equipment financing - 2017/18**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Net book value at 31 March 2018</b>									
Owned - purchased	2,850	66,442	720	47	9,045	-	6,569	131	85,804
Finance leased	-	-	-	-	127	-	694	-	821
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	-	-	-
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	-
Owned - government granted	-	-	-	-	-	-	-	-	-
Owned - donated	-	1,216	540	-	116	-	6	13	1,891
<b>NBV total at 31 March 2018</b>	<b>2,850</b>	<b>67,658</b>	<b>1,260</b>	<b>47</b>	<b>9,288</b>	<b>-</b>	<b>7,269</b>	<b>144</b>	<b>88,516</b>

**[Note 18 Donations of property, plant and equipment**

During the year there were donations of £26K received from the Liverpool Heart & Chest Hospital Charity to fund the specific purchase of capital property, plant and equipment. This was spent on a head camera for our surgeons.

There isn't any difference between the cash provided and the fair value of the assets purchased.

**Note 19 Revaluations of property, plant and equipment**

Professional valuations are carried out by the Cushman & Wakefield. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS). Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. The Trust has had its land and buildings revalued using depreciated replacement cost on a modern equivalent asset basis as 31st March 2019

**Note 20.1 Investment Property**

The Foundation Trust does not hold any investment property

**Note 20.2 Investment property income and expenses**

The Foundation Trust does not hold any investment property

**Note 21 Investments in associates and joint ventures**

	2018/19	2017/18
	£000	£000
<b>Carrying value at 1 April - brought forward</b>	<b>49</b>	<b>37</b>
Prior period adjustments	-	-
<b>Carrying value at 1 April - restated</b>	<b>49</b>	<b>37</b>
Transfers by absorption	-	-
Acquisitions in year	-	15
Share of profit / (loss)	(1)	(3)
Impairments	-	-
Reversal of impairment	-	-
Transfers to / from assets held for sale and assets in disposal groups	-	-
Disbursements / dividends received	-	-
Disposals	-	-
Share of Other Comprehensive Income recognised by joint ventures / associates	-	-
Other equity movements	-	-
<b>Carrying value at 31 March</b>	<b>48</b>	<b>49</b>

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 2019 and the results are reflected in the accounts of the group in this financial year.

**Note 22 Other investments / financial assets (non-current)**

The Foundation Trust did not hold any other investments or financial assets at 31 March 2019 (31 March 2018: nil)

**Note 22.1 Other investments / financial assets (current)**

The Foundation Trust did not hold any other investments or financial assets at 31 March 2019 (31 March 2018: nil)

**Note 23 Disclosure of interests in other entities**

Liverpool Heart and Chest is the Trustee of the Liverpool Heart and Chest Charity.

**Note 24 Inventories**

	31 March 2019 £000	31 March 2018 £000
Drugs	496	438
Work In progress	-	-
Consumables	2,917	4,012
Energy	-	-
Other	-	-
<b>Total inventories</b>	<b>3,413</b>	<b>4,450</b>
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £32,168k (2017/18: £30,594k). Write-down of inventories recognised as expenses for the year were £0k (2017/18: £0k).

**Note 25.1 Trade receivables and other receivables**

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Current</b>		
Contract receivables*	17,238	
Contract assets*	-	
Trade receivables*		7,951
Capital receivables	-	-
Accrued income*		4,046
Allowance for impaired contract receivables / assets*	(3,026)	
Allowance for other impaired receivables	-	(2,006)
Deposits and advances	-	-
Prepayments (non-PFI)	1,013	751
PFI prepayments - capital contributions	-	-
PFI lifecycle prepayments	-	-
Interest receivable	-	-
Finance lease receivables	-	-
PDC dividend receivable	241	-
VAT receivable	278	205
Corporation and other taxes receivable	-	-
Other receivables	461	540
<b>Total current trade and other receivables</b>	<b>16,205</b>	<b>11,487</b>

**Of which receivables from NHS and DHSC group bodies:**

Current	15,517	10,634
Non-current	-	-

\*Following the application of IFRS 15 from 1 April 2018, the trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

**Note 25.2 Allowances for credit losses - 2018/19**

	<b>Contract receivables and contract assets £000</b>	<b>All other receivables £000</b>
<b>Allowances as at 1 Apr 2018 - brought forward</b>		-
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	2,006	(2,006)
Transfers by absorption	-	-
New allowances arising	2,344	-
Changes in existing allowances	-	-
Reversals of allowances	(1,669)	-
Utilisation of allowances (write offs)	345	-
Changes arising following modification of contractual cash flows	-	-
Foreign exchange and other changes	-	-
<b>Allowances as at 31 Mar 2019</b>	<b>3,026</b>	<b>(2,006)</b>

**Note 25.3 Allowances for credit losses - 2017/18**

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

	<b>All receivables £000</b>
<b>Allowances as at 1 Apr 2017 - as previously stated</b>	
Prior period adjustments	
<b>Allowances as at 1 Apr 2017 - restated</b>	-
Transfers by absorption	
Increase in provision	
Amounts utilised	
Unused amounts reversed	
<b>Allowances as at 31 Mar 2018</b>	-

The trust had no prior period adjustment or restatements.

**Note 25.4 Exposure to credit risk**

The trust is not exposed to material financial credit risk.

**Note 26 Other assets**

The foundation trust did not hold any Other Financial Assets at 31 March 2019 (2018: nil)

**Note 27 Non-current assets held for sale and assets in disposal groups**

	2018/19 £000	2017/18 £000
<b>NBV of non-current assets for sale and assets in disposal groups at 1 April</b>	<b>3</b>	<b>5</b>
Prior period adjustment	-	-
<b>NBV of non-current assets for sale and assets in disposal groups at 1 April - restated</b>	<b>3</b>	<b>5</b>
Transfers by absorption	-	-
Assets classified as available for sale in the year	-	-
Assets sold in year	(3)	(2)
Impairment of assets held for sale	-	-
Reversal of impairment of assets held for sale	-	-
Assets no longer classified as held for sale, for reasons other than sale	-	-
<b>NBV of non-current assets for sale and assets in disposal groups at 31 March</b>	<b>-</b>	<b>3</b>

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 27.1 Liabilities in disposal groups**

There are no disposal groups.

**Note 28.1 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.

	2018/19 £000	2017/18 £000
<b>At 1 April</b>	<b>7,465</b>	<b>4,868</b>
Prior period adjustments	-	-
<b>At 1 April (restated)</b>	<b>7,465</b>	<b>4,868</b>
Transfers by absorption	-	-
Net change in year	10,259	2,597
<b>At 31 March</b>	<b>17,724</b>	<b>7,465</b>
<b>Broken down into:</b>		
Cash at commercial banks and in hand	7	5
Cash with the Government Banking Service	17,717	7,460
Deposits with the National Loan Fund	-	-
Other current investments	-	-
<b>Total cash and cash equivalents as in SoFP</b>	<b>17,724</b>	<b>7,465</b>
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
<b>Total cash and cash equivalents as in SoCF</b>	<b>17,724</b>	<b>7,465</b>

**Note 28.2 Third party assets held by the trust**

There are no third party assets held by the trust,

**Note 29.1 Trade and other payables**

	31 March 2019 £000	31 March 2018 £000
<b>Current</b>		
Trade payables	4,128	5,714
Capital payables	3,516	1,071
Accruals	6,660	5,447
Receipts in advance (including payments on account)	-	-
Social security costs	946	899
VAT payables	-	-
Other taxes payable	828	777
PDC dividend payable	0	245
Accrued interest on loans*	-	-
Other payables	1,990	1,805
<b>Total current trade and other payables</b>	<b>18,068</b>	<b>15,958</b>
 <b>Of which payables from NHS and DHSC group bodies:</b>		
Current	4,032	4,058
Non-current	-	-

\*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

**Note 30 Other financial liabilities**

There are no other financial liabilities.

**Note 31 Other liabilities**

	31 March 2019 £000	31 March 2018 £000
<b>Current</b>		
Deferred income: contract liabilities	977	995
Deferred grants	-	-
PFI deferred income / credits	-	-
Lease incentives	-	-
Other deferred income	-	-
<b>Total other current liabilities</b>	<b>977</b>	<b>995</b>
<b>Non-current</b>		
Deferred income: contract liabilities	81	81
Deferred grants	-	-
PFI deferred income / credits	-	-
Lease incentives	-	-
Other deferred income	-	-
Net pension scheme liability	-	-
<b>Total other non-current liabilities</b>	<b>81</b>	<b>81</b>

**Note 32 Borrowings**

	31 March 2019 £000	31 March 2018 £000
<b>Current</b>		
Bank overdrafts	-	-
Drawdown in committed facility	-	-
Loans from the Department of Health and Social Care	-	-
Other loans	6	6
Obligations under finance leases	220	382
PFI lifecycle replacement received in advance	-	-
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	-	-
<b>Total current borrowings</b>	<b>226</b>	<b>388</b>
<b>Non-current</b>		
Loans from the Department of Health and Social Care	-	-
Other loans	16	23
Obligations under finance leases	-	242
PFI lifecycle replacement received in advance	-	-
Obligations under PFI, LIFT or other service concession contracts	-	-
<b>Total non-current borrowings</b>	<b>16</b>	<b>265</b>

**Note 32.1 Reconciliation of liabilities arising from financing activities**

	Loans from DHSC £000	Other loans £000	Finance leases £000	PFI and LIFT schemes £000	Total £000
<b>Carrying value at 1 April 2018</b>	-	29	624	-	653
<b>Cash movements:</b>					
Financing cash flows - payments and receipts of principal	-	(7)	(404)	-	(411)
Financing cash flows - payments of interest	-	-	(15)	-	(15)
<b>Non-cash movements:</b>					
Impact of implementing IFRS 9 on 1 April 2018	-	-	-	-	-
Transfers by absorption	-	-	-	-	-
Additions	-	-	-	-	-
Application of effective interest rate	-	-	15	-	15
Change in effective interest rate	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Other changes	-	-	-	-	-
<b>Carrying value at 31 March 2019</b>	-	22	220	-	242

**Note 33 Finance leases**

**Note 33.1 Liverpool Heart and Chest Hospital NHS Foundation Trust as a lessor**

Future lease receipts due under finance lease agreements where Liverpool Heart and Chest Hospital NHS Foundation Trust is the lessor. The Foundation Trust does not have finance leases as a lessor.

**Note 33.2 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 2019 £000	31 March 2018 £000
<b>Gross lease liabilities</b>	<b>220</b>	<b>642</b>
of which liabilities are due:		
- not later than one year;	220	397
- later than one year and not later than five years;	-	245
- later than five years.	-	-
Finance charges allocated to future periods	-	(18)
<b>Net lease liabilities</b>	<b>220</b>	<b>624</b>
of which payable:		
- not later than one year;	220	382
- later than one year and not later than five years;	-	242
- later than five years.	-	-

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.

The lessor has the benefit of the residual value of the assets as these assets are returned at the end of the lease agreement. The lease agreements require the Foundation Trust to maintain assets to a good standard and they have to be returned to the lessor in a reasonable condition. This risk is managed by the Foundation Trust, through Insurance cover and Maintenance Contracts.

There are no contingent rent arrangements within any of these lease agreements

**Note 34.1 Provisions for liabilities and charges analysis**

	Pensions: early departure costs £000		Pensions: injury benefits* £000		Legal claims £000		Re- structuring £000		Equal Pay (including Agenda for Change) £000		Redundancy £000		Other £000		Total £000	
<b>At 1 April 2018</b>	-	-	142	118	-	-	-	-	-	-	-	-	457	717	-	-
Transfers by absorption	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in the discount rate	-	-	(2)	-	-	-	-	-	-	-	-	-	-	(2)	-	-
Arising during the year	-	-	-	33	-	-	-	-	-	-	-	-	173	206	-	-
Utilised during the year	-	-	(7)	(14)	-	-	-	-	-	-	-	-	-	(21)	-	-
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversed unused	-	-	-	(107)	-	-	-	-	-	-	-	-	-	(107)	-	-
Unwinding of discount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	-	-	133	30	-	-	-	-	-	-	-	-	630	793	-	-
<b>Expected timing of cash flows:</b>																
- not later than one year;	-	-	7	30	-	-	-	-	-	-	-	-	630	667	-	-
- later than one year and not later than five years;	-	-	28	-	-	-	-	-	-	-	-	-	-	28	-	-
- later than five years.	-	-	98	0	-	-	-	-	-	-	-	-	(0)	98	-	-
<b>Total</b>	-	-	133	30	-	-	-	-	-	-	-	-	630	793	-	-

The Foundation Trust has total provisions as at 31st March 2019 of £793k. Other provisions of £630k includes £225k for undercharge against lease of land; potential claims under european wrking time directive legislation £287k.

\* In 2018/19 the analysis of provisions has been revised to separately identify provisions for injury benefit liabilities. In previous periods, these provisions were included within other provisions.

**Note 34.2 Clinical negligence liabilities**

At 31 March 2019, £1,401k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Liverpool Heart and Chest Hospital NHS Foundation Trust (31 March 2018: £735k).

**Note 35 Contingent assets and liabilities**

	31 March 2019 £000	31 March 2018 £000
<b>Value of contingent liabilities</b>		
NHS Resolution legal claims	(10)	(22)
Employment tribunal and other employee related litigation	-	-
Redundancy	-	-
Other	-	-
<b>Gross value of contingent liabilities</b>	<b>(10)</b>	<b>(22)</b>
Amounts recoverable against liabilities	-	-
<b>Net value of contingent liabilities</b>	<b>(10)</b>	<b>(22)</b>
<b>Net value of contingent assets</b>	<b>-</b>	<b>-</b>

**Note 36 Contractual capital commitments**

	31 March 2019 £000	31 March 2018 £000
Property, plant and equipment	5,278	612
Intangible assets	-	31
<b>Total</b>	<b>5,278</b>	<b>643</b>

**Note 37 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 2019 £000	31 March 2018 £000
not later than 1 year	763	741
after 1 year and not later than 5 years	788	741
paid thereafter	-	-
<b>Total</b>	<b>1,551</b>	<b>1,482</b>

Other Financial Commitments is a 5 year contract for patient catering services. The contract can be cancelled after 2 years.

**Note 38 Defined benefit pension schemes**

The Foundation trust did not operate a separate defined benefit pension scheme for the year ended 31 March 2019 (2018: nil)

**Note 39 On-SoFP PFI, LIFT or other service concession arrangements**

The trust isn't part of any PFI schemes, LIFT schemes.

**Note 40 Off-SoFP PFI, LIFT and other service concession arrangements**

The trust isn't part of any PFI schemes, LIFT schemes.



## **Note 41 Financial instruments**

### **Note 41.1 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 2019 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 41.2 Carrying values of financial assets**

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
<b>Carrying values of financial assets as at 31 March 2019 under IFRS 9</b>				
Trade and other receivables excluding non financial assets	14,584	-	-	14,584
Other investments / financial assets	47	-	-	47
Cash and cash equivalents at bank and in hand	17,724	-	-	17,724
<b>Total at 31 March 2019</b>	<b>32,356</b>	<b>-</b>	<b>-</b>	<b>32,356</b>

	Loans and receivables £000	Assets at fair value through the I&E £000	Held to maturity £000	Available- for-sale £000	Total book value £000
<b>Carrying values of financial assets as at 31 March 2018 under IAS 39</b>					
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
<b>Total at 31 March 2018</b>	<b>20,050</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>20,053</b>

**Note 41.3 Carrying value of financial liabilities**

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost £000	Held at fair value through the I&E £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2019 under IFRS 9</b>			
Loans from the Department of Health and Social Care	-	-	-
Obligations under finance leases	220	-	220
Obligations under PFI, LIFT and other service concession contracts	-	-	-
Other borrowings	23	-	23
Trade and other payables excluding non financial liabilities	16,042	-	16,042
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
<b>Total at 31 March 2019</b>	<b>16,285</b>	<b>-</b>	<b>16,285</b>

	Other financial liabilities £000	Held at fair value through the I&E £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2018 under IAS 39</b>			
Loans from the Department of Health and Social Care	-	-	-
Obligations under finance leases	624	-	624
Obligations under PFI, LIFT and other service concession contracts	-	-	-
Other borrowings	29	-	29
Trade and other payables excluding non financial liabilities	13,788	-	13,788
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
<b>Total at 31 March 2018</b>	<b>14,441</b>	<b>-</b>	<b>14,441</b>

**Note 41.4 Fair values of financial assets and liabilities**

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

**Note 41.5 Maturity of financial liabilities**

	31 March 2019 £000	31 March 2018 £000
In one year or less	16,285	14,196
In more than one year but not more than two years	-	245
In more than two years but not more than five years	-	-
In more than five years	-	-
<b>Total</b>	<b>16,285</b>	<b>14,441</b>

**Note 42 Losses and special payments**

	2018/19		2017/18	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
<b>Losses</b>				
Cash losses	33	25	-	-
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	291	95	299	172
Stores losses and damage to property	-	-	1	7
<b>Total losses</b>	<b>324</b>	<b>120</b>	<b>300</b>	<b>179</b>
<b>Special payments</b>				
Compensation under court order or legally binding arbitration award	-	-	-	-
Extra-contractual payments	-	-	-	-
Ex-gratia payments	2	1	7	1
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
<b>Total special payments</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>1</b>
<b>Total losses and special payments</b>	<b>326</b>	<b>121</b>	<b>307</b>	<b>180</b>
Compensation payments received		-		-

**Note 43 Gifts**

The Foundation trust received no material gifts during the year ended 31 March 2019 (31 March 2018: nil)

**Note 44.1 Initial application of IFRS 9**

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £0k.

**Note 44.2 Initial application of IFRS 15**

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

**Note 45 Related parties**

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

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

NHS England  
Welsh Health Specialised Services Committee  
NHS Liverpool CCG  
NHS Knowsley CCG  
Department of Health and Social Care - Isle of Man  
Health Education England  
NHS Wirral CCG  
NHS Improvement  
Royal Liverpool and Broadgreen University Hospitals NHS Foundation Trust  
NHS Southport and Formby CCG  
NHS West Cheshire CCG  
NHS St Helens CCG  
Mersey Care NHS Trust  
St Helens and Knowsley Teaching Hospitals NHS Trust  
Liverpool Heart and Chest Hospital Charity

**[Note 46 Transfers by absorption]**

There were no transfers by absorption in the Financial Statements of the Foundation trust for the year ended 31 March 2019.

**[Note 47 Prior period adjustments]**

There have been no prior period adjustments to the Financial Statements of the Foundation trust for the year ended 31 March 2019.

**[Note 48 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 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Accounts Directions issued under the National Service Act 2006, the NHS foundation trust annual reporting manual 2018/19 and the Department of Health and Social Care group accounting manual 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care group accounting manual 2018-19; 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.

#### 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



Grant Thornton

##### Financial statements audit

- Overall materiality: £2,623,000, which represents 1.9% of the Trust's gross operating expenses for 2018/19;

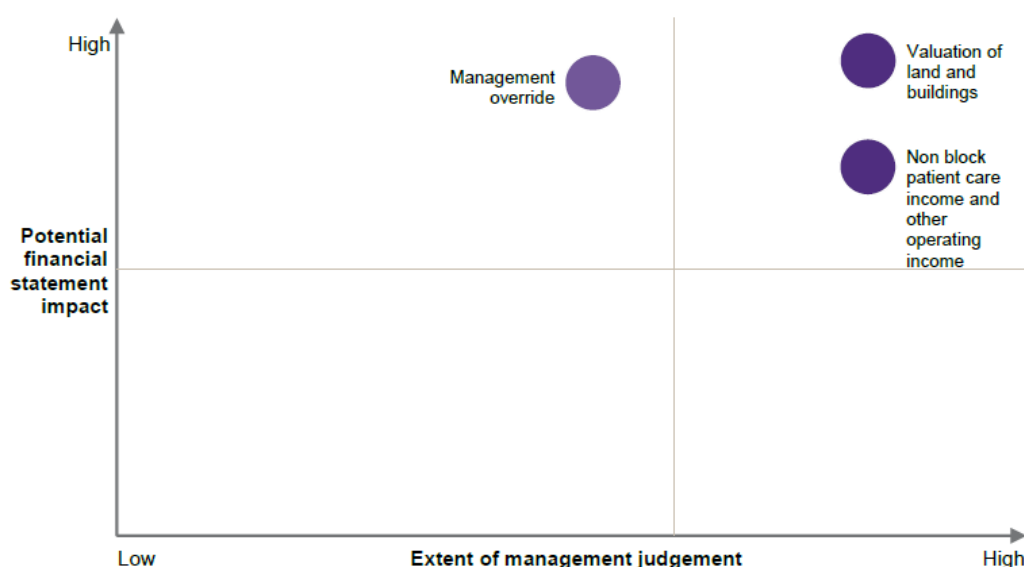
- Key audit matters were identified as:
- Valuation of land and buildings
- Occurrence and accuracy of non-block contract patient care income and other operating income and the existence of associated receivable balances
- We have tested the Trust's material income and expenditure streams and assets and liabilities, covering 99% of the Trust's income, 98% of the Trust's expenditure, 99% of the Trust's assets and 89% of the Trust's liabilities

**Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

- We identified one significant risk in respect of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources regarding its financial position (see Report on other legal and regulatory requirements section).

**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**

**Valuation of land and buildings**

The Trust revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value in use at 31 March 2019.

**How the matter was addressed in the audit**

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 the valuation expert and the scope of their work;



## Key Audit Matter

Management engaged the services of a valuer to assess the current value in use of the Trust's land and buildings as at 31 March 2019.

The Trust has engaged a new valuer in 2018/19 and adopted a revised approach to valuing the Trust's estate. That new approach involved the use of an Alternative Site valuation model for the Broadgreen site.

The valuation of land and buildings is a significant accounting estimate by management in the financial statements, which is sensitive to changes in assumptions and market conditions.

We therefore identified valuation of land and buildings as a significant risk, which is one of the most significant assessed risks of material misstatement.

## How the matter was addressed in the audit

- Evaluating the competence, capabilities and objectivity of the valuation expert;
- Writing to the valuer to confirm the basis on which the valuations were carried out;
- Challenging the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- Challenging the Alternative Site valuation model to ensure the method is reasonable and offers 'clear benefits' to patients and staff; and
- Testing, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Trust's asset register;

The Trust's accounting policy on the valuation of land and buildings is shown in note 1.7 to the financial statements and related disclosures are included in note 17.1.

## Key observations

We obtained sufficient audit assurance to conclude that:

- the basis of the valuation of land and buildings was appropriate;
- the assumptions and processes used by management in determining the accounting estimate were reasonable; and
- We identified that VAT has been excluded from the valuation of the Broadgreen site under the Alternative Site model. In our opinion, the evidence provided to support this treatment is not sufficient to support full recovery of VAT on a replacement and could represent a material misstatement of the asset's value. Management have amended the financial statements to correct the treatment and we are satisfied that the valuation of this asset is appropriate.

Our audit work included, but was not restricted to:

- Evaluating the Trust's accounting policies for recognition of income from patient care activities and other income for appropriateness and compliance with the Department of Health and Social Care (DHSC) group accounting manual 2018-19;
- Updating our understanding of the Trust's system for accounting for income from patient care and other income and evaluating the design of the associated controls.

## In respect of patient care income

- Using the DHSC mismatch report, to investigate unmatched income and receivable balances over £300,000, corroborating the unmatched balances used by the Trust to supporting evidence;
- Agreeing, on a sample basis, income from contract variations and year end receivables to signed contract variations, invoices or other supporting

## Occurrence and accuracy of non-block contract patient care income and other operating income and the existence of associated receivable balances

Trusts are facing significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. In this environment, we have considered the risk that income may be misstated due to the improper recognition of revenue.

The Trust's significant income streams are operating income from patient care activities and other operating income.

The Trust recognises income from patient care activities during the year based on the completion of these activities. This includes block contracts, which are agreed in advance at a fixed price, and non-block contract income.

Patient care activities provided that are additional to those incorporated in the block contract with commissioners (contract variations), are subject to verification and agreement of the completed activity by commissioners. There is a risk that income is recognised in the financial statements for these additional services that is not subsequently agreed to by the commissioners. Due to the nature of block

Key Audit Matter	How the matter was addressed in the audit
<p>contracts we have not identified a significant risk of material misstatement in relation to block contracts.</p> <p>The Trust also receives other operating income which is predominantly in respect of non-patient care services to other bodies and Provider Sustainability Funding (PSF). The risk around other operating income is related to the improper recognition of revenue.</p> <p>We therefore identified the occurrence and accuracy of non-block contract patient care income and other operating income and the existence of associated receivable balances as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>evidence such as correspondence from the Trust's commissioners;</p> <ul style="list-style-type: none"> <li>Evaluating the judgments made by management with regard to contract variation estimates recorded in the financial statements.</li> </ul> <p><u>In respect of other income</u></p> <ul style="list-style-type: none"> <li>Agreeing, on a sample basis, income and year end receivables from other income to invoices and cash payment, or other supporting evidence;</li> <li>For Provider Sustainability Funding, agreeing income recognised in quarters one to 3 to notifications from NHS Improvement (NHSI), and obtain supporting evidence for quarter four to confirm that the Trust met NHSI's requirements for recognising the income.</li> </ul> <p>The Trust's accounting policies on revenue recognition are shown in notes 1.4.1 – 1.4.3 to the financial statements and related disclosures are included in notes 3 and 4.</p> <p><b>Key observations</b></p> <p>We obtained sufficient audit evidence to conclude that:</p> <ul style="list-style-type: none"> <li>the Trust's accounting policies for revenue recognition are in accordance with the Department of Health and Social Care group accounting manual 2018-19 and have been properly applied; and</li> <li>non-block contract patient care income and other operating income and associated receivable balances are not materially misstated.</li> </ul>

### Our application of materiality

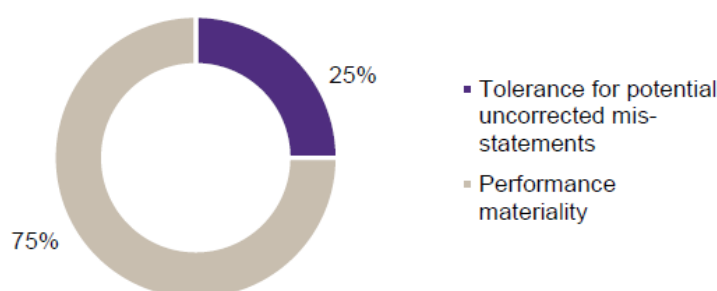
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality Measure	Trust
Financial statements as a whole	<p>£2,623,000 which is 1.9% of the Trust's gross operating expenses for 2018/19. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Trust has expended its revenue and other funding.</p> <p>Materiality for the current year is at a slightly lower percentage of gross operating expenses than we determined for the year ended 31 March 2018 due to a slight increase in gross operating expenses in 2018/19. We did not identify any significant changes in the Trust or the environment in which it operates.</p>
Performance materiality used to drive the extent of our testing	75% of financial statement materiality
Specific materiality	<p>Disclosures of senior manager remuneration in the Remuneration Report £20,000.</p> <p>Related party transactions materiality based on whether transactions are material to either party</p>
Communication of misstatements to the Audit Committee	£131,000 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.

#### Overall materiality – Trust



#### An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Trust's business, was risk-based and included an evaluation of the Trust's internal controls environment including relevant IT systems and controls over key financial systems.

The scope of our audit included:

- Obtaining supporting evidence, on a sample basis, all of the Trust's material income streams covering 99% of the Trust's income;
- Obtaining supporting evidence, on a sample basis, 98% of the Trust's operating expenses;
- Obtaining supporting evidence, on a sample basis, 99% of the Trust's assets including property plant and equipment and 89% of the Trust's liabilities

There were no changes in the scope of the current year audit from the scope of the prior year

#### Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the Annual Report<sup>1</sup>, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 71 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 to 27 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 by us to 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 2018/19 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

#### 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 2018/19 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 issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure that was unlawful, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

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

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

As explained more fully in the Statement of the Accounting Officer Responsibilities as the accounting officer set out on page 71, 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 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 2019.

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

### Significant risks

Under the Code of Audit Practice, we are required to report on how our work addressed the significant risks we identified in forming our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Significant risks are those risks that in our view had the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. The table below sets out the significant risks we have identified. These significant risks were addressed in the context of our conclusion on the Trust's arrangements as a whole, and in forming our conclusion thereon, and we do not provide a separate opinion on these risks.

Significant risks	How the matter was addressed in the audit
<p><b>Financial position and sustainability</b></p> <p>The Trust continues to operate under significant financial pressures and had a financial plan in place to deliver an agreed surplus of £9.6 million for 2018/19, which included £3.8 million of planned Cost Improvement Plan savings (CIPs).</p> <p>This planned surplus also included an anticipated £5.6 million of Provider Sustainability Funding (PSF), which is national funding received on the condition that the Trust delivers its overall financial plan agreed with NHS Improvement.</p> <p>The overall risk for the Trust is around its ability to deliver its financial plan and meet its financial target agreed with NHS Improvement in order to secure its 2018/19 PSF income.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>Assessing the Trust's arrangements for agreeing, updating and monitoring its financial and operational plans, and for communicating key findings and agreed actions, as reported to the Board;</li> <li>Monitoring progress throughout the year on the overall budget and CIP delivery;</li> <li>Evaluating the outturn for 2018/19 in comparison with budget and forecast performance for the year;</li> <li>Assessing the realism of its financial plans for 2019/20.</li> </ul> <p><b>Key findings</b></p> <p>Management continues to carefully manage the financial pressures of the Trust.</p> <p>The Trust achieved an adjusted surplus of £17.2 million in 2018/19, which included £10.6 million of PSF. The additional PSF being agreed with NHSI in return for an increase in the surplus delivered by the Trust.</p> <p>The Trust delivered £3.7 million of its planned CIPs in 2018/19 (97 percent).</p>

## Significant risks

## How the matter was addressed in the audit

The Trust has set a balanced financial plan for 2019/20 with an agreed control total of a £2.8million surplus after £1.8 million of PSF. The Trust has a further CIP target for 2019/20 of £3.8 million.

## 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 2019, 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.

## Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

**Robin Baker**

**Robin Baker, Key Audit Partner**

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

**Liverpool**

**29 May 2019**



