Liverpool Women's
NHS Foundation Trust

LIVERPOOL WOMEN'S NHS FOUNDATION TRUST

ANNUAL REPORT & ACCOUNTS 2019/20

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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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1. Foreword from the Chair & Chief Executive

We are pleased to introduce the Annual Report and Accounts for Liverpool Women's NHS Foundation Trust covering the period 1 April 2019 to 31 March 2020.

Our Annual Report looks a little different this year, with overall content much reduced from that of previous years. This is as a result of amendments to reporting requirements as a consequence of the global coronavirus (Covid-19) pandemic, which began to impact life in the United Kingdom in March 2020. The main difference in content is the omission of a Quality Report detailing the Trust's progress and achievements against a comprehensive range of quality requirements. Whilst a Quality Report is not included within the Annual Report, the Trust will be producing a Quality Account and we plan to separately publish this during the summer of 2020. Despite the changes, we are sure that the information provided in this Annual Report document will provide readers with a good appreciation and understanding of the Trust's overall performance and progress during 2019/20.

We pride ourselves in leading an organisation where our people have a clear focus on providing safe and effective healthcare, delivered in a friendly and caring environment, and this focus has been ably demonstrated throughout a year characterised by continuing operational challenges. We know that our staff consistently go above and beyond in their delivery of effective patient care and the Board of Directors has heard many examples of individual and team dedication as part of patient stories considered at the beginning of each Board meeting. The response of our staff at the outbreak of the Covid-19 pandemic and their determination to not only keep patients and colleagues safe but contribute to the response of the wider health system was amazing and we are truly proud of every single one of them.

Operational performance during the year was challenging and, while we achieved a range of the national standards, our performance against the headline Cancer 62-day and Referral to Treatment standards fell short of the required standard. Our operational teams have worked diligently to address the factors impairing performance and mitigate risks to patients, with a positive impact in performance against the Referral to Treatment standard realised during the second half of the year. However, we anticipate a continuation of the challenging operational environment and there is an inherent link between sustainable performance and the Trust's 'Future Generations' strategy. This strategy, which would result in Trust services being co-located with an acute hospital site in the city, was first adopted by the Board in 2015/16 and continues to be the Trust's stated strategy for ensuring clinically sustainable services for the women of Liverpool and beyond.

Clearly, progressing this strategy has been a long journey to date and delivering the strategy will not be achieved in the short-term. That said, the case for change has been clearly made and the need for a different model in the future has been acknowledged by local and regional health and care systems through inclusion in the 'One Liverpool' plan and the Five-Year Plan for the Cheshire & Merseyside Health & Care Partnership. We, and the Board, remain fully committed to achieving the Future Generations strategy and recognise the need for collaboration and effective engagement with partners to both achieve this long-term goal and maintain effective services in the interim. To this end, we have actively participated in system working throughout 2019/20 and made good progress in joint working on service developments with Liverpool University Hospitals NHS Foundation Trust. Good progress was

also made in the development of neonatal services through the Liverpool Neonatal Partnership with Alder Hey NHS Foundation Trust.

Developments during 2019/20 have been underpinned by good financial performance and we are pleased to report that the Trust fully delivered its financial plan for the year and achieved a surplus of £0.3m, against a planned surplus position of £0.2m, which included delivery of a challenging efficiency programme. The sound financial position has enabled the Trust to progress capital investments and we would note in particular the progress made during the year with the redevelopment of our Neonatal facility. This £15m project, scheduled for full completion in the summer of 2020, remains on time and on budget and we were delighted to commence initial operational use of the facility in February 2020.

Towards the end of the year our services were subject to inspection by the Care Quality Commission which carried out unannounced and planned inspections in December 2019 and January 2020 respectively. The outcomes were published in April 2020 and we were delighted that the Trust maintained an overall Good rating for the quality of its services. It was particularly pleasing to hear the positive comments from members of the inspection team on the positive caring approach of our staff and to see these reflected in the subsequent inspection report. However, there were areas highlighted for improvement and we will ensure a proactive focus on improving standards in these areas during 2020/21.

Our successes during the year, and there have been many, have been made possible by the dedication and commitment of our staff and we would like to thank them for their efforts in caring for the women and babies who received services at the Trust throughout the year. We would also like to thank the many others who support the work of the Trust and contribute their time freely and selflessly; our volunteers, our fundraisers, our governors and our members.

We expect that 2020/21 will be a particularly challenging year for both the Trust and the wider health and care system. The impact of Covid-19, which was just beginning at the end of 2019/20, will be realised in 2020/21 and beyond, presenting what at present is an unquantifiable challenge to the delivery of health and care services. At the time of writing, there is great uncertainty around operational and financial plans for the coming year and there will clearly be a need for the Trust to quickly adapt to and manage fast-changing situations and adopt innovative approaches to service delivery. It will be difficult, but we are confident that our people will rise to the challenge.

Robert Clarke
Chair
23 June 2020

Kathryn Thomson
Chief Executive
23 June 2020

2. Performance Report

2i. Overview of performance

The purpose of the Overview is to give the reader a summary that provides them with sufficient information to understand the organisation, its purpose, the key risks to achievement of its objectives and how it has performed during the year.

Brief History of Liverpool Women's NHS Foundation Trust

Liverpool Women's NHS Foundation trust was authorised as a foundation trust on 1 April 2005. Before this date, the Trust operated as Liverpool Women's NHS Hospital Trust. That Trust was created in 1995 when all services for women and babies in Liverpool came together under one roof at Liverpool Women's Hospital on Crown Street in Toxteth, Liverpool, a purpose-built hospital designed for providing care in the twenty-first century. We also began providing services at the Aintree Centre for Women's Health in 2000, which provides care to women from north Liverpool, Sefton and Knowsley.

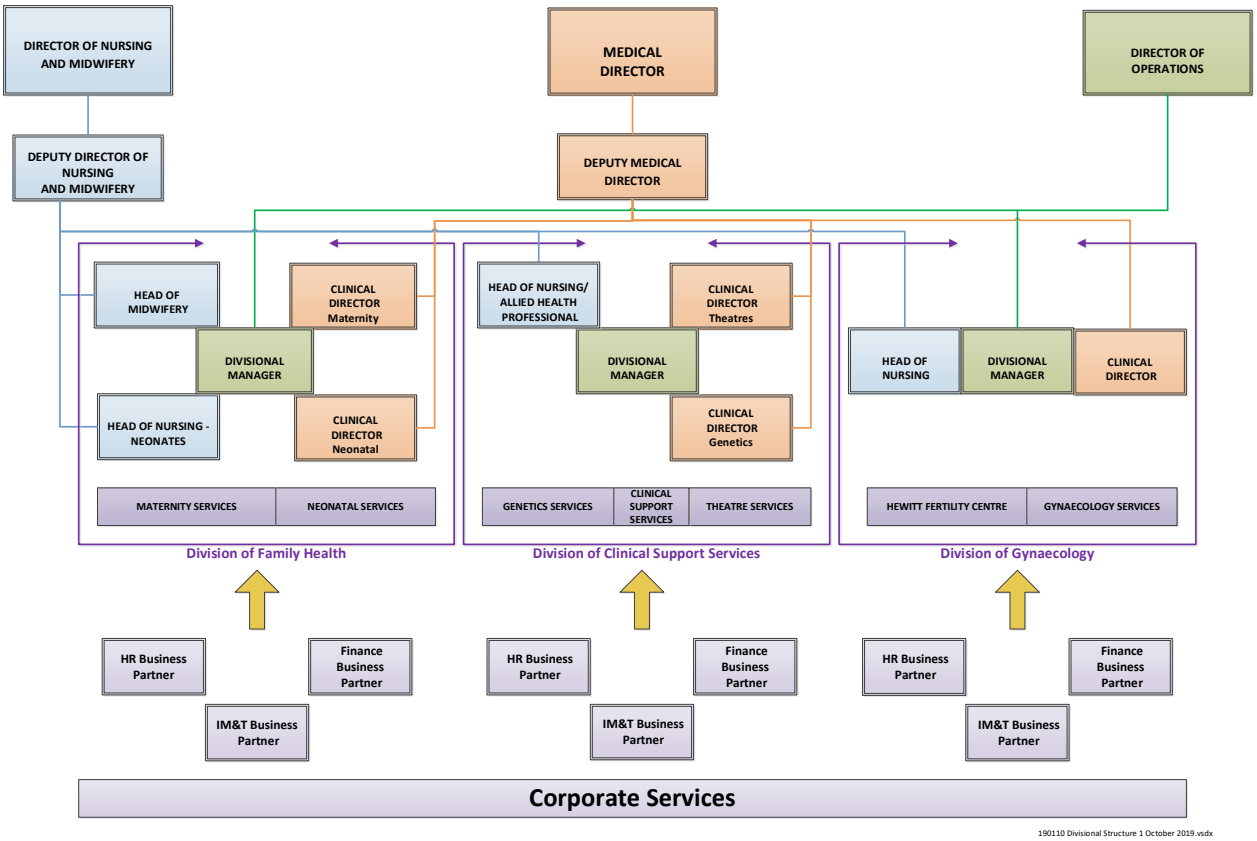
The Trust is a specialist trust providing maternity, gynaecology and genetics services in Liverpool and the North Mersey conurbation. It is also the recognised specialist provider in Cheshire and Merseyside of high-risk maternity care including; foetal medicine, the highest level of neonatal care, complex surgery for gynaecological cancer, reproductive medicine and laboratory and medical genetics. During the year, the Trust transferred its Genetic Laboratory services to Manchester University Hospitals NHS Foundation Trust as part of a national programme for the consolidation of services into seven Genomic Laboratory Hubs across England. The Trust remains a partner and stakeholder and continues to provide Clinical Genetic services.

Individual services are delivered through our Divisions which are led by a 'triumvirate' comprised of; a Divisional Manager, a Divisional Medical Director and a Divisional Head of Nursing. Our divisional arrangements were subject to a fundamental review in 2018/19 with a revised divisional structure implemented from 1 April 2019. Oversight of divisional performance is provided by the Executive Team.

<u>Divisional Structure</u>

Our Divisions are supported by a full range of in-house corporate services which include; Finance & Procurement, Workforce & Organisational Development, Corporate Nursing, Information Management Technology and Estates & Facilities.

The Divisional Structure is outlined below:



Business Model

The Trust's business model is that of an NHS Foundation Trust. NHS Foundation Trusts are legal entities in the form of public benefit corporations and operate under a licence which is issued by NHS Improvement, the sector regulator for health services in England. The model has a framework of local accountability through a unitary Board of Directors, members and a Council of Governors, which replaced central control from the Secretary of State for Health.

Our vision, aims and values are:

Our Vision

To be a recognised leader of health care for women, babies and their families

Our Aims

To develop a well led, capable and motivated Workforce	To be Efficient and make best use of available resources	To deliver Safe services	To deliver the most Effective outcomes	To deliver the best possible Experience for our patients and our staff

engage	ambition	learn	care	respect
we involve people in how we do things	we want the best for people	we learn from people, the past, present and future	we show we care about people	we value the differences and talents of people

Achievements against the Trust's *WE SEE* strategic aims during 2019/20

W

We will develop a well led, capable, motivated and entrepreneurial *Workforce*

- One of our Nurse Leaders, Sharon Owens, was shortlisted in the 2019 Nursing Times Awards.
- Danika Heyes won maternity support worker of the year at the MAMA awards from over 800 nominations and Enhanced Team leader, Carmel Doyle received high praise when presented at Westminster for her work in Knowsley as an exemplar for joint working.
- The Trust continued to embed a Fair and Just Culture programme to improve the way it learns from mistakes and how it holds people to account.
- A Health and Wellbeing objective became mandatory for all people managers from January 2020 – to support strategic aim of Health and Wellbeing being viewed as a positive leadership behaviour and ensure engagement of people managers with the Trust wide options for supporting and improving Health and Wellbeing.
- Staff engagement – continued improving trend over last four years as evidenced by 2019 Staff Survey including 7% improvement in recommendation as a place to work & 3.4% improvement in recommendation as a place for treatment

E

We will be ambitious and *Efficient* and make best use of available resources

- The Making Every Contact Count (MECC) initiative was implemented within the Trust to enable staff to be proactive in facilitating greater awareness to patients and service users of health and wellbeing initiatives.
- The Trust was in full compliance to all 10 safety steps within the Clinical Negligence Scheme for Trusts (CNST) Maternity incentive scheme achieved following the successful completion of Multi-Professional Education and Training (MPET).
- The Trust has delivered the financial control total set for us by the regulator.
- The Trust has worked with commissioners and other local providers to develop plans to deliver long term clinical and financial benefits.
- The Trust met the milestones in the Global Digital Exemplar (GDE) Fast Follower digital programme and this has underpinned positive clinical developments throughout the year.

S

We will deliver *Safe* services

- The Trust has invested £15m to redevelop our Neonatal Unit to provide a safer and better environment for babies, families, and staff.
- The Trust was rated as 'Good' following a CQC inspection
- The Trust has one of the largest advanced neonatal nurse practitioner (ANNP) groups in the country.
- The Trust has worked in partnership with the North West Neonatal Operational Delivery Network to deliver bespoke training to all new neonatal nurses to ensure the same level of training across the Operational Delivery Network.

E

We will participate in high quality research in order to deliver the most *Effective* outcomes

- Liverpool Women's Maternity services were successful in winning the "Taking Research into Practice" award at the North West Coast Research and Innovation Awards 2019
- The Maternity Service secured funding for a national Advanced Maternity Practitioner programme. LWH was the first maternity service to train Advanced Clinical Practice (ACP) midwives.
- Research undertaken by Trust clinicians into Premenstrual dysphoric disorder (PMDD) was shortlisted in the North West Coast Research and Innovation Awards 2020.
- The University of Liverpool Executive Pro Vice Chancellor has joined the Board as a Non-Executive Director, strengthening the ties between the two organisations.

- The Trust worked with the University of Liverpool in a successful bid to secure funding from the Wellcome Trust for a cohort study called 'C-Gull', which focusses on health inequalities. This was a major academic success with clear linkage to local healthcare needs, in keeping with the Trust's strategy.
- The Trust has increased its commitment to Liverpool Health Partners by supporting the newly established city-wide Joint Research Service and by leading the 'Starting Well' workstream together with Alder Hey.

We will deliver the best possible *Experience* for patients and staff

E

- The breast-feeding team are achieving amazing results of 63% at initiation which prepares the Maternity service for UNICEF Baby Friendly initiative (BFI) re-accreditation.
- Following the release of the National Picker Maternity Survey results, the Trust was pleased to report an increase in the overall positive scoring in our patient satisfaction and experience within the Survey.
- There was a recruitment drive for women booked with the Trust on their pregnancy journey, to join 'Face Mums'. After a successful take up of women wanting to participate, the scheme was fully recruited to at the end of the year, with four Band 5 Midwives facilitating groups to promote relationships and continuity.
- The Trust has introduced a text-based system for gathering patient feedback to support the Friends & Family Test

Headlines 2019/20

In 2019/20 the Trust:

- Delivered 7,953 babies (2018/19 8,379) – an average of 22 babies born at Liverpool Women's every day (2018/19, 23)
- Undertook gynaecological inpatient procedures on 4,635 women (2018/19, 4,876) and 30,825 gynaecological outpatient procedures (2018/19, 30,611)
- Cared for 1,267 babies in our neonatal intensive and high dependency care units (2018/19, 1,013)
- Performed 1,257 cycles of in vitro fertilisation (IVF) (2018/19, 1,294).
- Celebrated its 25th anniversary since moving to the current Liverpool Women's Hospital in 1995. Whilst celebrations have been limited during 2020, it is a significant milestone which has seen approximately 250,000 babies being born over the last 25 years.
- Continued work on the redevelopment of the neonatal unit which once completed will see the unit providing much needed additional cots and space to keep our most vulnerable patients safe. The new neonatal unit is planned to be commissioned and ready for use during 2020-21, and part of the new unit opened in February 2020.
- Launched the new Nursing, Midwifery, and AHP Strategy 2020-25 which has the 'WE CARE' strapline at its heart and running through the objectives within the strategy.
- Charity launched a £250,000 Big Tiny Steps Appeal to raise funds for the refurbishment of the new neonatal unit and provide extra comforts for families. In the early part of 2020 the public appeal exceeded its full target.
- Took part in series five of BBC Two's 'Hospital' series which received approximately 1.6 million viewers for each episode; of which the Trust featured in one, showcasing the excellent care in our maternity and neonatal departments with a focus on functional neurological disorders during pregnancy.

Performance

Operational Performance

Performance against key national targets during 2019/20 was as follows:

Indicator Name	Target	Performance 2019/20	
A&E Clinical Quality - Total Time in A&E under 4 hours (accumulated figure)	95%	**98.86%**	**Achieved**
Cancer 62 Day Waits for first treatment (from NHS Cancer Screening Service referral) - post local breach re-allocation (accumulated figure)	90%	**88%**	**Not Achieved**
Cancer 31 day wait for second or subsequent treatment – surgery (accumulated figure)	94%	**77%**	**Not Achieved**
Cancer 31 day wait from diagnosis to first treatment (accumulated figure)	96%	**71%**	**Not Achieved**
Cancer 2 week (all cancers) (accumulated figure)	93%	**95.38%**	**Achieved**
Clostridium difficile due to lapses in care (accumulated figure)	0	**0**	**Achieved**
Never Events	0	**1**	**Not Achieved**
Incidence of MRSA bacterium	0	**1**	**Not Achieved**
Referral to treatment time, 18 weeks in aggregate, incomplete pathways	92%	**82.43%**	**Not Achieved**
Cancer 62 Day Waits for first treatment (from urgent GP referral) - post local breach re-allocation (accumulated figure)	85%	**43.2%**	**Not Achieved**
Maximum 6-week wait for diagnostic procedures	99%	**97.50%**	**Not Achieved**

Overall, the Trust performed well against a range of national standards during the year but failed to achieve the key standards for Referral to Treatment, Cancer 31 day wait from diagnosis to first treatment and Cancer 62-day performance.

For Referral to Treatment, including diagnostics, the Trust has ensured that longest waiting patients are cared for appropriately to mitigate risk of harm where standards are not achieved, and we have worked productively throughout the year with commissioners and partners to effect improvements in performance.

Performance against the Cancer standards has been impaired by clinical capacity and challenges in recruiting consultant staff in shortage specialties. We have worked collaboratively with the Cheshire and Mersey Cancer Alliance to ensure a pan-regional to address challenges associated with the Cancer standard and improve performance. This work has proved successful in identifying areas for further collaboration and facilitated a renewed focus on streamlined models of care and access to diagnostic services.

We were disappointed to record a Never Event during 2019/20 which related to a retained swab following completion of an elective caesarean section procedure. The incident was promptly investigated in accordance with local policy and national guidance and the investigation identified a root cause of both human error and system failure. The Trust

responded quickly to address the operational issues raised by the incident and ensured rigorous monitoring to ensure that resultant changes in practice were embedded. Both commissioners and regulators were kept informed at each stage of the process.

Financial Performance

Despite an extremely challenging operational and financial environment, the Trust successfully delivered the financial plan for 2019/20 with a surplus of £0.3m against a planned surplus of £0.2m as detailed in the table below.

	2019/20 £000's	2018/19 £000's
Income	116,012	119,059
Operating expenses	(113,751)	(115,182)
Financing and Public Dividend Capital	(1,989)	(1,717)
Retained surplus	**272**	**2,160**

Financial performance was supported by receipt of earned payments from the Provider Sustainability Fund and Financial Recovery Fund which totalled £4.3m (in 2018/19 the Trust received income totalling £6.8m from the Provider Sustainability Fund).

The Trust delivered an overall Use of Resources (UoR) rating of 3 in 2019/20 which was consistent with the rating achieved in 2018/19. The UoR rating measures a provider's financial sustainability, financial efficiency and financial controls. A breakdown of the Trust's UoR ratings is provided in section 3v Oversight Framework.

The Trust continued to invest in estate, medical equipment and IT and completed a significant capital programme in 2019/20. There was significant spend on the Neonatal redevelopment and the Global Digital Exemplar Fast Follower programme. In addition to internally generated funding, the Trust accessed a loan and Public Dividend Capital to fund these programmes. Details of capital expenditure for 2019/20 are given in the table below:

Capital expenditure	**2019/20 £000s**	**2018/19 £000's**
Buildings	11,859	4,423
Information Technology	3,502	3,345
Medical Equipment	2,628	1,475
Total	**17,989**	**9,243**

A significant proportion of the expenditure on building related to work on the redevelopment of the neonatal unit (£10.3m). Work has progressed well on this project during the year and

on 10 February 2020, all babies requiring Intensive or High Dependency Care were transferred safely into the new build. The move involved extra support from our Consultants / ANNPs / Nurses / Clinical and Non-Clinical staff working to minimise any disturbance to the babies and their families. Feedback from our Parents has been very positive, with appreciation for the additional facilities offered such as recliner chairs at the cot side and personal baby lockers allocated at each cot space. Work continues to complete the project which includes the provision of parent facilities, end of life suite, cot-wash / laundry facilities and office space for the Neonatal Team by summer 2020. The investment in IT was related to the Trust's Fast Follower status in the Global Digital Exemplar programme.

Prudent financial management meant that during 2019/20 the Trust was able to repay all its outstanding Interim Revenue Support Facility of £6.7m which means that the Trust no longer has any outstanding revenue loans. The Trust also drew down a further £10.95m of the agreed £15m Neonatal capital build funding.

Cumulatively, since the 2014/15 financial year, the Trust has drawn down £33.4m of loans from the Department of Health and Social Care but has repaid £16.8m of this amount reducing the outstanding loan principal outstanding to £16.6m. In April 2020, the Trust was informed that £14.6m of this amount would be written off in 2020/21.

Full details of the Trust's financial performance in 2019/20 can be found in the Annual Accounts section within this report.

Workforce

The Trust employed 1,589 people as at 31 March 2020 and we are delighted to report that we have an engaged and well-motivated workforce. The level of engagement was illustrated in the 61% response rate to the 2019 Staff Survey which resulted in broadly positive outcomes. We noted that the scores for staff recommending the Trust as both a *place to receive treatment*, and as *a place to work*, improved in comparison with 2018 and a significant rise in the score for recommending the Trust as a place to work is particularly encouraging.

The Trust is committed to proactive engagement and ensuring that staff are able to participate in development of the organisation. We established a very successful programme of 'Listening Events' which take place on a bi-monthly basis where staff and partners from all levels of the organisation are able to participate in facilitated discussion on a range of key topics which enables two-way feedback at all levels. Executive Director and Non-Executive Director 'walkarounds' provide informal opportunities for staff to have face-to-face conversations with Board members and we have continued to provide staff with specific briefings in relation to the future strategic direction of the Trust.

We have invested in learning and development activities to ensure that staff have access to opportunities for further professional development and we have a comprehensive mandatory training programme in place to ensure that core skills and knowledge are maintained which all members of staff are required to complete. We are keen to encourage talent and are committed to developing future leaders. To this end we commenced a Shadow Board programme in January 2020 facilitated by the NHS Leadership Academy. This six-month

programme provides a cohort of senior clinicians and senior managers with a range of skills and experience in preparation for their transition to Board-level roles in the future.

We value our staff highly and appreciate that work in health care settings can have an impact on both the physical and mental health of individuals. To mitigate this risk, we offer a range of services to support the health and wellbeing of our staff. It was worrying that our cumulative year-end rate of sickness absence increased from 4.7% in 2018/19 to 5.79% in 2019/20, against a target absence rate of 4.5%. Analysis failed to identify any specific underlying reasons for the increase and there is evidence to show that the upward trend is consistent with regional sickness absence levels. Consequently, we will maintain a focus on the effective management of absences, with targeted interventions in areas experiencing high rates of absence, together with Trust-wide and bespoke health and wellbeing initiatives.

Further information on a wide range of workforce-related activities can be found at section 3iii Staff Report.

Quality

Further information on quality performance can be found in the sections relating to the recent CQC inspection and in the Annual Governance Statement. The Trust will also be publishing a separate Quality Account that will provide a detailed summary of the Trust's Quality Performance in 2019/20.

Research & Development

The Trust is continually striving to improve the quality of its services and patient experience and research and development is recognised by the organisation as being pivotal to this ambition. During 2019/20 we have continued our efforts to contribute to quality National Institute for Health Research (NIHR) studies and to maintain our subsequent numbers of NIHR recruitment accruals. We also continued to focus our efforts on collaborative research with academic partners to ensure the research we conduct is not only of high quality, but is translational, providing clinical benefit for our patients in a timely manner.

Our commitment to conducting clinical research demonstrates our dedication to improving the quality of care we offer and to making our contribution to wider health improvements. Our healthcare providers stay up to date with new and innovative treatment options and are able to offer the latest medical treatments and techniques to our patients.

Some examples of key research achievements during 2019/20 are as follows:

- A new collaborative world-leading programme of research focused on improving the health and wellbeing of children and their families within the Liverpool City Region (LCR) has been awarded funding from Wellcome. The 'Children Growing-up in Liverpool (C-GULL)' research study and data resource will be used to better understand and improve the lives of LCR children and their families. This will be the first newly established longitudinal birth cohort to be funded in the UK for almost 20 years. C-GULL will launch at the Trust in 2020 bringing together citizens, researchers and clinicians across the Liverpool City Region and wider to make one of the largest family studies in the UK.

- Research led by Dr Colin Morgan has led to the development of an idea for a new parenteral nutrition product that comprises a specific amino acid formulation concentration. During 2019/20 the research team, together with the R&D Department and a team of expert patent attorneys have undertaken further work to protect the IP by formally submitting an international patent. This has allowed the team to publish the preliminary data without other parties (especially commercial) using the information for commercial gain whilst additional scientific analysis is undertaken.

- During 2019/20, the Trust was awarded £341,765 by the NIHR Health Technology Assessment programme. The funding will support delivery of the FERN – Intervention or Expectant Management for Early Onset Selective Fetal Growth Restriction in Monochorionic Twin Pregnancy research study. It is anticipated that the clinical research study will commence during 2020/21.

Corporate Objectives

Performance across all domains is driven by a series of Corporate Objectives agreed on an annual basis by the Board of Directors. Each Corporate Objective supports achievement of a Strategic Objective and progress in delivery is reviewed by the Board of Directors on a six-monthly basis. A total of 22 Corporate Objectives were identified for 2019/20 with outcomes for the year reported to the Board of Directors on 7 May 2020.

Key Issues and Risks

The Board of Directors has identified its strategic objectives and associated principal risks and these are detailed in a Board Assurance Framework which is subject to regular monitoring and review by both the Board and the Board Committees. The Trust continuously reviews all potential significant risk exposures in the future and content of the Board Assurance Framework is updated where appropriate to ensure effective oversight of mitigating actions and controls. The Trust's approach to risk management and tolerance of risk is informed by a Risk Appetite Statement approved each year by the Board of Directors.

The principal risks to achievement of the Trust's strategic objectives included in the Board Assurance Framework in 2019/20 were:

- Insufficient numbers of clinical staff resulting in a lack of capability to deliver safe care and effective outcomes
- Inability to deliver a well-led, engaged, motivated and effective workforce
- Inability to achieve long-term clinical sustainability due to the location, size, layout and accessibility of current services which does not provide for sustainable integrated care or quality service provision. Associated risks include: Deteriorating not fit for purpose estate; no on-site ITU or blood bank; changing clinical standards; changing demographics and co-morbidities, lack of co-located paediatric support; and no on-site access to other significant medical teams; such as physician on call, urology, colorectal or intensivists.
- Inability to achieve and maintain regulatory compliance, performance and assurance.
- Ineffective understanding and learning following significant and never events.
- The Trust's current clinical records system (paper and Electronic) are sub-optimal
- Unable to be financially sustainable beyond the current financial year.
- Unable to deliver the annual financial plan.

Further information on the Trust's risk management arrangements are detailed in the Annual Governance Statement 2019/20 which can be found in section 3vii of the report.

Strategy

Liverpool has a rich history of providing care for women and babies that dates back to 1796 and over the last few years we as a Trust have been working extremely hard to continue the improvement and evolution of our services in planning for the long-term future. Our overarching strategy is to remain at the forefront of providing high quality clinical care to women, babies and families within a service model that achieves clinical excellence and is financially sustainable.

In 2015/16 the Trust launched its Future Generations Strategy, which aims to determine the future direction of our services and submitted a business case to NHS Improvement and Liverpool CCG for review following formal approval by the Board of Directors in December 2015. Liverpool CCG accepted the case for change and commissioned its own review into Women's and Neonatal services. The review was supported by an external consultancy and a range of local and national clinicians, other NHS service providers and commissioners.

On completion of the review, Liverpool CCG prepared a draft Pre-Consultation Business Case (PCBC) which was published in January 2017. The draft PCBC set out four short listed options:

- Enhancing the Crown Street site to meet the clinical case for change
- Minimum enhancements to the Crown Street site, which did not meet the clinical case for change
- Relocating services to Alder Hey Children's NHS FT in a new build and
- Relocating services to the Royal Liverpool Hospital site in a new build

Of the four short listed options, the draft PCBC clearly demonstrated that the option of relocating to a new build co-located with the Liverpool University Hospitals NHS Foundation Trust on the Central University Campus, scored highest in all domains under consideration within the options appraisal framework, those being quality, feasibility, financial sustainability and strategic fit.

In September 2017 the Trust produced a Strategic Outline Case to demonstrate the availability and affordability of capital in relation to the options. At the same time, the Northern England Clinical Senate issued a report on its findings in relation to the clinical sustainability of services at the Trust. The Clinical Senate was a panel of midwives and doctors who work outside of the North West and who were asked by NHS England to take an independent view of the review of women's and neonatal services in Liverpool.

The Clinical Senate concluded that 'the current isolated position of both Women's and Neonatal services at LWH means both services have very significant clinical risks'. The independent Clinical Senate also recognised that the current configuration of services at the Trust and workarounds in place are unsustainable and that a change in the clinical model 'is needed to ensure safety, quality and clinical sustainability'.

In its conclusions the Clinical Senate stated that there is a strong clinical argument for change, emphasising the risks with delivering care for women and newborns on a stand-alone site away from other related services, as is currently the case at Liverpool Women's. Among the range of issues, it highlights are the problems that the Trust faces recruiting anaesthetics specialists, due to its isolated position; the fact that Liverpool Women's does not have CT or MRI scanning facilities, a blood bank or an adult intensive care unit.

While much progress has been made since the initial launch of the strategy, issues such as the availability of capital funding have impaired meaningful progress towards the relocation of services to an alternative hospital site. The Board of Directors continues to pursue this strategy and throughout 2019/20 we have engaged productively and effectively with system partners and regulators in order to progress these plans. To this end it is encouraging that the development of women's services has been incorporated in both the One Liverpool plan and the Five-Year Plan for the Cheshire & Merseyside Health & Care Partnership.

We have continued to work with regulatory bodies with the aim of achieving capital funding approval to support our plans which has proved challenging in the context of limited capital availability nationally across the NHS, a situation which is likely to be even more challenged in the context of the Covid-19 pandemic. Nonetheless, we will continue to pursue all available avenues to ensure that capital is secured to make the services currently provided by Liverpool Women's sustainable for Future Generations of women, babies and their families.

We recognise that, even if there were to be an immediate positive decision on the Future Generations plans, the Trust will continue to be located at its current site for the foreseeable future. Consequently, investment and refurbishment of the current site is required in the short-term to maintain quality and safety for the Trust's patients while decisions about the long-term location of services are taken. To this end, we have included developments relating to MRI scanning facilities and establishment of a blood bank in our plans for 2020/21. To further mitigate clinical risk, we invested in the provision of senior clinical consultant cover across our services during 2019/20 and this investment will continue in 2020/21.

The Trust also commissioned work during the year to illustrate the likely down-stream effects over time if the Trust is unable to secure capital funding for its relocation onto an adult acute hospital site. This was developed through a robust process of 'clinical review and challenge', which involved testing the scenarios and scale of activity referenced within them, with clinicians practising at the Trust. This work will inform planning for 2020/21 and beyond. During 2019/20, the Trust has engaged with partners and particularly Liverpool University Hospitals NHS Foundation Trust to develop a Partnership Board. The principal aim of the Partnership Board will be to facilitate collaborative working on the development and delivery of Women's Clinical Services in Liverpool ensuring optimum use of available resources.

Despite the challenges the Trust has faced over recent years and will continue to face for the foreseeable future, the main driver for all its decision making is the provision of quality patient care. The Trust will not compromise on the excellent quality of care it provides, which is why it is working to ensure its services are both fit and safe for the immediate and long-term future. Patient safety is always the Trust's number one priority.

Going concern disclosure

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

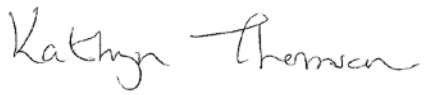
In 2019/20 the Trust achieved a surplus of £0.3m after earning £4.3m from the Provider Sustainability Fund (PSF) and Financial Recovery Fund (FRF), which was a more favourable position than the plan of breakeven. Prior to changes in the financial framework related to the Covid-19 pandemic, a plan of breakeven had been produced for 2020/21 (after £3.5m of FRF). The Trust has a track record of achieving or improving on its financial plans.

A detailed cashflow has been produced for the period April to July 2020, which shows the Trust is able to meet all its obligations within this time frame. This temporary financial framework may be extended depending on the national picture. The Trust has continued with finalisation of the CIP programme for 2020/21, but some schemes are on hold until the pandemic is over.

In 2019/20 the Trust did not require any additional revenue support loans to support the cash position, and instead was able to repay the last of its revenue loans in August 2019, after receipt of the 2018/19 PSF.

The Trust's expectation is that services will continue to be provided from the existing hospital sites in the short term.

In addition to the matters referred to above, the Trust has not been informed by NHSI that there is any prospect of its dissolution within the next twelve months and it anticipates the continuation of the provision of services in the foreseeable future as evidenced by the inclusion of financial provision for those services in published documents and contracts for services with commissioners.



Kathryn Thomson
Chief Executive
23 June 2020

3. Accountability Report

3i(a) Directors' report

The Board of Directors

During the period 1 April 2019 to 31 March 2020, the following were members of the Board of Directors:

Non-Executive Directors		
Robert Clarke	Chair	
Tony Okotie	Non-Executive Director & Senior Independent Director	
Phil Huggon	Non-Executive Director	
Jo Moore	Non-Executive Director & Vice Chair	
Ian Knight	Non-Executive Director	
Susan Milner	Non-Executive Director	
Tracy Ellery	Non-Executive Director	
Louise Kenny	Non-Executive Director	
Executive Directors		
Kathryn Thomson	Chief Executive	
Michelle Turner	Director of Workforce and Marketing & Deputy Chief Executive – see note 1	
Jennifer Hannon	Director of Finance	
Caron Lappin	Director of Nursing & Midwifery	
Devender Roberts	Acting Medical Director- see note 2	To 30 September 2019
Andrew Loughney	Medical Director & Deputy Chief Executive – see note 2	From 1 October 2019
Gary Price	Director of Operations	From 29 July 2019
Loraine Turner	Interim Director of Operations – see note 3	To 28 July 2019
Gaynor Hales	Interim Director of Nursing & Midwifery – see note 4	From 31 March 2020

Notes:

(1) Michelle Turner was temporarily appointed to the additional role of Deputy Chief Executive from 8 March 2019 until 30 September 2019.

(2) Dr Andrew Loughney went on secondment to the Royal Liverpool and Broadgreen University Hospitals NHS Trust from 8 March 2019, 4 days a week fully reimbursable. Dr Devender Roberts was appointed Acting Medical Director from 8 March 2019 until Dr Loughney's return to the Trust on 1 October 2019. From 1 October 2019, Dr Loughney re-assumed the roles of Medical Director and Deputy Chief Executive

(3) Loraine Turner, Interim Director of Operations, was not a voting executive director but attend all meetings of the Board until the appointment of Gary Price as substantive Director of Operations on 29 July 2019.

(4) Gaynor Hales, Interim Director of Nursing and Midwifery joined the Trust on 31 March 2020 to cover a period of unplanned absence for the Director of Nursing & Midwifery. Gaynor is a voting member of the Board.

Directors' responsibility for preparing the financial statements

The Directors are responsible for preparing the Annual Report and Accounts and consider 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.

Statement of 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 auditor is unaware; and
- 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.

Compliance with the Code of Governance

The Trust's response to this requirement can be found in Section 3iv, Disclosures set out in the NHS Foundation Trust Code of Governance.

The Code also requires the directors to make specified information available in the annual report, or to provide certain descriptions of governance arrangements. The annual report addresses these requirements, placing much of the information and appropriate statements in the content of the report.

Board meetings and attendance

The Board of Directors met on a total of 10 occasions during 2019/20. And the record of member attendance at both Board of Directors meetings and Committee meetings is included below. The Board also held full-day development workshops in June 2019, October 2019, January 2020 and March 2020.

	BOARD OF DIRECTORS	AUDIT COMMITTEE	QUALITY COMMITTEE	PUTTING PEOPLE FIRST COMMITTEE	FINANCE PERFORMANCE AND BUSINESS DEVELOPMENT COMMITTEE
Robert Clarke	10 of 10				
Tony Okotie	8 of 10	4 of 5		4 of 5	
Phil Huggon	9 of 10		10 of 10		10 of 10
Ian Knight	10 of 10	5 of 5	9 of 10		9 of 10
Jo Moore	6 of 10	1 of 2		5 of 5	8 of 10
Susan Milner	9 of 10		9 of 10	5 of 5	

Tracy Ellery	7 of 10	3 of 4			9 of 10
Louise Kenny	8 of 10		2 of 10		
Kathryn Thomson	9 of 10				7 of 10
Jennifer Hannon	10 of 10		9 of 10		10 of 10
Michelle Turner	8 of 10		8 of 10	4 of 5	
Andrew Loughney (from 1 October 2019)	4 of 5		5 of 5		
Caron Lappin	9 of 10		9 of 10	5 of 5	5 of 10
Loraine Turner (to 29 July 2019)	3 of 4		1 of 4		1 of 4
Devender Roberts (to 30 September 2019)	4 of 5		5 of 5		
Gary Price (from 29 July 2019)	5 of 6		6 of 6	2 of 3	6 of 6
Gaynor Hales (from 31 March 2020)	0 of 0		0 of 0	0 of 0	0 of 0

* Robert Clarke, Chair, attends Board Committee meetings on an ad hoc basis. His attendance is not included in the table as he is not an actual member of any of the Committees.

How the Board operates

During the year under review, the Board comprised of eight independent non-executive directors, including the chair and senior independent director, and six executive directors, including the Chief Executive. The Trust is committed to having a diverse board in terms of gender and diversity of experience, skill, knowledge and background. The biographical details of the directors, together with details of the vice chair and senior independent director can be found in section 3i(c) Board of Directors pen portraits. All Board and Board Committee meetings held during the year were quorate except for the Putting People First Committee which was quorate for three out of the five meetings. This was due to the non-availability of a Director of Operations in the early part of the year because of a vacancy. All decisions made by the Board and its Committees were approved unanimously and recorded appropriately.

The Non-Executive Directors bring a wealth of experience at Board level and complement the Executive Director representation on the Board in the provision of challenge and scrutiny on operational and strategic matters. Further details on the appointment of Executive and Non-Executive Directors can be found in section 3ii Remuneration Report.

The Board has a collective responsibility for setting the strategic direction for the Trust, and the effective stewardship of the Trust's affairs, ensuring compliance with its provider licence, constitution, mandatory guidance and contractual and statutory duties. The Board provides effective and proactive leadership of the Trust within a robust governance framework of clearly defined internal controls and risk management processes and approves the Trust's financial and operational plans, taking into account the views of governors. The Board sets the Trust's vision, values and standards of conduct and behaviour, ensuring that its obligations to stakeholders, including patients and members are met; ensures the quality and safety of services, research and education and application of clinical governance standards including those set by NHSI, the Care Quality Commission, NHS Resolution and other relevant bodies. The Board has a formal schedule of matters reserved for board decisions; these are included in the Trust's scheme of reservation and delegation.

The unitary nature of the Board means that Non-Executive Directors and Executive Directors have equal responsibility to challenge Board decisions and for development of Trust

operations and strategy. The Board delegates operational management and the execution of strategy to the Executive Team and has established an integrated governance committee structure to provide it with assurances that it is discharging its responsibilities.

All directors have full and timely access to relevant information to enable them to discharge their responsibilities and during 2019/20 the Trust implemented an electronic system, Virtual Boardroom, for the production and circulation of Board packs. At each of its meetings the Board reviews the Trust's key performance information, including reports on quality and safety, patient experience and care, operational activity, financial analyses and strategic matters. The proceedings at all Board and committee meetings are documented through a process that allows any director's concerns to be recorded in the minutes and assurances provided. The Board meetings are held in public and associated papers are published on the Trust's website in advance of meetings.

Directors can seek individual professional advice or training at the Trust's expense in the furtherance of their duties. The directors and governors have direct access to advice from the Trust Secretary who ensures that procedures for Board meetings, Council of Governors meetings and Committee meetings are followed and that arrangements are compliant with any applicable regulations.

Balance, completeness and appropriateness

There is a clear division of responsibilities between the chair and chief executive, which has been agreed by both parties and the Board. Further clarity on this division has been provided through the adoption of the Board Terms of Reference in May 2020. The Chair is responsible for leadership of both the Board of Directors and the Council of Governors, ensuring their effectiveness individually, collectively and mutually. The Chair is also responsible for ensuring that members of the Board and Council receive accurate, timely and clear information appropriate for their respective duties and for effective communication with patients, members, clients, staff and other stakeholders. It is the Chair's role to facilitate the effective contribution of all directors and ensuring that constructive relationships exist between the Board and the Council of Governors. The Chief Executive is responsible for the performance of the Executive Directors, the day to day management of the Trust and the implementation and delivery of the Trust's approved strategy and policies.

In accordance with the requirements of the NHS Foundation Trust Code of Governance, all of our Non-Executive Directors, including the Chair, are considered to be independent. The biographical details set out in section 3i(c) Board of Directors pen portraits, demonstrate the wide range of skills and experience that they bring to the Board and each of our Non-Executive Directors have signed a letter of appointment to formalise their terms of appointment. The Non-Executive Directors also complete a certification of continuing independence on an annual basis.

Performance evaluation of the Board, its Committees and individual Directors is undertaken in a number of ways including; annual review of its work plan; annual review of Committee Terms of Reference and annual reports detailing achievements during the year from each of its Committees. At the conclusion of each meeting the Board and its Committees assess the effectiveness of the meeting.

The Board believes that its members have a good balance of skills, experience and length of service, but also recognises the value of effective and timely succession planning. All Directors participate in an annual appraisal process which includes evaluation of their performance against objectives agreed at the beginning of each year. The Chair appraises all Non-Executive Directors and the Senior Independent Director appraises the Chair, taking into account the views of other Board members and members of the Council of Governors as part of this process. The outcomes from appraisals of the Chair and Non-Executive Directors are reported to the Council of Governors. The Chief Executive appraises Executive Directors and the Chair appraises the Chief Executive. A report on outcomes of these appraisals is presented to the Nomination and Remuneration Committee of the Board of Directors.

The Chair's other significant commitments, and those of other Directors, are detailed in section 3i(c) Board of Directors pen portraits and are recorded in the Board of Directors' Register of Interests. Members of the public can find the register of interests at www.liverpoolwomens.nhs.uk.

Directors can be contacted by email via the 'contact' link on the trust's website at www.liverpoolwomens.nhs.uk/Contact_Us/ or via the Trust Secretary.

Understanding the views of the governors, members and the public

The Board recognises the value and importance of effective engagement with Governors to ensure that Governors are able to properly fulfil their role as a conduit between the Board and the Trust's members, the public and other stakeholders.

The Board of Directors and Council of Governors enjoy a good working relationship and each body is kept advised of the other's progress through the Chair. The agenda for both Board of Directors and Council of Governors meetings includes a standing item for the Chair to share any views or issues raised by directors, governors and members. Members of the Board routinely attend both Council of Governors meetings and the Council's Group meetings (see section 3i(d) for more information).

Members of the Council of Governors have access to Board meeting agendas and papers and, along with other members of the public, are welcome to attend and observe meetings of the Board held in public in order to gain an understanding and appreciation of the business being conducted by the Board of Directors. Governors are encouraged to attend the Board meetings in order to observe the participation of the Non-Executive Directors in their scrutiny and challenge of reports presented by the Executive Directors. This helps the governors to discharge their duty of holding the Non-Executive Directors to account, individually and collectively, for the performance of the Board. Non-Executive Directors attend Council of Governor meetings and Governor Group meetings where they report on matters discussed by the Board of Directors and Board Committees and explain how they have obtained assurance on specific matters. This provides Governors with the opportunity to put questions to Non-Executive Directors and seek clarification on any matters that may have arisen at Board or Board Committee meetings.

Register of interests

A register of significant interests of directors and governors which may conflict with their responsibilities is available from the Trust Secretary and on our internet site www.liverpoolwomens.nhs.uk.

Board committees

The Board has three statutory committees: the Charitable Funds Committee and the Audit committee, both chaired by an independent Non-Executive Director; and the Nominations and Remuneration Committee, chaired by the Trust Chair. There are three additional committees; the Quality Committee; Putting People First Committee; and Finance Performance and Business Development Committee. Each works closely with the Audit Committee but report directly to the Board by way of Committee chair reporting and access to minutes. Urgent matters are escalated by the Committee Chair to the Board through the Chairs Reports as deemed appropriate. Each Committee is chaired by an independent Non-Executive Director with exception of the Nominations and Remuneration Committee which is chaired by the Trust Chair.

Further details on the work of the Committees can be found at:

- Audit Committee - section 3i(b);
- Nominations Committee and Remuneration Committee - section 3ii Remuneration report;
- Quality committee, the Putting People First committee and the Finance Performance and Business Development committee - section 3vii Annual Governance Statement.

NHS Improvement's well-led framework

NHS Improvement published its Well-Led Framework in June 2017. The Framework provides a means for trusts to undertake developmental reviews in order to assess their arrangements for effective leadership and governance. The Framework is based on eight Key Lines of Enquiry (KLOE), consistent with those used by the Care Quality Commission for inspection purposes, and outcomes of periodic reviews inform the content of Board-owned development plans to enhance practice, as appropriate, across the range of KLOE subject areas. There is an expectation that trusts will undertake annual development review activities, with the scope determined by the Board of Directors, with an independent external validation being undertaken every three years.

Outcomes of the last external review commissioned by the Trust, carried out by Deloitte LLP, were reported in 2016/17. The basis for this review pre-dated the revised Well-Led Framework published by NHS Improvement in June 2017. The Trust had planned to undertake an external review towards the end of 2019/20, in accordance with three-year cycle, and noted this intention in the Code of Governance section of the 2018/19 Annual Report. However, this plan was changed, primarily as a result of notification that the Trust would be subject to a Well-Led inspection by the Care Quality Commission, which was subsequently completed in January 2020.

The Board of Directors agreed an alternative approach based on completion of a comprehensive self-assessment against all elements of each of the eight KLOE, with outcomes to be consolidated with any relevant outcomes from the CQC inspection to form a comprehensive Board-owned Well-Led development plan. The Trust's self-assessment was undertaken during the period January-March 2020 and outcomes were subsequently adopted by the Board in April 2020. The Board will actively monitor progress against the resulting development plan and we will commission an external review to take place during an appropriate time during 2020/21 to test and validate self-assessment outcomes. We also plan

to adapt the Well-Led Framework in order to assess and develop leadership and governance practice across the Trust's divisional structure during 2020/21.

There are no material inconsistencies between the Annual Governance Statement, the Corporate Governance Statement, and the Annual Report.

Care Quality Commission

Liverpool Women's NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is "registered without conditions".

During December 2019 and January 2020, the Trust was formally inspected under the CQC Inspection framework, with the final report published by CQC on 23 April 2020. The Trust was pleased to announce that it has been given an overall rating of 'good'.

The core services inspection carried out in December 2019 resulted in a Warning Notice being issued by the CQC in relation to identified weaknesses in Medicines Management arrangements. The Trust submitted a detailed response to the CQC within the required timescale outlining the immediate and subsequent actions taken to address those failings together with detail of how ongoing assurance would be tested. Further detail on this can be found in the Annual Governance Statement.

Better payment practice code

The Better Payment Practice Code requires that 95% of undisputed invoices relating to trade creditors are paid within 30 days of receipt. The Trust's performance during 2019/20 and 2018/19 is shown below:

	2019/20	2019/20	2018/19	2018/19
Description	Number	Value in £000's	Number	Value in £000's
Non-NHS				
Total Non-NHS bills paid in the year	15,487	57,933	14,148	42,327
Total Non-NHS bills paid within target	11,755	52,002	12,206	39,456
Percentage of Non-NHS bills paid within target	**76%**	**90%**	**86%**	**93%**
NHS				
Total NHS bills paid in the year	1,499	28,155	1,056	27,970
Total NHS bills paid within target	497	21,952	511	24,139
Percentage of NHS bills paid within target	**33%**	**78%**	**48%**	**86%**
Total				
Total bills paid in the year	16,986	86,088	15,204	70,297
Total bills paid within target	12,252	73,954	12,717	63,595
Percentage of Total bills paid within target	**72%**	**86%**	**84%**	**90%**

No interest was paid to suppliers under the Late Payments of Commercial Debts (Interest) Act 1998.

Cost Allocation and Charging Guidance issued by HM Treasury

The Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Income disclosure required by Section 43(2) of the NHS Act 2006

During the year Liverpool Women's NHS Foundation Trust generated income due to the provision of private patient services in a number of services but most significantly in that of fertility services. The income received from this source in 2019/20 was £3,306k (2018/19, £3,253k) which was 2.9% (2018/19, 2.7%) of all Trust income.

This satisfies the requirements of Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) where the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes.

Any profits arising from the provision of private patient services are reinvested into patient care at the hospital. The directors consider that the income received otherwise than from the provision of goods and services for the purposes of the health service in England has not had an impact on the provision of goods and services for those purposes.

Emergency preparedness, resilience and response (EPRR)

The Trust has a duty under the Civil Contingencies Act 2004 to prepare for and provide an effective response in emergency situations and to incidents that may cause disruption to service provision.

The Director of Operations is the designated EPRR Accountable Emergency Officer and holds responsibility for ensuring the organisation remains resilient and provides an effective response to emergencies.

The Trust has a portfolio of emergency and business continuity plans in place and works in cooperation with other organisations to ensure those plans are effective. Lessons learned from emergency and business continuity incidents and exercises are shared across the organisation and with healthcare partners to inform planning processes and current plans.

The Trust was required by NHS England to self-assess compliance in relation to the revised NHSE EPRR Core Standards for 2019. Outcomes against the Trust's self-assessment were reported to the Board in December 2019 and assurance was provided that substantial compliance within this process had been achieved. It was noted that work programmes were in place to ensure this standard is maintained and to implement continuing improvements.

The Trust engaged its business continuity plans in the context of the Covid-19 pandemic at the end of 2019/20 and, to date, these have proven to be effective.

Local Security Management Specialist

The overall objective of the Trust's Local Security Management Specialist is to deliver an environment that is safe and secure so that the highest standards of clinical care can be made available to patients. This is achieved by providing a security management service for the Trust, continuing to work towards the creation of a pro-security culture and ensuring security activity in respect of NHS Protect's four areas of priority. These are tackling violence and

aggression against staff; protecting paediatric and maternity unit; protection of drugs, prescription forms and hazardous materials, and; protecting trust property and assets.

Countering fraud and corruption

The Trust is committed to countering fraud and corruption. It engaged the services of a registered counter fraud specialist and is compliant with the requirements of the counter fraud manual. The Trust fully cooperates with NHS Protect and responds to the national proactive reviews. The Trust's work in respect of countering fraud and corruption is overseen by the Audit Committee.

There is clear strategic support for anti-fraud and bribery work at the Trust. The Mersey Internal Audit Local Counter Fraud Service is actively supported by the Director of Finance and the Audit Committee. A counter fraud work plan is agreed with the Director of Finance at the start of each year and provided to the Audit Committee for approval. The work plan outlines the core activities to be undertaken during the financial year and allocates resource against each NHS Protect standard for providers which enable all activities to be delivered. Counter fraud policies are set out in the Trust's Standing Financial Instructions which form a part of our corporate governance manual, reviewed annually. The Trust also has in place a whistle-blowing policy. The Trust's accountable officer for fraud is the Director of Finance.

Consultations

No formal public consultations in respect of proposed changes to the Trust's services were carried out during the year but plans continue in respect of consulting our patients, staff and stakeholders in respect of the proposed future strategic direction for women's health services.

Additional reporting information

Additional information or statements which fall into other sections within the annual report and accounts are signposted below:

- The Trust has not made any political donations during the year
- A statement on accounting policies for pensions and other retirement benefits are set out in note 9 to the accounts and details of senior employees' remuneration can be found in the section 3ii Remuneration Report.
- Trust policies on employment and training of disabled persons can be found in the Staff Report section 3iii.
- Details of Sickness absence data can be found in the Staff Report section 3iii.
- Details of the Trust's approach to communications with its employees can be found in the Staff Report section 3iii.
- 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 note 27 of the annual accounts.

Withdrawal of the United Kingdom from the European Union (BREXIT)

During the year, the Board of Directors had been updated on the national expectations on trusts relating to the United Kingdom leaving the European Union. The Trust has complied with all relevant national requirements and during the year has reviewed all potential risks. The Board has concluded that this is not a significant strategic risk for the Trust given the matters being dealt with directly by NHS central bodies and HM Government.

Related Party Transactions

The Trust has a number of significant contractual relationships with other NHS organisations which are essential to its business. A list of the organisations with which the Trust holds the largest contracts is included in note 30 to the accounts.

Appointment of External Auditors

For the external audit services the Council of Governors at its meeting on 25 October 2017 approved the appointment of KPMG LLP as the external auditors of the Trust for a 3-year contract period from the 2017/18 to 2019/20 financial years (with the option to extend for a further 2 years).

Kathryn Thomson
Chief Executive
23 June 2020

3i(b) Audit Committee report

The Audit Committee comprises solely of independent Non-Executive Directors. The Chair of the Committee was Ian Knight (until March 2020) and then Tracy Ellery (from March 2020). The other members of the committee during the year under review were Jo Moore (until July 2019) and Tony Okotie. Attendance at meetings held during is shown in 3i(a) Directors Report. Both Ian Knight and Tracy Ellery have recent and relevant financial experience in accordance with NHSI's Code of Governance (provision C3.1).

The Director of Finance, Deputy Director of Finance, Trust Secretary, Financial Controller and external and internal auditors are usually in attendance at meetings of the Committee. Executive directors and other managers are required to attend for specific items, as is the local counter fraud specialist. Copies of the terms of reference of the Audit Committee can be obtained from the Trust Secretary.

The Committee is responsible on behalf of the Board of Directors for independently reviewing the Trust's systems of governance, control, risk management and assurance. The Committee's activities cover the whole of the organisation's governance agenda, and not just finance. The Committee also has a duty to monitor the integrity of the financial statements and related reporting. The latest Terms of Reference for the Committee were approved by the Board in April 2020 and are available on request from the Trust Secretary.

The Committee has reviewed relevant disclosure statements for 2019/20, in particular the annual governance statement, internal audit board assurance framework opinion which when combined together with receipt of the head of internal audit opinion, external audit opinion and other appropriate independent assurances provides assurances on the Trust's internal control and risk management processes.

Action plans in response to limited and moderate assurance audits were overseen by the Committee with independent assurance provided by follow up by internal audit. The above audits identified weaknesses in design and/or operation of control with no significant internal control issues or gaps in control identified. Action plans have been prepared in respect of the above audits.

With regards to discussion of key matters, during the year the Committee has:

- Reviewed amendments to the Trust's Corporate Governance Manual
- Approved a revised Treasury Management Policy. The Committee noted that the policy also related to the Trust's Charity. The Committee sought assurance surrounding the transactional processes that existed between the Trust and the Charity. This led to a comprehensive report being received from the Director of Finance on the financial governance and controls relating to the Trust's Charitable Funds.
- Received a report which detailed the range of governance processes in place to provide assurance on the effectiveness of internal control arrangements.
- Considered the Clinical Audit Annual Report and Forward Plan
- Received a report which detailed outcomes from a follow-up on recommendations arising from a comprehensive Committee Effectiveness Review which was undertaken by the Committee in 2018/19. The Committee was assured that all actions arising from the review had been completed.
- Received a report on progress against actions arising from an audit review on Mandatory Training which had resulted in an assessment of Limited Assurance. The Committee took positive assurance on the progress made with all identified actions completed.

- Received a report seeking approval for the write-off of aged debt. The Committee was assured on the reasons why the various debts were deemed to be unrecoverable and approved the write-off.
- Noted the Charitable Funds Annual Report & Accounts 2018/19
- Received a report on the Trust's approach to managing conflicts of interest.

At the January 2020 meeting, the Committee received a report from the external auditor on the external audit plan for the annual report and accounts 2019/20. This included an analysis of the external auditor's assessment of significant audit risks, the proposed audit strategy, audit and reporting timetable and other matters. The Committee discussed and approved the proposed plan recognising that the approach would be responsive to the many changes affecting the Trust.

There is a policy in place for the provision of non-audit services by the external auditor, in recognition of the need to safeguard auditor objectivity and independence. During 2019/20, the external auditor, KPMG, had not been engaged in any non-audit activity.

The Committee 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 had been addressed.

The going concern statement was presented to Audit Committee at the Committee meeting on 21 May 2020 where it was discussed and approved for recommendation to the Board of Directors.

Internal Audit

Internal Audit Services, which include an Anti-Fraud service, have been provided by Mersey Internal Audit Agency (MIAA) during 2019/20. The main purpose of the Internal Audit Service is:

- To provide an independent and objective opinion to the Accountable Officer, the Board and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisation's agreed objectives; and
- The provision of an independent and objective consultancy service specifically to assist the Trust's management to improve the organisation's risk management, control and governance arrangements.

MIAA deliver a risk-assessed audit plan, which is approved each year by the Audit Committee. This is delivered by appropriately qualified and trained Internal Auditors led by a nominated Audit Manager. The 2019/20 Internal Audit Plan was delivered in accordance with the schedule agreed with the Audit Committee at the start of the financial year, including approved plan variations. This position has been reported within the progress reports across the financial year, with the final report concluding completion of the Internal Audit Plan with the exception that the Lessons Learned audit which was cancelled and replaced with another audit to be performed in 2020/21. The total cost for the service during 2019/20 was £66,150.

Countering Fraud and Corruption

Counter Fraud services are provided by MIAA. The Trust's Anti-Fraud Specialist (AFS) regularly attends the Committee to update on anti-fraud activity, ongoing cases and progress against the work plan agreed by the Committee. The Anti-Fraud Services Annual Report was considered by the Committee in March 2020. The annual declaration which was based on the

self-assessment of compliance against the Protect Standards was considered with overall performance assessed as ‘green’. This indicates a high level of compliance with the specified standards with areas for improvement relating to ensuring staff awareness of fraud prevention policy guidance.

External Audit

External Audit services were provided throughout 2019/20 by KPMG LLP following appointment as the Trust’s External Audit provider by the Council of Governors at its meeting on 25 October 2017 for a 3-year contract period from the 2017/18 to 2019/20 financial years (with the option to extend for a further 2 years). The total fee for the 2019/20 annual audit was £58,200. This fee was updated since the audit plan agreed by the Audit Committee in January 2020 due the reduced audit requirements on the quality report and IFRS 16. The external auditor billed for the planning and interim work completed on these areas. This has been £750 for IFRS 16 work and £1,450 for quality report work. There was also an additional £3,500 fee to cover the additional work required over the journals.

Work planned for 2020/21

The Committee recognises that there will be several challenges posed by the Covid-19 outbreak, particularly on resources within the Trust. However, the Committee recognises its role help the organisation to maintain good governance and robust systems of control. It is the intention to continue to receive items that work towards this aim.

The Trust’s operational management structure was updated in 2019/20 and it has been agreed that the Committee will receive assurance reports from each Division on a rotation basis throughout the year. These updates will focus on the maturity of governance structures and processes within each Division.

3i(c) Board of directors - pen portraits

Non-Executive Directors

Robert Clarke – Chair
Robert joined the Board of Liverpool Women's in March 2016. He has a wide range of Board experience having spent seven years as a non-executive Director at Lancashire Teaching Hospital NHS Foundation Trust, where he held a number of positions culminating in the role of vice chairman.

Robert is the managing partner of a family dairy farm and has had experience of small startup business as a director of Farm Plastics Recycling Ltd, collecting agricultural plastics for recycling, through to large National businesses in the agricultural cooperative sector. He has held directorate roles at Zenith Milk Ltd, the Royal Association of British Dairy Farmers and Dairy Farmers of Britain Ltd in addition to his NHS role.

Tony Okotie – Non-Executive Director & Senior Independent Director
Tony joined the Board of Liverpool Women's in July 2015. He has a wide-ranging background, having worked in retail banking and then the regional newspaper business before changing direction in 2002 to work in the voluntary sector, undertaking a variety of roles. He was Chief Executive of Liverpool Charity and Voluntary Service until December 2016 and is now currently working for BBC Children in Need. Prior to his appointment at Liverpool Women's, Tony was a Non-Executive Director and Vice-Chair with Derbyshire Community Health Services NHS Trust, one of the first Community Foundation Trusts in the country. Tony has a BSc in Social Policy, an MSc in Voluntary Sector Management and is a qualified coach.

Jo Moore - Non-Executive Director & Vice Chair
Jo joined the Board of Liverpool Women's in April 2016 and appointed vice chair in 2018. She is a qualified FCMA and has a breadth of experience within Finance and Change Management. Jo has previously held senior level roles within the financial services sector, including Global CFO (technology & operations) at JPMorgan and COO for a Hedge Fund. Jo is currently Managing Partner at Optimus 5, which is a consulting firm specialising in transformation, regulation and remediation. She also works with a number of local organisations dedicated to improving the lives of children, these include AYFA sports and the Rotund charity. Jo is a qualified executive coach and a Lean Reengineering Master Black Belt.

Ian Knight - Non-Executive Director
Ian joined the Board of Liverpool Women's in April 2016. He had a career as a finance professional from 1974 to 2001, working for nationalised industries, Slough Estates, Nicholas Kiwi, Sara Lee Corporation and finally as Group Treasurer of Yorkshire Water. In 2001 he retired from full time employment and became a non-executive director, starting with QDS, a privately-owned UK company, and then with Mouchel and Morson (both UK PLCs).

Ian has a BA (Hon) in Business Studies and was a Member and subsequently a Fellow of the Association of Corporate Treasurers.

Last year Ian became a trustee for the Kelda Group Pension Plan. He also undertakes voluntary work with his local Methodist Church, and with two local amateur dramatic societies, acting as treasurer and chief fund raiser for all three organisations.

Phillip Huggon - Non-Executive Director
Phil joined the Board of Liverpool Women's in April 2016. He previously served as a Non-Executive Director of Alder Hey Children's Hospital NHS Foundation Trust for 6 years and has several non-executive and trustee roles in the private and public sector, with a particular focus on marketing and transformation. His Board roles include the Agricultural and Horticultural Development Board, a non-departmental public body set up to promote the farming industry, the Business Continuity Institute, Sports Leaders UK, the English Table-Tennis Association and he also chairs RCU, an education consultancy. Phil is Chair for the NHS Transformation Unit in Manchester and is Vice-Chair of the Healthwatch England Committee. His background is mostly marketing, strategy and change management from 20 years' experience with Shell, MARS and BP, both in the UK and overseas.

Dr Susan Milner - Non-Executive Director
Susan joined the Board of Liverpool Women's in June 2016. She has held senior roles in the NHS, academia and local government for the past 20 years. She lives in Liverpool and has worked within commissioning of health services in Liverpool & Halton. Susan continues to work within public health undertaking interim work as Director of Public Health (DPH) in a number of high-profile Local Authority Councils. Whilst working at Liverpool PCT, Susan had responsibility for commissioning services for women and babies.

Susan is a registered nurse and a registered public health specialist and demonstrates a breadth and depth of experience which has taken her from dealing with individual patients in a hospital ward to a population-wide strategic leadership role across the health and social care economy.

Prof Louise Kenny – Non-Executive Director
Louise joined the board of Liverpool Women's on 1 March 2019 Louise is the Pro Vice Chancellor of the Faculty of Health and Life Sciences at the University of Liverpool; Professor of Maternal and Foetal Health. She is a Founding Director of the Science Foundation Ireland (SFI) funded Irish Centre for Foetal and Neonatal Translational Research and was until December 2017 Professor of Obstetrics and Gynaecology at Cork University Maternity Hospital where she worked as a Consultant Obstetrician and Gynaecologist from 2006-2018.

Louise has a longstanding clinical and research interest in hypertensive disorders of pregnancy. Her research group is supported by more than €30 million of peer reviewed funding and has resulted in >200 peer reviewed original papers, reviews and book chapters. She has received numerous awards for her work, most recently the prestigious title of Researcher of the Year by SFI (2015) and 2015 Irish Tatler magazine Woman of the Year Award for STEM.

Tracy Ellery
Tracy joined the board of Liverpool Women's on 1 March 2019 from the North West Ambulance Service (NWAS) where she retired as Director of Finance on 31 January 2019. In addition to Finance her remit at NWAS covered responsibility for Patient Transport Services, Fleet, Estates, IT, Procurement and Contracting.

Tracy began her NHS career in 1982 in East Cheshire and is a professionally qualified accountant (FCCA) with a business degree. Her previous roles included being Deputy Chief Executive/Director of Finance at Manchester Mental Health and Social Care Trust, a post she held for 10 years. She brings over 16 years' experience at Board level and has been a Director

of Finance in five NHS organisations spanning mental health, learning disabilities, community, primary care, commissioning and acute organisations.

Executive Directors

Kathryn Thomson MCIPD – Chief Executive

Kathryn joined the the board of Liverpool Women's in September 2008 from the University Hospital of South Manchester NHS Foundation Trust (UHSM), where she was an Executive Director for six years. During that time she supported the trust through a major financial and performance recovery plan and subsequent achievement of Foundation Trust status. UHSM had a substantial service and research portfolio and investments were made in significantly improving both services and research in a number of areas including the Medicines Evaluation Unit and breast cancer, through alignment into the state of the art Genesis Centre and investment in a Cardiac Centre including the North West Heart Transplant Centre.

Kathryn's professional background is Human Resources and Organisational Development and she continues to maintain a focus in these areas. For some years she chaired the Cheshire and Merseyside Local Workforce and education Group and she is a Board member of the North West coast Innovation agency and Liverpool Health Partners.

Michelle Turner MCIPD – Director of Workforce and Marketing & Deputy Chief Executive (Deputy Chief Executive until 1 October 2019)

Michelle joined the the board of Liverpool Women's in April 2010. Committed to creating great places to work, Michelle is responsible for ensuring the trust has a competent, engaged and truly motivated workforce focused on delivering the best possible patient experience. She is also responsible for the trust's communications and marketing functions.

A member of the Chartered Institute of Personnel and Development, Michelle has a long a varied NHS career, working in patient-facing roles early in her career and undertaking senior human resources roles more recently.

Jennifer Hannon BA (Hons) FCA – Director of Finance

Jenny first joined the Liverpool Women's in 2012, and after a short spell at NHS England, returned to the Trust in 2014 as Deputy Director of Finance. She joined the Board of Directors in October 2017, undertaking the role of Director of Strategy and Planning on an interim basis, before taking up the post of Director of Finance in February 2018. Jenny trained with professional services firm EY and is a Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales. She has held a number of senior finance roles across a range of organisations and has long standing ties with Liverpool as well as experience of working on national and international projects.

Caron Lappin – Director of Nursing and Midwifery

Caron joined the board of Liverpool Women's in July 2018 as Director of Nursing and Midwifery. Caron's career has centred around Manchester as a Deputy Director of Nursing and just prior to joining the trust as Acting Director of Nursing covering four hospital sites - Wythenshawe, Trafford, Withington and Altrincham. Caron was also clinical lead for developing the benefit case in the lead up to the merger of the Manchester Hospitals as part of Devolution Manchester. Caron is a surgical nurse by background and has worked as the Head of Nursing of a large surgical division and also of a cardiothoracic division.

Dr Andrew Loughney - Medical Director & Deputy Chief Executive (from 1 October 2019)
Andrew joined the the board of Liverpool Women's in April 2016 as Medical Director and was appointed Deputy Chief Executive from February 2018. Andrew was born and raised in Liverpool. His medical degree was awarded at Newcastle University in 1989 and he has been practising in Obstetrics and Gynaecology in the north east of England since 1990. His first Consultant post was at Newcastle upon Tyne where he was lead clinician for the delivery suite between 2000 and 2008 and practiced in maternal medicine up until 2012. He then moved to Sunderland where he continued as a Consultant in the specialty but was also appointed Associate Medical Director for Clinical Governance, with a remit to improve safety across all specialties in the trust.

Andrew has a PhD in cellular and molecular biology and has maintained a positive interest in academic and clinical research throughout his career. His focus has been on clinical practice and the promotion of good clinical governance. His contributions in this respect have included chairing the Topic Expert Group for production of Antenatal Care Quality Standards at NICE, sitting on Topic Expert Groups for Caesarean Section and Postnatal Care at NICE and sitting on the Guideline Development Group for production of the latest version of Caesarean Section Clinical Guidelines at NICE.

Gary Price – Director of Operations (from 29 July 2020)

Gary joined the Trust in August 2019. His role is to support our clinical teams to deliver the best possible care for our patients. Gary has worked in the NHS for 20 years. He has held senior management roles working across all areas of healthcare including Primary, Community, Mental Health, Secondary and Tertiary Care.

He began his career as a clinician at Alder Hey Children's Hospital where he also went on to manage Emergency, Community and General Medicine. He has had significant experience managing across Women's services most recently as Divisional Director for Women and Children's services at Wirral University Teaching Hospital.

Gaynor Hales – Interim Director of Nursing & Midwifery (from 31 March 2020)

Gaynor was appointed as Interim Director of Nursing & Midwifery from 31 March 2020. Until 2017 Gaynor was Regional Director of Nursing (North) at NHS Improvement and from October 2014 to March 2016 was Nurse Director (North) at the NHS Trust Development Authority. Prior to this she was Director of Nursing & Quality at NHS England's Merseyside Area Team (including a secondment as Portfolio Director for Specialised Commissioning) (2013 – 2014) and from 2002 to 2013 held the roles of Interim Chief Executive, Deputy Chief Executive / Director of Nursing & Quality and Director of Nursing Quality & Environment at the Countess of Chester NHS Foundation Trust.

Gaynor is a member of the Chief Nursing Officer of England's Exceptional Leaders network to support senior nurses within the NHS.

Dr Devender Roberts – Acting Medical Director (to 30 September 2019)

Devender was appointed Consultant in Obstetrics and Foetal Medicine to the Liverpool Women's NHS Foundation Trust in 2000. Her three main areas of clinical expertise and responsibility are provision of tertiary foetal medicine and ultrasound services in Mersey and North Wales; provision of intrapartum care; and provision of a tertiary referral service in foetal

echocardiography and antenatal detection of congenital heart abnormalities together with colleagues from Alder Hey Children's NHS Foundation Trust. She has published in foetal medicine, foetal echocardiography and is active in clinical research in preterm premature rupture of membranes as well as foetal echocardiography.

Devender was appointed Acting Medical Director from 8 March 2019 until Dr Loughney's return to the Trust on 1 October 2019.

Loraine Turner - Interim Director of Operations (to 29 July 2019)

Loraine provided interim cover for the role of Director of Operations from the 18th February 2019 to the 28th July 2019. The Interim Director of Operations was a non-voting member of the Board of Directors and was required to attend all meetings of the Board. The appointment was made under an agency arrangement whilst the appointment for the substantive post took place.

3i(d) Council of Governors & members

Council of Governors

The Council of Governors (Council) ensures that the interests of the community served by the Trust are appropriately represented.

The Council is made up of the following representative constituencies:

14 Public Governors - elected by the Trust's public membership who represents the local community, as follows:

- Central Liverpool – four Public governors
- North Liverpool - two Public governors
- South Liverpool - two Public governors
- Sefton – two Public governors
- Knowsley – two Public governors
- The rest of England and Wales – two Public governors

5 Staff Governors - elected by the trust's staff members, who they represent, as follows:

- Doctors – one Staff governor
- Nurses – one Staff governor
- Midwives – one Staff governor
- Scientists, technicians and allied health professionals – one Staff governor
- Administrative, clerical, managers, ancillary and other support staff – one Staff governor.

8 Appointed Governors - nominated by partner organisations who work closely with the trust, as follows:

- Liverpool City Council – one Appointed Governor
- Sefton Borough Council – one Appointed Governor
- Knowsley Borough Council– one Appointed Governor
- University of Liverpool– one Appointed Governor
- Faith Organisations – one Appointed Governor
- Community & Voluntary Organisations – one Appointed Governor
- Liverpool Hope University/ Liverpool John Moores University/ Edge Hill University - one Appointed Governor
- University of Liverpool/ Liverpool Hope University/ Liverpool John Moores University/ Edge Hill University – one student Appointed Governor

The names of the Governors and the constituencies they represent are set out below. A biography for each governor is available on the Trust website. The term of office for governors begins and ends at the annual members' meeting of the Trust held in October each year. The terms of office have been rounded to the nearest year.

Council of Governors Meetings

Each year the Council of Governors meets on at least three occasions, in public. Between April 2019 and March 2020, the Council met on four occasions in public. Governors also participate in meetings of the Council's four sub-groups/committees, details of which are provided below. Details of governor attendance at the full council meetings are set out in the table below.

Public Governor (Elected)	Term in Office	From	To	Council of Governors meetings attended, April 2019 - March 2020
Central Liverpool				
Isaac Olaitan Okeya	3 Years	2017	2020	3 of 4
Sarah Carroll	5 years	2015	2020	0 of 4
Thania Islam	3 Years	2018	2021	0 of 4
Mary Doddridge	3 Years	2018	2021	3 of 4
North Liverpool				
Adrian O'Hara	5 Years	2015	2020	3 of 4
Si Jones	3 Years	2018	2021	0 of 4
South Liverpool				
Ms Janice Mayer	3 Years	2018	2021	0 of 4
Sara Miceli-Fagrell	3 Years	2019	2022	2 of 2
Sefton				
Pat Speed	6 Years	2014	2020	1 of 4
Carole McBride	6 Years	2015	2021	4 of 4
Knowsley				
Rev Anne Lawler	3 Years	2018	2021	2 of 4
Jackie Sudworth	3 Years	2019	2022	1 of 2
Rest of England and Wales				
Denise Richardson	3 Years	2018	2021	3 of 4
Dr Aminu Musa Audu	2 Years	2017	2019	2 of 2
Evie Jefferies	3 Years	2019	2022	2 of 2

Staff Governor (Elected)	Term in Office	From	To	Council of Governors meetings attended, April 2019 - March 2020
Doctors				
Dr Adel Soltan	6 Years	2013	2019	2 of 2
Nurses				
Gillian Walker	3 Years	2017	2020	3 of 4
Midwives				
Pauline Kennedy	6 Years	2016	2022	2 of 4
Scientists, technicians and allied health professionals				
Nigel Parsons	3 Years	2019	2022	0 of 2
Administrative, clerical, managers, ancillary and other support staff				
Kate Hindle	3 Years	2018	2021	3 of 4

Appointed Governor (Elected)	Organisation	Council of Governors meetings attended, April 2019 - March 2020
Cllr Angela Coleman	**Liverpool City Council**	0 of 4
Cllr Patricia Hardy	**Sefton Borough Council**	0 of 4
Vacant	**Knowsley Borough Council**	-
Vacant	**University of Liverpool**	-
Rev. Cynthia Dowdle	**Faith Organisations**	2 of 4
Mary McDonald	**Community & Voluntary Organisations**	4 of 4
Valarie Fleming	**Education Institutions**	1 of 4
Vacant	**Education Institutions – Student Representative**	-

Governor elections 2019/20

Governor elections are carried out by Electoral Reform Services and the returning officer was Ciara Norris. Elections carried out between July 2019 and October 2019 related to the following constituencies: Public – South Liverpool (1 seat); Public – Knowsley (1 seat); Public – Rest of England and Wales (1 seat); Staff – Doctors (1 seat); Staff – Midwives (1 seat); and Staff - Scientists, Technicians and Allied Health Professionals (1 seat).

There were two uncontested seats: Pauline Kennedy was elected unopposed to Staff: Midwives constituency; and Nigel Parsons was elected unopposed to Staff Scientists, technicians and allied health professionals.

One seat did not receive a nomination: Staff; Doctors (1 seat).

There were three seats contested: Public – Knowsley – Jackie Sudworth was duly elected; Public – Rest of England and Wales – Evie Jefferies was duly elected; Public – South Liverpool – Sara Miceli-Agrell was duly elected.

Date of Election	Constituencies involved	No of Members in Constituency	No of Seats Contested	Number of Contestants	Election Turnout %
2 September 2019	Public –South	1,343	1	4	4.8%
2 September 2019	Public – Knowsley	1,123	1	4	4.6%
2 September 2019	Public – Rest of England and Wales	1,404	1	2	3.3%

Lead governor

Kate Hindle, Staff Governor, has been lead governor throughout 2019/20. The Lead Governor is the point of contact between NHS Improvement (NHSI) and the Council, in circumstances only where it would be inappropriate for NHSI to contact the Trust Chair.

Role of the Council of Governors

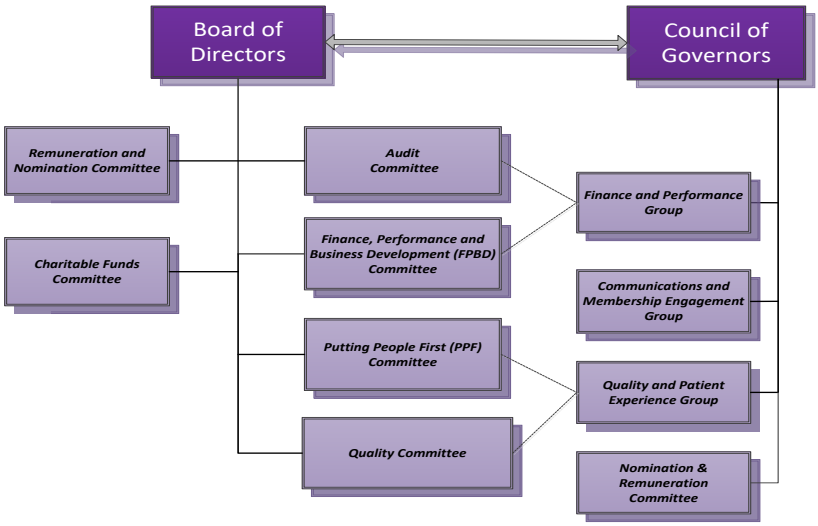
The Council has responsibility for representing the interests of the members, partner organisations and members of the public in discharging its statutory duties which include:

- holding the Non-Executive Directors to account individually and collectively for the performance of the Board;
- the appointment and, if appropriate, removal the Chair;
- the appointment and, if appropriate, remove the other Non-Executive Directors;
- approve the remuneration and allowances, and other terms and conditions of office of the chair and other Non-Executive Directors;
- approve the appointment of the Chief Executive on recommendation from the Board Nominations and Remuneration Committee;
- appoint, re-appoint and, if appropriate, remove the auditor;
- receive the annual report and accounts and any report on these provided by the auditor;
- approve any ‘significant transactions’ as defined within the Trust’s constitution;
- 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; and
- approve amendments to the Trust's constitution.

Council of Governors Group Structure

The Council agreed an assurance sub-group structure at its meeting in April 2017. The sub-groups mirror the Board Committee structure (see diagram below) and support the governors in obtaining assurance on the operation of the trust. The 'sub-group' structure for the Council of Governors comprises of: a Communications and Membership Engagement Group; a Quality and Patient Experience Group; and a Finance and Performance Group. Each sub-group has their own terms of reference and are chaired by a Governor and supported by Non-Executive Directors and Executive Directors/Managers; this provides the governors with additional opportunity to address any concerns they may have with Non-Executive Directors that may have arisen during a Board meeting or within the Trust.



Communications and Membership Engagement Group: The purpose of the Group is to assist the Council in the performance of its duties, including recommending objectives and strategy in the development of Communications and Membership matters, having regard to the interests of its Public & Staff members, its patients and other stakeholders.

Quality and Patient Experience Group: The purpose of the Group is to assist the Council in the performance of its duties in the provision of assurance concerning the delivery of quality and safe healthcare; by gaining greater understanding of the influences that impact on the provision of care and services in support of getting the best outcomes and experience for patients.

Finance and Performance Group: The purpose of the Group is to assist the Council in the performance of its duties in the provision of assurance of the Trust's financial and operational performance

Nomination and Remuneration Committee: The work of the Council's Nomination and Remuneration Committee is outlined in section 3ii Remuneration Report.

Each of the Council's sub-group reports to the Council and makes recommendations for its consideration appropriate to their terms of reference.

There continues to be a positive and constructive working relationship between the Council and the Board of Directors. Governors effectively fulfill their statutory duties and the Council provides both constructive challenge and support to the Board. Executive and Non-Executive Directors regularly attend meetings of the Council and governor groups in order to understand governors' views and concerns and all directors receive agenda for the Council's meetings. The Board has a standing invitation to attend all meetings of the Council.

In February 2020, the Council of Governors received an overview of the Trust's draft Operational Plan for 2020/21 and were able to provide views and comments.

Governors' attendance at organised and supported events

Alongside the formal meetings and sub-groups/committees, briefing sessions and communications have taken place to both inform the governors of Trust initiatives and work programs and gain their views and support.

During the year to compliment the Council's understanding of the trust's activities, Governors attended the Patient-led assessments of the care environment (PLACE) which provides motivation for improvement by providing a clear message, directly from patients, about how the environment or services might be enhanced.

Alongside the above activities there is governor representation at the Trust's Experience Senate to provide the Senate and Committee with insight into the needs of patients and their families.

Towards the end of 2019/20, work has been undertaken to ensure that the Council of Governors have been kept updated with the Trust's approach to managing the Covid-19 pandemic. Regular bespoke bulletins were shared together with video messages from the Chair. A decision was made in April 2020 to combine the aforementioned sub-groups into a combined virtual meeting to provide governors with an opportunity to question the Non-Executive Directors regarding their approach for gaining assurance.

Governors are not remunerated but they are entitled to claim expenses in connection with their duties.

A governors' register of interests is maintained. Members of the public can find the register of interests at www.liverpoolwomens.nhs.uk.

All Directors' invited to attend meetings of the Council held during 2019/20 is set out below:

		Quarterly Meetings attended April 2019 to March 2020
Non-Executive Directors		
Robert Clarke	Non-Executive Chair (1)	4 of 4
Tony Okotie	Non-Executive Director & Senior Independent Director	3 of 4
Phil Huggon	Non-Executive Director	2 of 4
Ian Knight	Non-Executive Director	2 of 4

Susan Milner	Non-Executive Director	2 of 4
Jo Moore	Non-Executive Director	1 of 4
Louise Kenny	Non-Executive Director	1 of 4
Tracy Ellery	Non-Executive Director	3 of 4
Executive Directors		
Kathryn Thomson	Chief Executive	4 of 4
Michelle Turner	Director of Workforce and Marketing	2 of 4
Jennifer Hannon	Director of Finance	3 of 4
Andrew Loughney	Medical Director	4 of 4
Devender Roberts	Acting Medical Director	1 of 1
Loraine Turner	Interim Director of Operations	1 of 1
Gary Price	Director of Operations	3 of 3
Caron Lappin	Director of Nursing & Midwifery	4 of 4
Gaynor Hales	Interim Director of Nursing & Midwifery	0 of 0

(1) Robert Clarke is chair of the Board of Directors and the Council of Governors and attends the Council of Governors as a member with full voting rights.

Members

Any member of the public over the age of 12 years who lives in England and Wales are able to be a member of the trust. Most members come from the areas where the trust provides clinical services: the local authority areas of Central Liverpool, North Liverpool, South Liverpool, Knowsley and Sefton.

Membership of the Trust is made available to all Trust staff automatically where they have a permanent contract of employment or have worked for the Trust for at least 12 months. Members of staff are able to opt out of being a member if they wish.

As at 31 March 2020 the Trust had **10,920** members:

Public	**Number**
Central Liverpool	2,760
North Liverpool	1,560
South Liverpool	1,336
Knowsley	1,115
Sefton	1,237
Rest of England and Wales	1,408
Total public membership	**9416**
Staff	**Number**
Doctors	98
Nurses	420
Midwives	333
Scientists, technicians and allied healthcare professionals	103
Administrative, clerical, managers, ancillary and other support staff	550
Total staff membership	**1504**

Led by its Communications and Membership Engagement Group, the Trust's Council developed and approved a three-year membership strategy in January 2017. The Strategy provides a 'roadmap' for the Trust's membership work over three years. At its heart is the desire to make membership relevant, interesting and rewarding. Its key focus is on putting in place robust arrangements for ensuring that our members have a loud and clear voice within the organisation, that they have an avenue to contribute to the development of the organisation and that the Trust's services take full account of members' views, ideas and concerns.

A key component of our membership work seeks to improve the understanding of and involvement in patient experience, patient and public involvement, corporate social responsibility, equality, diversity and human rights and marketing and communication. Its focus is on improving what the Trust knows about its members including what their interests are and how they would like to be involved with the Trust. In this way we aim to improve the level and range of member engagement. Throughout the year governors sought to engage with as many people across the city to support the Trust's Future Generations Strategy. Engagement with members and the public take several forms, via direct email to member, or through social media such as Facebook and Twitter.

A number of workshop discussions were held with governors during 2019/20 to allow for a revised approach to be adopted for membership engagement going forward. It was agreed that rather than develop a further standalone membership strategy, instead a small number of key objectives would be agreed and incorporated within the Trust's new Communications, Marketing & Engagement Strategy which was also being developed. This new strategy was scheduled to launch in early 2020/21, however the impact of Covid-19 means that this will be delayed until late 2020 at the earliest.

Members can contact governors at the Trust by:

- Post – trust offices, Liverpool Women's NHS Foundation Trust, Crown Street, Liverpool L8 7SS;
- Telephone – 0151 702 4018;
- Email – communications@lwh.nhs.uk

3ii Remuneration report

Chair's annual statement on remuneration

This report includes details of the activity of the Board of Director's Nominations and Remuneration Committee and the Council of Governor's Nominations and Remunerations Committee.

For the purposes of the remuneration report the term senior managers relates to those persons in senior positions having authority or responsibility for directing or controlling the major activities of the Trust and covers the Chair, the Executive and Non-Executive Directors of the Trust.

The Board of Directors delegates the responsibility to a Board Nominations and Remuneration Committee (Committee) to make decisions regarding the nomination, appointment, remuneration and conditions of service for Executive Directors including the Chief Executive. This Committee also has general oversight of the Trust's pay policies, but only determines the reward package for directors and staff not covered by agenda for change.

The Committee made a number of decisions during the year relating to the Executive Directors including: the appointment of a substantive Director of Operations, the appointment of an Interim Director of Nursing and Midwifery, and the review of performance of executive directors and their remuneration. For further details see the paragraph 'Annual Report on Remuneration'.

Senior Managers' Remuneration Policy

The Trust does not apply performance related pay conditions linked to Executive Directors' or Non-Executive Directors' remuneration and no formal policy exists in setting the remuneration of either Executive Directors or Non-Executive Directors. The Trust is required to report what constitutes the senior managers' remuneration in tabular format set out below:

Components of Remuneration Package of Executive and Non-Executive Directors	Basic pay in accordance with their contract of employment (executive) and letters of appointment (non-executive)
Components of Remuneration that is relevance to the short and long term Strategic Objectives of the trust	The directors do not receive any remuneration tailored towards the achievement of Strategic Objectives.
Explanation of how the Components of Remuneration operate	Basic pay of the executive directors is determined by the Board nominations and remuneration committee, taking into account past performance, future objectives, market conditions and comparable remuneration information from trusts within the locality. Executive directors receive pay increases each year linked to pay increases for staff under agenda for change. Basic pay of the non-executive directors is determined by the Governor nominations and remuneration committee.
Maximum amount that could be paid in respect of the component	Maximum payable is the director's annual salaries as determined by the relevant nominations and remuneration committees.
Explanation of any provisions for recovery	If an individual is overpaid in error, there is a contracted right to recover overpayment.

The Trust is committed to increasing the diversity of its workforce at all levels of the organisation. It has been an objective of the WRES action plan over the last 12 months to increase the numbers of non-clinical staff at management level (bands 6-9). There has been limited progress with this objective, despite targeting BAME colleagues in the organisation with leadership and promotional opportunities. Increased focus on this objective will be put in place in the next 12 months, with a specific additional objective of increasing the diversity of the Board by specifically inviting applications from individuals with protected characteristics in the next round of recruitment for NED or Executive Director positions.

The Trust's Executive Directors are not employed under fixed term contractual arrangements and are required to give and receive either twelve or six-months' notice under the terms of their contract of employment.

Executive directors who are required to give and receive twelve months' notice are: Kathryn Thomson; Andrew Loughney; Michelle Turner; and Executive Directors who are required to give and receive six months' notice are Jennifer Hannon, Caron Lappin and Gary Price. Compensation payments payable to Executive Directors are in accordance with their contract, which entitles them to either twelve months' or six months' pay on termination by the Trust. Both the employee and employer contribute to the NHS pension scheme and note 1.3 of the annual accounts provides an explanation of how pension liabilities are treated in the accounts.

The Chair and Non-Executive Directors are appointed by the Council of Governors for fixed terms of office, usually for an initial term of office of three years, following which they may be appointed for an additional term of three years. The Chair and Non-Executive Directors have a notice period of three months and are not entitled to compensation for loss of office.

The term of office of the current Chair and Non-Executive Directors are listed below:

	Commencement date	Term of Office expiry date
Robert Clarke	01 March 2016	28 February 2022
Tony Okotie	01 July 2015	30 June 2021
Phil Huggon	04 April 2016	31 March 2021
Ian Knight	04 April 2016	31 March 2021
Jo Moore	04 April 2016	31 March 2022
Susan Milner	01 June 2016	31 May 2022
Louise Kenny	01 March 2019	28 February 2022
Tracy Ellery	01 March 2019	28 February 2022

Civil Service Remuneration Threshold

In the 2019/20 one (2018/19: one) Executive Director was paid more than the £150,000 threshold level which the Civil Service use as a threshold for approval by the Chief Secretary to the Treasury as set out in guidance issued by the Cabinet Office. The Trust has satisfied itself that this level of remuneration is reasonable by comparison to remuneration in previous

years and benchmarking against executive pay in other foundation trusts and the wider NHS. Details of the payments can be found in the tables below.

Annual report on remuneration

The Nominations and Remuneration Committee of the Board of Directors determines the remuneration, terms and conditions of the Trust's Chief Executive and Executive Directors. It does so based on job evaluation, market intelligence and inflation alongside any guidance from national recommendations for NHS senior managers. The Committee also considers Executives' annual appraisals and achievement of the Trust's corporate objectives for the year. In determining Executive Directors' remuneration, the Committee has regard to the remuneration of other Trust employees who hold contracts under terms and conditions agreed nationally and locally.

Each Executive Director has objectives set at the beginning of the financial year which are drawn from the Trust's agreed corporate objectives. Performance against these objectives is reviewed annually by the Chief Executive and details shared with the Board's Nomination and Remuneration Committee. The Chair appraises the Chief Executive who in turn appraises Executive Directors.

The membership of the Board's Nomination and Remuneration Committee comprised the Trust's Chair and the Non-Executive Directors. The Trust Secretary is secretary to the Committee. At the Committee's invitation and in accordance with its terms of reference, the Chief Executive (for the remuneration part of the meeting) and Director of Workforce and Marketing attended the meeting. The Committee met in June 2019, July 2019 and March 2020 with attendance as follows:

	Number of meetings
Robert Clarke, Chair	3 of 3
Tony Okotie, Non-Executive Director	3 of 3
Phil Huggon, Non-Executive Director	3 of 3
Susan Milner, Non-Executive Director	3 of 3
Jo Moore, Non-Executive Director	2 of 3
Ian Knight, Non-Executive Director	3 of 3
Louise Kenny, Non-Executive Director	3 of 3
Tracy Ellery, Non-Executive Director	3 of 3
Kathryn Thomson, Chief Executive	3 of 3

During the year under review the Committee met to discuss the composition of the Executive Team and the following decisions were made.

Director of Operations: Following the resignation of Jeff Johnson from the office of Director of Operations on 25 February 2019, the Committee commenced an open and transparent process to recruit to the substantive post. Following Loraine Turner being in post as Interim Director of Operations, Gary Price was appointed as the substantive Director of Operations from 29 July 2019.

Interim Director of Nursing & Midwifery: To cover a period of unplanned absence for the substantive Director of Nursing Midwifery, Gaynor Hales was appointed as Interim Director of Nursing & Midwifery on 31st March 2020.

Director Notice Periods: In March 2020, the Committee was asked to consider whether to consolidate all Executive Director notice periods to six months. There was agreement that, at the current time, there was no compelling reason to make changes to the Executive Directors' notice periods. The Committee therefore resolved to honour the current notice periods for Executive Directors and to restrict any future notice periods for Executive Directors to a maximum of six months.

Remuneration: The Committee agreed an increase in the remuneration of the Executive Directors in line with guidance issued by NHS Improvement. The pay award amounted to a consolidated increase of 1.32% payable from 1 April 2019, plus a one-off non-consolidated cash lump sum of 0.77%. The Committee agreed to withhold the commissioning of a formal independent pay review until the outcome of the national VSM Pay Framework, or to September 2020, whichever was sooner.

Council of Governors Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Trust's Council of Governors oversees the appointment of the Non-Executive Chair and Non-Executive Directors to the Board; reviews the annual appraisal of the Chair and Non-Executive Directors; and determines their remuneration and terms and conditions. Recommendations on these matters are made to the full Council of Governors were consideration and approval is provided. The Committee is chaired by the Trust's Chair and its members during the year were: public – Kate Hindle (Lead Governor), Mary Doddridge, Denise Richardson; Staff – Gill Walker; and appointed - Mary McDonald.

The Committee met twice during the year to: review the performance appraisal of the Chair and Non-Executive Directors and determine any increase or changes to their remuneration and terms and conditions.

In January 2020, the Committee received a report which detailed outcomes from an assessment of the following guidance documents published by NHS England / NHS Improvement in September 2019:

- Structure to Align Remuneration for Chairs and Non-Executive Directors of NHS Trusts and NHS Foundation Trusts
- Framework for Conducting Annual Appraisals of NHS Provider Chairs
- The Role of the NHS Provider Chair: A Framework for Development

Regarding the Framework for Conducting Annual Appraisals, the Committee noted the recommended use of a Multisource Assessment with content of the assessment template based on the five 'clusters' of the NHS Provider Chair Competency Framework i.e. strategic, partnerships, people, professional acumen and outcomes focus. This will be used to supplement an existing robust and well-established appraisal process in 2020. The Trust is intending to transition to the appraisal schedule set out in the guidance by 2021 with the 2019/20 appraisal currently scheduled for June / July 2020.

The Committee approved the adoption of a revised Chair Role Description to align with the guidance provided in the Framework for Development of NHS Provider Chairs. In determining the remuneration and terms and conditions of Non-Executive Directors and the Non-Executive Chair, the Committee considered both the 'Structure to Align Remuneration for Chairs and

Non-Executive Directors of NHS Trusts and NHS Foundation Trusts' guidance and benchmarking from an NHS Providers 2018/19 remuneration survey. It was recommended to the Council of Governors that there was no justification for adjustment to the remuneration levels for either the Trust's Chair or Non-Executive Directors. The Council of Governors agreed this position.

Senior Managers Remuneration and Pension

The audited remuneration and pension benefits of senior managers are disclosed in this report and can be found below. Accounting policies for pensions are set out in note 9. There are no entries in respect of pensions for Non-Executive Directors as they do not receive pensionable remuneration. Additionally, there were no contributions to Stakeholder Pensions on behalf of any of the Directors of the Trust.

Salary Entitlements of Senior Managers 2019/20

Name	Position Held	Salary and Fees (in bands of £5,000)	All Taxable Benefits (total to the nearest £100)	Annual Performance Related Bonuses (in bands of £5,000)	Long Term Performance Related Bonuses (in bands of £5,000)	All Pension-Related Benefits (in bands of £2,500)	Total (in bands of £5,000)	Expenses (in bands of £100)
Kathryn Thomson	Chief Executive (1)	165 - 170	21,700	-	-	-	**185 - 190**	-
Andrew Loughney	Medical Director & Deputy Chief Executive - from the 1st October2019 (2)	70 - 75	-	5 - 10	20 - 25	10 - 12.5	**110 - 115**	0 - 0
Devender Roberts	Acting Medical Director - to the 30th September 2019 (2)	75 - 80	-	15 - 20	-	240 - 242.5	**330 - 335**	10 - 11
Caron Lappin	Director of Nursing & Midwifery	115 - 120	-	0 - 0	-	95 - 97.5	**210 - 215**	-
Jennifer Hannon	Director of Finance	125 - 130	-	-	-	37.5 - 40	**165 - 170**	-
Michelle Turner	Director of Workforce & Marketing & Deputy Chief Executive (1 & 3)	120 - 125	15,600	-	-	-	**135 - 140**	0 - 0
Gary Price	Director of Operations - from the 29th July 2019	70 - 75	-	-	-	182.5 - 185	**250 - 255**	-
Gaynor Hales	Interim Director of Nursing & Midwifery - from the 31st March 2020	0 - 5	-	-	-	-	**0 - 5**	-
Robert Clarke	Chair	35 - 40	-	-	-	-	**35 - 40**	27 - 28
Ian Knight	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	24 - 25
Tony Okotie	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	2 - 3

Phil Huggon	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	6 - 7
Susan Milner	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	0 - 0
Joanne Moore	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	0 - 0
Tracy Ellery	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	-
Louise Kenny	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	-
	Band of Highest Paid Director's Remuneration (in band of £5,000)	165 - 170						
	Median Total Remuneration (£)	33,612						
	Ratio	4.98						

(1) There are no Pension related Benefits figures for Kathryn Thomson (Chief Executive) and Michelle Turner (Director of Workforce & Marketing & Deputy Chief Executive) as they both opted out of the pension scheme in March 2019 and have taken part in the Trust's Pension Contribution Alternative Award Scheme, that went live in April 2019. The figures in their taxable benefits relates to the respective Pensions Restructuring Payments from the scheme that they have received from April 2019 onwards.
(2) Dr Andrew Loughney went on secondment to the Royal Liverpool and Broadgreen University Hospitals NHS Trust from 1 June 2018 for two days a week, fully reimbursable and from 8 March 2019 4 days a week fully reimbursable until the 1st October 2019. Dr Devender Roberts was appointed Acting Medical Director from 8 March 2019 to the 30th September 2019. The remuneration of Andrew Loughney and Devender Roberts both include Annual Performance Related Bonuses in relation to Clinical Excellence Awards they receive in relation to their work in clinical roles.
(3) Michelle Turner fulfilled the additional role of Deputy Chief Executive from the 8th March 2019 to the 30th September 2019.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

Other Arrangements

Name	Position Held	Salary and Fees (in bands of £5,000)	Other Taxable Remuneration (total to the nearest £100)	Benefits in Kind (total to the nearest £100)	All Pension-Related Benefits (in bands of £2,500)	Total (in bands of £5,000)
Loraine Turner	Interim Director of Operations (from 18 February 2019 to the 28th July 2019) (1)	145 - 150	-	-	-	**145 -150**

(1) The disclosure relates to Loraine Turner who has provided interim cover for the role of Director of Operations. For further details please see the section 'Annual report on remuneration' above.

Salary Entitlements of Senior Managers 2018/19

Name	Position Held	Salary and Fees (in bands of £5,000)	All Taxable Benefits (total to the nearest £100)	Annual Performance Related Bonuses (in bands of £5,000)	Long Term Performance Related Bonuses (in bands of £5,000)	All Pension-Related Benefits (in bands of £2,500)	Total (in bands of £5,000)	Expenses (in bands of £100)
Kathryn Thomson	Chief Executive	165 - 170	-	-	-	-	**165 - 170**	-
Andrew Loughney	Medical Director & Deputy Chief Executive to the 7th March 2019 (1)	95 - 100	-	5 - 10	-	-	**105 - 110**	6 - 7
Devender Roberts	Acting Medical Director - from the 8th March 2019 (1)	0 - 5	-	0 - 5	-	-	**5 -10**	-

Julie King	Acting Director of Nursing & Midwifery to the 15th July 2018 (2)	40 - 45	-	-	-	-	**40 -45**	-
Caron Lappin	Director of Nursing & Midwifery from the 16th July 2018	80 - 85	-	-	-	55 - 57.5	**135 - 140**	-
Jennifer Hannon	Director of Finance	120 - 125	-	-	-	-	**120 - 125**	0 - 0
Michelle Turner	Director of Workforce & Marketing & Deputy Chief Executive (3)	115 - 120	-	-	-	-	**115 - 120**	1 - 2
Jeff Johnston	Director of Operations – to the 25th February 2019 (4)	100 - 105	-	-	-	-	**100 - 105**	-
Robert Clarke	Chair	35 - 40	-	-	-	-	**35 - 40**	24 - 25
Ian Haythornwaite	Vice Chair & Non-Executive Director to the 6th April 2018	0 - 5	-	-	-	-	**0 - 5**	0 - 1
Ian Knight	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	21 - 22
Tony Okotie	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	5 - 6
David Astley	Non-Executive Director – to the 28th September 2018	5 -10	-	-	-	-	**5 -10**	13 - 14
Phil Huggon	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	11 - 12
Susan Milner	Non-Executive Director	10 - 15	-	-	-	-	**10 - 15**	2 - 3
Joanne Moore	Non-Executive Director & Vice Chair	10 - 15	-	-	-	-	**10 - 15**	4 - 5
Tracy Ellery	Non-Executive Director	0 - 5	-	-	-	-	**0 - 5**	-
Louise Kenny	Non-Executive Director	0 - 5	-	-	-	-	**0 - 5**	-

	Band of Highest Paid Director's Remuneration (in band of £5,000)	165 - 170						
	Median Total Remuneration (£)	31,925						
	Ratio	5.25						

(1) Dr Andrew Loughney went on secondment to the Royal Liverpool and Broadgreen University Hospitals NHS Trust from 1 June 2018 for two days a week, fully reimbursable and from 8 March 2019 4 days a week fully reimbursable. Dr Devender Roberts was appointed Acting Medical Director from 8 March 2019. The remuneration of Dr Loughney and Dr Roberts include Annual Performance Related Bonuses in relation to Clinical Excellence Awards they receive in relation to their clinical roles.

(2) There are no Pension related Benefits figures for Julie King (past Director of Nursing & Midwifery) as she is not a member of the NHS pension scheme.

(3) Michelle Turner was appointed to the additional role of Deputy Chief Executive from the 8th March 2019.

(4) Jeff Johnson resigned from the office of Director of Operations on 25 February 2019.

Note: There are no Pension related Benefits figures for the majority of the Board as the NHS Pensions Agency advised inflation rate has increased from 1% in 2017/18 to 3% in 2018/19 causing negative values to be retrieved for the 2018/19 financial year. As all negative values are not considered a "benefit" they are excluded from the above remuneration table.

All Directors were in post for the full financial year unless stated above.

Pension Benefits

There are no entries in respect of pensions for Non-Executive Directors as they do not receive pensionable remuneration. Additionally, there were no contributions to Stakeholder Pensions on behalf of any of the Directors of the Trust.

Name	Position Held	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 60 at 31 March 2020 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2019	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020
		£000	£000	£000	£000	£000	£000	£000
Kathryn Thomson	Chief Executive (1)	0	0	0	0	1,573	0	0
Devender Roberts	Acting Medical Director - to the 30th September 2019	5 - 7.5	10 - 12.5	65 - 70	160 - 165	1,091	125	1,368
Andrew Loughney	Medical Director & Deputy Chief Executive - from the 1st October 2019	0 - 2.5	0	55 - 60	145 - 150	1,144	21	1,214
Caron Lappin	Director of Nursing & Midwifery	2.5 - 5	12.5 - 15	40 - 45	130 - 135	872	133	1,026
Jennifer Hannon	Director of Finance	2.5 - 5	0	15 - 20	0	147	33	184
Gary Price	Director of Operations - from the 29th July 2019	5 - 7.5	2.5 - 5	15 - 20	35 - 40	153	74	266
Michelle Turner	Director of Workforce & Marketing & Deputy Chief Executive (1) & (2)	0	0	0	0	1,108	0	0

Gaynor Hales	Interim Director of Nursing & Midwifery - from the 31st March 2020 (3)	0	0	0	0	0	0	0

(1) There are no current year pension figures for Kathryn Thomson (Chief Executive) and Michelle Turner (Director of Workforce & Marketing & Deputy Chief Executive) as they both opted out of the pension scheme in March 2019.

(2) Michelle Turner fulfilled the additional role of Deputy Chief Executive from the 8th March 2019 to the 30th September 2019.

(3) There are no pension figures for Gaynor Hales (Interim Director of Nursing & Midwifery) as she is providing interim cover for the post and is not on the Trust's pension scheme.

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated 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.

Real increase in CETV reflects the increase in CETV effectively funded by the employer and uses movements in the Consumer Prices Index for the start and end of the period. The rate of inflation for 2019/20 is 2.4%.

Note: Any negative pension figures have been removed and made nil as per guidance in the Department of Health and Social Care Group Accounting Manual.

Fair pay multiples

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 Liverpool Women's NHS Foundation Trust in the financial year 2019/20 was £167,500 (2018/19, £167,500). This was 4.98 times (2018/19, 5.25) the median remuneration of the workforce, which was £33,600 (2018/19, £31,925). In 2019/20, 3 (2018/19, 3) employees received remuneration in excess of the highest-paid director and their remuneration ranged from £167,854 to £261,018 (2018/19, £166,276 to £244,379).

The ratio is consistent year on year because the remuneration of the highest paid director has increased in line with the median remuneration.

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

Payments for loss of office

No individual who was a senior manager received a payment for loss of office during the financial year (2018/19, £nil).

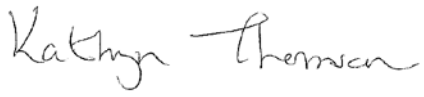
There were no other payments made to the individual in connection with termination of services as a senior manager, including outstanding long-term bonuses that vest on or following termination.

Payments to past managers

No individual had received any payments of money or other assets who had not been a senior manager during the financial year but had previously been a senior manager at the trust (2018/19, £nil).

Governors' expenses

There was a total of 25 governors in post during 2019/20. One governor claimed expenses during the year which totalled £518 (2018/19, £218).



Kathryn Thomson
Chief Executive
23 June 2020

3iii Staff report

Analysis of Average Staff Numbers and Costs

The Trust's most valuable asset is its staff who deliver services that are safe, effective and efficient and achieve the best possible experience for patients and their families. The table below details the average number of staff engaged with the Trust for the period 2019/20. For clarity, there are no staff engaged overseas.

The following chart shows the average number of employees on a whole-time equivalent basis

Average number of employees (WTE basis)

	Permanent Number	Other Number	2019/20 Total Number	2018/19 Total Number
Medical and dental	111	26	**137**	158
Ambulance staff	-	-	**-**	-
Administration and estates	274	23	**297**	281
Healthcare assistants and other support staff	166	15	**181**	178
Nursing, midwifery and health visiting staff	612	33	**645**	627
Nursing, midwifery and health visiting learners	-	-	**-**	-
Scientific, therapeutic and technical staff	112	3	**115**	138
Healthcare science staff	-	-	**-**	-
Social care staff	-	-	**-**	-
Other	-	14	**14**	16
Total average numbers	**1,275**	**114**	**1,389**	**1,398**
Of which:				
Number of employees (WTE) engaged on capital projects	13	7	**20**	15

Breakdown of year end numbers of male/female staff

The Trust workforce profile as at 31st March 2020 shows that 90.4% % of staff employed at the Trust are female and the remainder 9.6 % are male. This gender split is broken down as below:

Group	Female	Male	Total Headcount
Executive Director	4	2	6
Chair & Non-Executive Director	4	4	8
Medical	63	44	107
Senior Manager	37	17	54
Staff	1329	85	1414
Grand Total	**1437**	**152**	**1589**

The Trust's gender pay gap report for 2019 can be found on the following link: https://www.liverpoolwomens.nhs.uk/media/2939/gender-pay-gap-reporting-final-2019.pdf

Staff Costs

	Permanent	Other	2019/20 Total	2018/19 Total
	£000	£000	£000	£000
Salaries and wages	54,055	3,200	**57,255**	54,083
Social security costs	4,961	-	**4,961**	4,642
Apprenticeship levy	272	-	**272**	245
Employer's contributions to NHS pension scheme	8,871	-	**8,871**	5,881
Pension cost - other	24	-	**24**	14
Other post employment benefits	-	-	**-**	-
Other employment benefits	-	-	**-**	-
Termination benefits	270	-	**270**	22
Temporary staff	-	1,984	**1,984**	2,029
Total gross staff costs	**68,368**	**5,269**	**73,637**	**66,916**
Recoveries in respect of seconded staff	-	-	**-**	-
Total staff costs	**68,368**	**5,269**	**73,637**	**66,916**
Of which				
Costs capitalised as part of assets	588	540	**1,128**	902

Sickness Absence Data

The sickness absence rate of staff within the organisation over the last 3 years is detailed below:

Financial Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Cum Year End
17 - 18 Sickness	4.64%	5.17%	4.56%	4.05%	4.51%	3.26%	4.15%	4.29%	4.28%	5.58%	5.23%	4.66%	4.66%
18 - 19 Sickness	4.52%	3.61%	4.34%	4.09%	4.27%	4.23%	3.63%	4.97%	5.05%	5.22%	5.75%	5.60%	4.70%
19 - 20 Sickness	5.48%	5.07%	4.27%	4.97%	5.92%	5.22%	6.24%	5.76%	6.21%	6.23%	5.79%	7.75%	5.79%

The above table shows that cumulative year end sickness figure has increased quite significantly from 4.7% in 18/19 to 5.79% in 19/20. This is in excess of the Trust target of 4.5%. This increase was also reflected at a North West level. The Trust has undertaken analysis of sickness trends and can identify no compelling themes or underlying causes to account for the increase.

We therefore have continued our sustained focus in driving down sickness absence, focusing on three areas.

- Robust absence management and support for managers
- Targeted approach in areas with high rates of sickness (administrative services and maternity services) with these areas producing detailed action plans covering working patterns, staff engagement and communications and health and wellbeing to identify ways to boost both health and morale within the workforce. This focus has resulted in some improvements in absence rates in these areas.
- Continuation of our health and wellbeing agenda with a monthly programme of activities and health promotion messages and delivering flexible sessions in clinical

areas to meet the needs of these staff. We have extended the reach of our 'how are you feeling' tool which highlights areas of stress within the workforce, rolled out the 'going home checklists' as a de-briefing method and have achieved our target of training 5% of the workforce as Mental Health First Aiders.

The 3 main reasons for sickness absence in the last two financial years are outlined below. Although stress is cited as the 3rd highest reason for sickness absence, fewer staff indicated via the staff survey they felt unwell due to stress than our comparator group of Specialist Trusts.

Financial Year	**Reason 1**	**Reason 2**	**Reason 3**
2018/2019	Gastrointestinal problems - 21.89%	Cold, Cough, Flu - Influenza - 16.42%	Stress - 13.72%
2019/2020	Cold, Cough, Flu - Influenza - 20.99%	Gastrointestinal problems - 20.08%	Stress - 13.81%

Staff Policies & Actions Applied During the Financial Year

During the last financial year there have been 17 ratified new or revised policies. There continues to be an HR Policy Audit Schedule in place. An ongoing policy review group with staff side partners continues to ensure that staff side are able to input into policies at an early stage.

Two Freedom to Speak Up Guardian roles are now fully embedded within the Trust, together with a Guardian of Safe Working. The Trust has continued work to embed the 'Fair and Just Culture' learning methodology within core business. A Fair and Just (F&J) Steering Committee has been created for the 15 F&J trained leaders and others across the Trust to develop an operational plan and focus on staff and patient engagement. Policies have been reviewed to incorporate Fair & Just principles and processes.

The Trust has an over-arching Equality, Diversity and Human Rights policy which sets out our commitment to becoming an inclusive organisation in all aspects of employment and all aspects of service delivery. The Trust continues to be accredited as a "Disability Confident Employer" and is committed to supporting staff to gain access to employment and maintain employment.

The active programme to increase diversity in the workforce and create an organisation reflective of our local population continues. Three successful pre-employment programmes ran in 2019/20 with 60 participants. This is in addition to 170 work experience placements and an annual programme of careers events involving a wide range of educational establishments.

The Attendance Management Policy continues to articulate how we support staff with disabilities via reasonable adjustments. During the last year training was undertaken by a number of line managers in understanding and applying reasonable adjustments. The Recruitment & Selection policy supports all staff, including disabled employees in relation to promotion opportunities. In relation to career development and training the PDR policy and Study Leave policy also ensure that staff with a disability are not discriminated against.

There are a number of Trust policies in place that provide employees with information on how raise matters of concern. These include; Grievance Policy, Whistleblowing Policy, Dignity at Work Policy, Duty of Candour Policy and Disciplinary Policy. There is regular communication sent to all staff on policy updates.

The Trust continues to engage more formally with its staff and its recognised staff side organisations through the Partnership Forum and the Joint Local Negotiating Committee (JLNC).

The Trust is proud of its excellent working relationships with its staff side organisations and continues to work productively with the Staff Side Chair who is a midwife.

The Trust has established a very successful programme of 'Listening Events' which take place on a bi-monthly basis and invite staff and partners from all levels of the organisation including Non-Executive Directors to participate in facilitated discussion on a range of key topics enabling two-way feedback at all levels. An Executive visibility programme as well as informal opportunities to meet with the Chief Executive at 'coffee mornings' continue, and this supports the workforce in being kept updated about the strategic direction of the organisation. Specific briefings have continued in relation to the future strategic direction of the Trust.

The Trust continues to encourage employees to be involved in, and take responsibility for, the Trust's performance - monthly workforce KPI reports are produced (sickness, turnover, mandatory training and performance development reviews) and circulated to all managers, senior managers, the Putting People First board assurance committee and the Partnership Forum. Heads of Service are also held to account for delivery of these KPI's, as well as for agency / temporary staffing spend and workforce cost improvement plans through performance meetings with the Executive Team. Each service within the Trust is also asked to present a workforce assurance paper to the PPF Committee on an annual basis and again managers are held to account for performance and potential areas of concern are discussed and action plans requested to provide assurance to the Committee.

During the year, the Trust's Health and Safety Manager continued to develop, review and implement health and safety policies and procedures to meet both internal and external requirements in order to keep our patients, staff and visitors safe. A significant investment has been dedicated to the purchase and development of an electronic health and safety risk management tool within the Ulysses system. Using the electronic health and safety risk management tool will streamline the annual health and safety audit schedule and an improvement in evidencing health and safety risk assessment and audit compliance is anticipated. Monitoring of health and safety related non-clinical incidents was carried out throughout the year and identifiable trends and RIDDORs investigated and acted upon. The Health and Safety Committee and supporting risk management working groups aim to identify and mitigate risk through lessons learned to reduce accidents and incidents, improve health and safety awareness, provide a broad base of expertise and experience for solving problems and in engaging staff, so that concerns can be raised and addressed, as appropriate.

In relation to Occupational Health, the service has been outsourced since April 2017 to Aintree University Hospitals Foundation Trust (now Liverpool University Hospitals NHS Foundation Trust). The service provision remains responsive, delivering on key performance indicators as well as offering additional services such as 'employee wellbeing health checks'. The flu

campaign was successfully completed with 81% of frontline staff vaccinated (2019/20 target was 80%).

Staff wellbeing is supported by an active trade union body as well as by a team of 'staff support champions' which include Mental Health First Aiders, Dignity at Work Advisors, Return to Work Mentors and health and wellbeing champions. It is planned that regular walkabouts will be increased over the next year. Health and Wellbeing objectives emanate from the overarching Putting People First Strategy and are operationalized in Divisional People Plans and an active Health and Wellbeing Committee.

There are a number of staff policies which support Fraud Prevention, including Disciplinary, Job Planning for Consultant Medical Staff, Job Planning for SAS Doctors, Recruitment & Selection policy. The Whistleblowing Policy also references mechanisms whereby staff can raise concerns around fraud issues both internally and externally. The Trust's counter-fraud team also contribute to the Trust Induction programme to ensure all new starters are aware of their responsibilities and how to raise such concerns.

Staff Survey Results 2019

The Trust is committed to listening to the views of our staff and recognising their achievements on a regular basis. We believe that motivated and engaged staff deliver better outcomes for our patients and our on-going aspiration is to improve levels of staff engagement on a year on year basis, as measured by the NHS Staff Survey. Improving levels of involvement and engagement is one of four priority areas in our five-year Putting People First Strategy and underpins all of our HR, OD and L&D activity.

The NHS Staff Survey is a core tool for the Trust to engage consistently with our staff each year to identify what is important to them and then take action to address identified issues. In 2019, we continued to opt for a full survey of all our staff, included for the first-time electronic surveys and received a positive response rate of 61%, far exceeding the national average.

The table below indicates how the Trust compares to its benchmarking group (Specialist Acute Trusts):

Theme	2019		2018		2017		2016	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity & inclusion	**9.4**	9.2	**9.5**	9.3	**9.4**	9.3	**9.5**	9.3
Health & wellbeing	**6.4**	6.3	**6.3**	6.3	**6.3**	6.3	**6.3**	6.3
Immediate managers	**6.9**	7.1	**6.8**	7	**6.7**	6.9	**6.7**	6.9
Morale	**6.3**	6.4	**6.1**	6.3	**---**	---	**---**	---

Quality of appraisals	**5.2**	5.8	**5.2**	5.7	**5**	5.5	**4.9**	5.5
Quality of care	**7.6**	7.9	**7.6**	7.8	**7.6**	7.7	**7.6**	7.8
Safe environment – Bullying & harassment	**8.7**	8.3	**8.6**	8.2	**8.3**	8.4	**8.4**	8.3
Safe environment – Violence	**9.9**	9.8	**9.9**	9.7	**9.8**	9.7	**9.9**	9.7
Safety culture	**6.9**	7.0	**6.7**	6.9	**6.7**	6.9	**6.6**	6.9
Staff engagement	**7.2**	7.5	**7**	7.4	**7**	7.4	**6.9**	7.5
Team working	**6.6**	6.9	**---**	---	**---**	---	**---**	---

Overall the picture was one of improvement and we improved compared to last year in two overall 'themes' – *safety*, and *staff engagement*. We did not see a statistically significant decline in any of the eleven overall themes. We have moved closer towards the average or exceeded the average for Specialist Acute Trusts over a number of indicators. Areas where we remain further from the average include team working, immediate managers and quality of appraisals. The quality of appraisals has been highlighted as an issue for the last three years and the system will be reviewed in its entirety in 2020.

Analysis of key themes

Equality, Diversity & Inclusion
Although there was a minor drop from 9.5 in 2018 to 9.4 in 2019 (not statistically significant), this is still comfortably above the national average for our comparison group of 9.2.

Health & Wellbeing
There was a minor increase from 6.3 to 6.4 (not statistically significant) which is now above the national average of 6.3. For the specific question regarding whether staff have felt unwell as a result of work-related stress, the Trust figure of 32.2% in considerably lower than the national average for acute specialist Trusts of 36.6%.

Immediate Managers
There was a minor increase from 6.8 to 6.9 (not statistically significant) although this remains slightly below the national average of 7.1. It is encouraging that for the six questions that make up this theme, all saw improvements from our 2018 scores.

Morale
This figure increased from 6.1 to 6.3 (not statistically significant), which is now just below the national average of 6.4. It is notable that the specific question regarding involving staff in deciding changes that affect them saw an increase from 49.5% in 2018 to 57.2% in 2019. It should also be noted that the three questions regarding any intention to leave the Trust all saw improved scores.

Quality of Appraisals
This figure remained unchanged from the previous year at 5.2. This is significantly below the national average which rose to 5.8. The specific question scores were mixed for this theme, although the score for the question asking if the appraisal left the employee feeling that their work is valued by the organisation increased from 25.9% to 28.1%.

Quality of Care
This score increased from 7.5 in 2018 to 7.6 in 2019 (not statistically significant), while the national average remained unchanged at 7.9. The score for the specific question regarding staff being able to deliver the care they aspire to rose from70.7% in 2018 to 74.0% in 2019.

Safe Environment - Bullying & Harassment
This score increased from 8.6 to 8.7 (not statistically significant), which is markedly better than the national average of 8.3, and matches the best score nationally for acute specialist trusts. In particular, the score for the specific question regarding bullying by managers fell from 10.9% in 2018 to 7.9% in 2019 (having previously fallen from 15.5% in 2017).

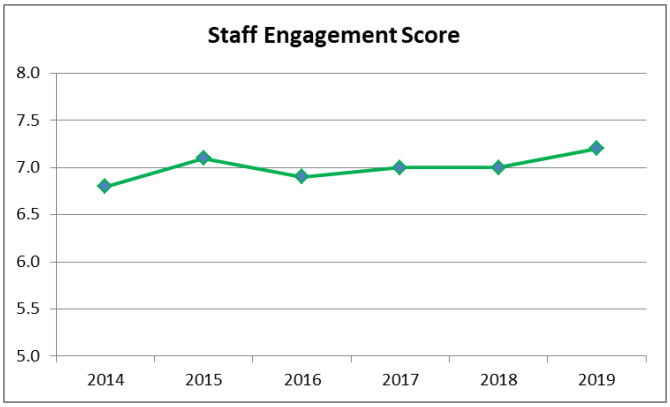
Safe Environment - Violence
Our score remained unchanged at 9.9. This is better than the national average of 9.8, and matched the best score in our comparison group.

Safety Culture
This score increased from 6.7 to 6.9 and is now just 0.1 off the national average score of 7.0. Of particular note, the specific question concerning the Trust treating staff who are involved in incidents & near misses fairly saw an improvement from 50.5% in 2018 to 58.5% in 2019, and the number of staff said they would feel secure in raising concerns rose from 69.1% to 73.3%.

Staff Engagement
Our score increased from 7.0 in 2018 to 7.2 2019, although this is still below the national average of 7.5. Nevertheless, all nine questions that constitute this theme saw improvements.

Team Working
Our score remained unchanged at 6.6, as did the national average at 6.9. There were no significant changes in the scores for either of the specific questions that make up this theme.

Longer Term Trends
Looking back over the results from the previous five year's surveys, this year's increase in the staff engagement score reflects a positive trend dating from 2016:



It should also be noted that the scores for staff recommending the Trust as both a *place to receive treatment*, and as *a place to work*, reversed the fall in both these scores seen in the previous year. The significant rise in the score for recommending the Trust as a place to work is particularly encouraging.

Local results have been drilled down to division, directorate and ward/department level, and summaries have been distributed to the respective divisional management teams. They have been tasked with identifying key actions for their areas which will be signed off and monitored by the Divisional Boards. The local summaries also include a simple "you said /we did" pro-forma for local managers to use in sharing the results with their staff.

The results will also be used to refine and enhance the Putting People First Strategy Year 2 Action Plan which is performance managed via the sub-board level 'Putting People First Committee'. Key Trust wide activities will include the implementation of a revised leadership strategy and the implementation of a talent mapping process. The local internal staff survey process will also be revised and a new paper based and electronic survey mirroring the key themes of the staff survey and other local priorities will be rolled out.

Trade Union Facility Time

Table 1 – Relevant Union Officials

What was the total number of employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
9	7.87

Table 2 – Percentage of time spent on facility time

How many employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	0
1 – 50%	9
51 – 99%	0
100%	0

Table 3 – Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

First Column	Figures
Provide the total cost of facility time	£15,212.62
Provide the total pay bill	£69,950,000.00
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

Table 4 – Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	4.18%

Expenditure of Consultancy

Consultancy costs for the financial year 2019/20 were £69K (2018/19, £176K).

Off-Payroll Arrangements

The use of off-payroll arrangements is covered by the Trust's Temporary Staffing Policy which details the controls that the Trust has in place. These controls include that all bookings must be made through approved routes and agency requests can only be taken forward using the Trust's list of approved suppliers.

Additional checks are in place in respect of contracts with highly paid staff which meet the threshold used by HM Treasury. The Trust ensures that there are contractual clauses giving the trust the right to request assurance in relation to income tax and National Insurance obligations. Assurance is also requested to ensure compliance for a sample of off-payroll arrangements as stipulated in the guidance.

Below are details of off-payroll engagements made by the trust during the year. The disclosures relate to public sector appointees not on the Trust's payroll.

Off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months:

	2019/20 Number of engagements
Number of existing engagements as of 31 Mar 2020	**13**
Of which:	
Number that have existed for less than one year at the time of reporting	6
Number that have existed for between one and two years at the time of reporting	2
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	3
Number that have existed for four or more years at the time of reporting	2

All existing off-payroll engagements, outlined above, have been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax; and where necessary that assurance has been sought.

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months

	2019/20 Number of engagements
Number of new engagements, or those that reached six months in duration between 01 April 2019 and 31 March 2020	8
Of which:	
Number assessed as within the scope of IR35	2
Number assessed as not within the scope of IR35	6
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	-
Number of engagements reassessed for consistency / assurance purposes during the year	-
Number of engagements that saw a change to IR35 status following the consistency review	-

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020:

	Number of engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year*	2
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	9

***Details of off-payroll engagements of Board members, and /or senior officers with significant financial responsibility, during the financial year**

Loraine Turner provided interim cover for the role of Director of Operations from the 18th February 2019 to the 28th July 2019. The Interim Director of Operations was a non-voting member of the Board of Directors and was required to attend all meetings of the Board. The appointment was made under an agency arrangement whilst the appointment for the substantive post took place.

Gaynor Hales took up the post of the interim Director of Nursing & Midwifery from the 31st March 2020 onwards to provide cover for the substantively employed Director of Nursing & Midwifery, Caron Lappin due to an unplanned absence. The appointment was made under an agency arrangement.

Reporting of compensation schemes - exit packages 2019/20

The table below discloses the compulsory redundancies and other departures, highlighting the staff numbers that fall within the differing cost ranges in the 2019/20 financial year.

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	-	-	**-**
£10,000 - £25,000	-	-	**-**
£25,001 - 50,000	1	-	**1**
£50,001 - £100,000	1	-	**1**
£100,001 - £150,000	1	-	**1**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**3**	**-**	**3**
Total cost (£)	£270,000	£0	**£270,000**

In the 2019/20 financial year, there were no other departures under the Mutually Agreed Resignation Scheme (MARS) (2018/19 – there were 2 departures).

3iv Disclosures set out in the NHS Foundation Trust Code of Governance

Meeting the code of governance

Liverpool Women's NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012. The Board of Directors is committed to achieving the highest standards of governance within the Trust and has established processes to enable it to comply with the Code of Governance. The Trust's Audit Committee receives a full analysis regarding compliance in May each year. The Code requires NHS foundation trusts to make a full disclosure on their governance arrangements for the financial year 2019/20. The Code also requires the Board to explain how the main principles and supporting principles of the Code have been applied. Information that satisfies this requirement can be found throughout the Annual Report and Accounts document. Furthermore, the Trust is required to provide a statement either confirming compliance with the provisions of the Code or where appropriate, an explanation in each case why the Trust has departed from the Code.

The table below sets out NHS Improvement's Code of Governance where the Trust is required to provide supporting explanations.

For the year 2019/20 the Trust can confirm that it complies with the provisions of the Code with the following exception:

Code provision B.6.2: Evaluation of the boards of NHS foundations trusts should be externally facilitated at least every three years. **Response**: The most recent external review was undertaken by Deloitte which reported through to the Board in May 2017. A self-assessment against NHSI's Well-Led Framework was undertaken and approved by the Board in April 2020. The Trust will seek external validation against this self-assessment at an appropriate point during 2020/21 but this will be influenced by the Covid-19 pandemic.

Whilst not identified as non-compliance, an additional note has also been provided for **Code Provision B.1.1**: The board of directors should identify in the annual report each non-executive director it considers to be independent.

The Trust's Constitution notes that "A person may not become a Director of the Trust, and if already holding such office, will immediately cease to do so if:

- she is a member of a Local Involvement Network, its successor organisation, Local Healthwatch, or any of its successor organisations;"

One of the Trust's Non-Executive Directors, Phillip Huggon is currently a member of the Healthwatch England Committee. This has been disclosed as a declaration since 2018. As this organisation is not a 'Local Healthwatch' and takes a more strategic role, the Trust does not believe that this is in contravention to the Constitution. Steps are taken to ensure that independence is retained.

The following provisions of the code are required to be recorded in the annual report:

Code provision	Trust position	Comply or explain?
A.1.1 The Board of Directors (Board) should meet sufficiently regularly to discharge its duties effectively. There should be a schedule of matters specifically reserved for its decision. The schedule should include a clear statement detailing the roles and responsibilities of the Council of Governors (Council). This statement should also describe how any disagreements between the Council and Board will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board and Council operate, including a summary of the types of decisions to be taken by each and which are delegated to the executive management of the Board. These arrangements should be kept under review at least annually.	In 2019/20 the board of directors met formally on 10 occasions and met as a workshop on 4 occasions. Matters reserved for the Board, including the types of decisions it takes and which are delegated to committees and executive management, are included in the Trust's Corporate Governance Manual and summarised in the 3i Director's report and 3vii Annual Governance Statement. The general duties of governors are stated in the Trust's constitution. Matters for which the Council of Governors is responsible and makes decisions on is outlined in the section of this report in respect of the Council. A general statement on the handling of disputes is contained in the Trust's constitution.	**Comply**
A.1.2 The annual report should identify the Chair, Deputy Chair, Chief Executive, Senior Independent Director (SID) and the Chair and members of the Nominations, Audit and Remuneration Committees. It should also set out the number of meetings of the Board and those committees and individual attendance by directors.	This information is provided in the following sections: 3i(a) Director's report 3i(b) Audit Committee report 3i(c) Board of Directors pen portraits 3ii Remuneration report 3vii Annual Governance Statement.	**Comply**
A.5.3 The annual report should identify the members of the Council, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor. A record should be kept of the number of meetings of the Council and the attendance of individual Governors and it should be made available to members on request.	Full details of Governors and their terms of appointment is given in section 3i(d) Council of Governors & Members. The Lead Governor over the period was Kate Hindle, Staff Governor.	**Comply**
B.1.1 The Board should identify in the annual report each Non-Executive Director (NED) it considers to be independent. The Board should	The independence of each NED is reviewed on appointment and reassessed annually.	**Comply**

Code provision	Trust position	Comply or explain?
determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The Board should state its reasons if it determines that a director is independent despite the existence of relationships or circumstances which may appear relevant to its determination.	All NEDs are required to annually submit a self-declaration and provide details of any conflict of interest. The Trust's Constitution notes that "A person may not become a Director of the Trust, and if already holding such office, will immediately cease to do so if: - she is a member of a Local Involvement Network, its successor organisation, Local Healthwatch, or any of its successor organisations;" One of the Trust's Non-Executive Directors, Phillip Huggon is currently a member of the Healthwatch England Committee. This has been disclosed as a declaration since 2018. As this organisation is not a 'Local Healthwatch' and takes a more strategic role, the Trust does not believe that this is in contravention to the Constitution. Steps are taken to ensure that independence is retained.	
B.1.4 The Board should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the Board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the Trust. Both statements should also be available on the trust's website.	Section3i(c) Board of Directors pen portraits	**Comply**
B.2.10 A separate section of the annual report should describe the work of the nominations committee/s, including the process it has used in relation to Board appointments. The main role and responsibilities of the nominations committee should be set out in publicly available, written terms of reference.	Section 3ii Remuneration report The Committees' terms of reference are available on request from Trust Secretary at communications@lwh.nhs.uk.	**Comply**
B.3.1 For the appointment of a Chair, the nominations committee should prepare a job specification defining the role and capabilities required including an assessment of the time commitment expected, recognising the need for availability in the event of emergencies. A Chair's other significant commitments should be disclosed to the Council before appointment and included in the annual report. Changes to such commitments should be reported to the	There is a current Role Description for the Chair which has been approved by the Council of Governors (most recently updated in January 2020). Future appointment would require the approval of the Council of Governors on recommendation of the Governor Nomination and Remuneration Committee. The significant commitments of those recommended for appointment as Chair are disclosed to the Council before appointment.	**Comply**

Code provision	Trust position	Comply or explain?
Council as they arise, and included in the next annual report. No individual, simultaneously whilst being a Chair of a Foundation Trust, should be the substantive Chair of another Foundation Trust.	Disclosure of Chair's (and other Directors) other significant commitments is recorded on register of interests and can be reviewed on the Trust's website. The Annual Report references how the public can gain access to the Register of Interests, and this meets the requirement of the FT Annual Reporting Manual. The Chair serving during the year has not been the substantive Chair of another Foundation Trust during his tenure.	
B.5.6 Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the Board. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Section 3i (d) Council of Governors & Members.	**Comply**
B.6.1 The Board should state in the annual report how performance evaluation of the Board, its committees, and its directors, including the Chair, has been conducted, bearing in mind the desirability for independent assessment, and the reason why the Trust adopted a particular method of performance evaluation.	3i(a) Director's report 3i(b) Audit Committee report 3ii Remuneration report 3vii Annual Governance Statement.	**Comply**
B.6.2 Evaluation of the Board should be externally facilitated at least every three years. The evaluation needs to be carried out against the Board leadership and governance framework set out by Monitor. The external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the Trust.	The most recent external review was undertaken by Deloitte which reported through to the Board in May 2017. A self-assessment against NHSI's Well-Led Framework was undertaken and approved by the Board in April 2020. The Trust will seek external validation against this self-assessment at an appropriate point during 2020/21 but this will be influenced by the Covid-19 pandemic.	**Non-Compliant**
C.1.1 The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to	3i(a) Director's report 3i(b) Auditors report 3vii Annual Governance Statement	**Comply**

Code provision	Trust position	Comply or explain?
assess the trust's performance, business model and strategy. There should be a statement by the external auditor about their reporting responsibilities. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).		
C.2.1 The Board should maintain continuous oversight of the effectiveness of the trust's risk management and internal control systems and should report to members and governors that they have done so. A regular review should cover all material controls, including financial, operational and compliance controls.	An annual review of the system of internal control is conducted on the instruction of the Trust's Audit Committee by internal auditors. 3i(b) Audit Committee report 3vii Annual Governance Statement.	**Comply**
C.2.2 A Trust should disclose in the annual report if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	3i(b) Audit Committee report 3vii Annual Governance Statement	**Comply**
C.3.5 If the Council does not accept the Audit Committee's recommendation, the Board should include in the annual report a statement from the Audit Committee explaining the recommendation and should set out reasons why the Council has taken a different position. *[external auditor appointment]*	3i(b) Audit Committee report	**Comply**
C.3.9 A separate section of the annual report should describe the work of the committee in discharging its responsibilities.	3i(b) Audit Committee report	**Comply**
D.1.3 Where a Trust releases an executive director, for example to serve as a NED elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	3ii Remuneration report	**Comply**

Code provision	Trust position	Comply or explain?
E.1.4 The Board should ensure that the Trust provides effective mechanisms for communication between Governors and members from its constituencies. Contact procedures for members who wish to communicate with Governors and/or Directors should be made clearly available to members on the trust's website and in the annual report.	Section 3i(d) Council of Governors & Members.	**Comply**
E.1.5 The Board should state in the annual report the steps they have taken to ensure that the members of the Board, and in particular the NEDs, develop an understanding of the views of governors and members about the Trust.	Section 3i(a) Director's report Section 3i (d) Council of Governors & Members.	**Comply**
E.1.6 The Board should monitor how representative the trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Information about the trust's membership strategy is reviewed and developed by the Council's Communication and Membership Engagement Group and is available to the Board. Section 3i (d) Council of Governors & Members.	**Comply**

3v NHS Oversight Framework

NHS England and NHS Improvement's NHS 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; and 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.

Segmentation

NHS Improvement has placed the Trust in segment 3. On the 8 April 2016 NHS Improvement took action to ensure that the Trust deals with the continuing issues it faces, and the Trust entered into an enforcement undertaking which required specific actions to be taken. The Trust is complying with the requirements of the enforcement undertaking and reports compliance through its integrated governance structure.

This segmentation information is the Trust's position as at 31 March 2020. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the NHS Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2019/20 Scores				2018/19 Scores				2017/18 Scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Sustainability	Capital Service Capacity	4	4	4	2	4	4	4	4	4	4	4	4
	Liquidity	4	4	4	4	4	4	4	4	4	4	4	3
Financial efficiency	I&E margin	2	3	4	4	1	3	4	4	4	4	4	4
Financial Controls	Distance from financial plan	1	1	1	1	1	1	1	1	1	1	1	1
	Agency Spend	1	2	2	2	1	1	1	1	1	1	1	1
Overall Scoring		**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**

A score of 4 on any of the metrics will lead to a financial override score of 3.

3vi Statement of the Chief Executive's responsibilities as the accounting officer of Liverpool Women's NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Liverpool Women's NHS foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Liverpool Women's NHS foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

- observe the Accounts Direction issued by NHS 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 and disclose any material uncertainties over going concern.

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

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.

Kathryn Thomson
Chief Executive
23 June 2020

3vii Annual Governance Statement

Scope of responsibility

As Accountable 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

A 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 Women's 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 Women's NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust's risk management strategy sets out the responsibility and role of the Chief Executive in relation to risk management which, as Accounting Officer, I have overall responsibility for. I have delegated the following responsibilities to Executive Directors:

- The Director of Finance has responsibility for financial governance and associated financial risk;
- The Director of Nursing and Midwifery has joint authority for clinical governance with the Medical Director and absolute delegated authority for quality, improvement, risk management and complaints, and is executive lead for health and safety, safeguarding and infection control;
- The Medical Director is responsible for all aspects of clinical risk management and clinical governance and has responsibility for the Trust's Quality Report;
- The Director of Operations is responsible for emergency planning;
- All Executive directors have responsibility for the management of strategic and operational risks within individual portfolios. These responsibilities include the maintenance of the corporate risk register and the promotion of risk management to staff within their areas of accountability. Executive directors have responsibility for monitoring their own systems to ensure they are robust, for accountability, critical challenge and oversight of risk.

The Trust fully implemented a new divisional structure from 1 April 2019. This resulted in Maternity, Neonatal, Gynaecology, Theatres, Fertility, Genetics, and all other clinical support services being restructured within three main clinical divisions. The key objective of the structure is to: maintain and improve safety, experience and effectiveness for our patients; create simplified structures where accountability and responsibility is clear; strengthen divisional management teams with medical, operational and nursing/midwifery leaders having

clear, shared objectives; simplify divisional reporting and meeting requirements in response to staff feedback regarding the demands of servicing the current organisational structure; and improve divisional governance processes, ensuring a clear line of sight from 'ward to Board'.

The three clinical divisions are: Division of Family Health - Comprising the Maternity and Neonatal directorates; Division of Gynaecology - Comprising the Gynaecology and Hewitt Fertility Centre directorates; and Division of Clinical Support Services - Comprising Pharmacy, Therapies, Theatres, Genetics, all other clinical support services, as well as the Administration and Access Centre. Each Division is led by a Clinical Director(s), Head of Nursing/Midwifery and a Divisional Manager and report to the Executive Team.

The Audit Committee has overarching responsibility for the oversight of risk systems and processes within the organisation. The Trust's other assurance committees: Quality Committee; Finance, Performance and Business Development Committee; and Putting People First Committee monitor the Trust's Board Assurance Framework (BAF) and have oversight of progress against action plans prepared in respect of the key strategic risks. Each Committee reports directly to the Board. The Board reviews the BAF as a minimum quarterly and receives escalated reporting of changes to the risks from its assurance committees as required. These are reported to the Board through a chairs report produced by the Non-Executive director chair of each Committee.

Risk Management Training

The risk management strategy identifies the Chief Executive as providing leadership and accountability to the Trust for risk management and quality improvement. Senior managers and all staff receive basic risk management training via the Trust's mandatory training programme. In addition, specific staff are trained to a higher level in risk management techniques such as root cause analysis or IOSH (Institution of Occupational Safety and Health) working and managing safely, as identified through the training needs analysis process. Training on use of the Trust's risk software is also provided across the Trust. The Trust's annual appraisal process is used to identify where and if additional, enhanced risk management training is required. Taken together these arrangements ensure staff are trained or equipped to manage risk in a way appropriate to their authority and duties.

Developing a risk aware and risk sensitive culture remains an on-going aim for the Trust. This is to enable risk management and risk management decisions to occur as near as practicable to the source of the risk. It is also to facilitate appropriate escalation of those risks that cannot be dealt with at the local level.

The risk and control framework

A framework for managing risks across the Trust is provided through the risk management strategy. It provides a clear, structured and systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, managerial and financial processes at all levels across the organisation. This document is reviewed on an annual basis with the latest version approved by the Board in April 2020.

The Trust operates a principle whereby risks are identified early and are resolved as close as possible to where the risk originated. A dynamic risk register process is in place which is actively monitored by senior managers linking in with clinical and corporate departments which is monitored at the Corporate Risk Committee. The risk register operates as part of a

coordinated process which is based around a Standard Operating Procedure introduced in March 2019 and provides a defined process from risk assessment up and through to the BAF. The key aspects of the Standard Operating Procedure are outlined below:

- **Identification of a Risk and Initial Management of a Risk**
    - Once a risk is identified then a full and comprehensive risk assessment, using the Trust standard template, is completed. At this stage, if the actions identified can be completed in a timely manner and this resolves the risk, then no further action is required, and all evidence is filed.
    - If the risk cannot be resolved at the assessment stage then the completed risk assessment is presented at an appropriate service/department meeting for discussion as to the risk, its action and whether the risk needs to be included on a risk register.
- **Inclusion of a Risk on a Risk Register**
    - Once it is identified that the risk then needs to be placed onto a risk register at service level then the risk is recorded using the Trust Ulysses Risk Management System.
    - Each risk also has a designated risk owner/manager who ensures actions are completed and that the risk is reviewed within the required timeframe and if there are any concerns as to progress that this is escalated appropriately.
- **Management of Risk on Risk Registers at All Levels**
    - Once a risk is placed onto any risk register, it is vital that it is managed effectively and efficiently. Risk registers are not used as a place to pass on accountability, it is a system to assist in the management and monitoring of risks with the aim to resolve them or mitigate them to the lowest level of likelihood and harm as is possible.
    - There are two types of review which are required in the risk register system:
        - **Review of the actual risk** – this is completed in line with the chosen timeframe when adding the risk to the system or if it has been changed during a previous review.
        - The target risk score is based on SMART[1] principles and is not just an arbitrary figure. All risk scores are identified using the National Patient Safety Agency (NPSA) Risk Matrix ensuring that the correct domain for the risk is used, therefore identifying an appropriate target risk score.
        - **Review of Actions –** When a risk has individual actions in place, then these are clearly articulated with target dates for completion or review.
        - **Gatekeeping –** Prior to any risk being added to any risk register a comprehensive risk assessment is completed which is then reviewed and discussed either at an appropriate meeting or with a senior member of the divisional team where authorisation for inclusion on a risk register is provided.
- **Escalation and De-escalation –** Once on a risk register a risk can be escalated or de-escalated depending on a number of factors both internal and external.
- **Removal of Risk from Risk Registers -** Once all actions have been completed and the risk score has reduced to its lowest level possible then a review is to be undertaken

[1] Objectives are 'SMART' if they are specific, measurable, achievable, realistic and, timely (or time-bound)

by the risk manager and the managing group as to whether it is appropriate for the risk to be removed from the register. It is then the risk can be closed on the Ulysses system, with all accompanying evidence of risk reduction loaded into the evidence section to support future audit. Where a risk score has been reduced to its lowest level through actions and controls but is considered to still be an ongoing risk then this remains on a risk register with the review period being set to annual. This allows for ongoing sight of the risk, but with no need for regular updating unless there is a change to the risk or any controls.

A committee structure supports the Trust's integrated governance processes and facilitates the appropriate identification of risk ensuring it is properly mitigated, monitored and reported. As Chief Executive, I chair the Corporate Risk Committee which coordinates and prioritises all categories of risk management. In fulfilling its role, the Committee meets at least six times a year to review all significant corporate risks and considers whether any risks need to be escalated to the relevant committee/senate and/or entered onto the Board Assurance Framework (BAF). The Committee is also responsible for ensuring that any lessons learned arising from the corporate risk register are communicated across the Trust. Following the changes to the organisational structure, the membership of the Corporate Risk Committee was amended to ensure representation from the three clinical divisions. The Corporate Risk Committee reports to the Quality Committee of the Board of Directors.

Risk Appetite

The Trust's Risk Management Strategy determines that on an annual basis the Trust will publish its risk appetite statement as a separate document. The Risk Management Strategy describes the process as follows:

"The risk appetite of the Trust is the decision on the appropriate exposure to risk it will accept in order to deliver its strategy over a given time frame". In practice, the Trust's risk appetite should address several dimensions:

- The nature of the risks to be assumed.
- The amount of risk to be taken on.
- The desired balance of risk versus reward.

Risks throughout the organisation should be managed within the Trust's risk appetite, or where this is exceeded, action taken to reduce the risk. The Trust's risk appetite statement will be communicated to relevant staff involved in the management of risk".

Each strategic aim is allocated to a Board Committee and each respective Committee provides a recommendation to the Board on the proposed level of risk tolerance. A paper is collated and the Board is requested to approve the overall risk appetite statement. This was most recently undertaken in the April 2020 Board meeting. The risk appetite forms part of the BAF and is used to inform discussions around strategic risk.

Quality Governance Arrangements

During 2019/20 the Trust continued to operate a model of integrated governance. This best practice model is defined by having in place effective systems, processes and behaviours

governing quality assurance and operating within transparency that encourages challenge. There are defined clinical and patient safety performance metrics within the Trust's broad governance work-streams which are monitored through the Trust's internal control systems (clinical governance) and external assurance(s), accreditation and regulation including NHS Improvement, the Care Quality Commission and the Human fertility and Embryology Authority (HfEA). Further detail on the steps which have been put in place to assure the Board that there are appropriate controls in place to ensure the accuracy of quality data is included within the 'Data Quality and Governance section' below.

CQC Registration Requirements

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission. Assurance is obtained on compliance with CQC registration requirements via regular reports to the Quality Committee. The Trust underwent a CQC inspection during December 2019 and January 2020 and was rated 'good' in relation to its services. The CQC was told by patients and families during their inspection of positive examples of caring, compassionate care and patients gave the CQC positive feedback about the care they received. However, in relation to the well-led element, the CQC rated the Trust as 'requiring improvement'. Improvements were identified relating to ensuring that learning from audits and improvement work had the requisite pace. An action plan has been developed to ensure that the areas of improvement identified from the inspection are taken forward within the appropriate timescales. The Trust was also subject to a warning notice in relation to the management of medicines. Further detail on this can be found under the 'Significant Internal Control Issues' section.

As the situation with the Covid-19 pandemic has developed, the Trust has ensured that the CQC is kept fully updated on any changes to services.

Trust's Key Risks

During 2019-20 the Trust BAF has been proactively managed and includes risks related to the strategic risks of the organisation from a clinical and non-clinical perspective.

The BAF risks throughout 2019/20 were as follows:

- The Trust is not financially sustainable beyond the current financial year
    - Initial risk score was 25 and the risk score at the end of 2019/20 remained at 25. This risk had a substantial revision in line with the Future Generations Strategy.

- Ineffective understanding and learning following significant events
    - The initial risk score was 20 and the score at the end of 2019/20 was 12 with the target score being 6. Work has progressed in relation to developing the Trust approach to learning lessons but it is recognised that further progress is required during 2020/21 to achieve the target score.
- Failure to deliver the annual financial plan.
    - The Initial score was 25 and the score was been reduced to 10 at the end of the year which was the set target score. This was due to the achievement of key actions to ensure the delivery of the annual financial plan.

- Staff are not engaged, motivated or effective in delivering the vision, values and aims of the Trust.
    - The initial risk score was 25; this was reduced to 10 which was the set target score. This was achieved following the publication of the 2019 staff survey, which demonstrated improvements in key areas.
- Insufficient numbers of clinical staff resulting in a lack of capability to deliver safe care and effective outcomes.
    - The initial risk score was 25, this was reduced to a score of 15 by year-end but the target score of 10 was not achieved. This was in the main due to issues relating to the Trust's ability to recruit to Gynaecologist consultant posts. A full plan is in place to mitigate this issue and work to recruit consultants will continue during 2020/21.
- Inability to achieve and maintain regulatory compliance, performance and assurance.
    - The initial risk score was 20 and this was reduced to a score of 12 at year-end. The outcome of the CQC inspection will be considered when reviewing whether the Trust can move towards the target risk score of 8 during 2020/21.
- Location, size, layout and accessibility of current services do not provide for sustainable integrated care or safe and high-quality service provision.
    - The initial risk score was 25 and this score was not reduced throughout the year. The risk description, controls and assurances underwent a significant review in January 2020 to ensure the risk reflected the current situation for the Trust.
- Best Clinical Outcomes
    - This risk was reviewed by the Quality Committee during 2019/210 and it was identified that key elements were covered in other BAF risks. The Trust participates in high quality research and this area is not considered a risk for the organisation at this time. Therefore, it was agreed at Board that this BAF risk would be closed at the Board meeting in April 2020.
- Positive Patient Experience.
    - Following review by the Quality Committee it was identified that this was no longer a BAF level risk, due to significant improvement that had been made since the risk was originally placed on the BAF. Therefore, it was agreed at Board this BAF risk would be closed in the Board meeting in April 2020.

In April 2020, two additional risks were added to the BAF with agreement by the Board.

- Major and sustained failure of essential IT systems due to a cyber-attack.
    - This risk was developed by the Chief Information Officer recognising the importance of maintaining appropriate cyber controls and technology in line, investment in systems and infrastructure, the skills and/or capacity of staff or service providers, end user culture regarding cyber security and IT systems use and contract management. The initial risk score was 20, the current risk score 15 and a target risk score of 10 has been identified.
- The Trust's current clinical records system (paper and Electronic) are sub-optimal.
    - As there had been a significant change to the implementation of a new clinical records system, the risk which had been on the BAF was deemed to no longer describe the key risks or any associated control or assurances. Therefore, a

revised risk was developed with an initial risk score of 25, current risk score of 20 and a target risk score of 20.

Those risks not closed at the April 2020 Board meeting were agreed to continue to form the content of the BAF in 2020/21.

The Trust's Risk Management Strategy was utilised to identify and determine the risks posed by the Covid-19 pandemic. An 'umbrella' Covid-19 BAF risk was drafted and following consideration by the Board's sub-committees in April 2020, it was approved by the Board in May 2020. It was agreed to develop a single BAF risk to provide a clear line-of-sight of the key risks, assurances and controls. The key risks the Trust has identified relate to; ensuring that 'business as usual' standards are retained, ensuring that robust recovery plans are in place and maintaining controls with regards to cyber-security and identifying fraud. Whilst an 'umbrella' BAF risk has been agreed, there is acknowledgment that Covid-19 will impact all Trust operations and therefore the interdependencies of risks across the whole BAF are being tracked.

The Trust works in partnership with other NHS organisations on a number of workstreams and services. These include a joint venture with Wrightington, Wigan and Leigh NHS Foundation Trust to provide fertility services and Alder Hey NHS Foundation Trust to provide the Liverpool Neonatal Partnership. The Trust is also involved in a number of system wide programmes in the Cheshire & Merseyside Health and Care Partnership. The main commissioners of the Trust, Liverpool Clinical Commissioning Group, work collaboratively with LWH and other providers under an "Acting as One" contractual arrangement.

Data Security Risks

Risks to data security are managed and controlled as part of our risk and control framework. The Trust is ISO 27001 certified which brings our information and data security under explicit management control. The Director of Finance, as Senior Information Risk Owner, is responsible for information governance, performance against which is monitored through the Finance Performance and Business Development Committee, which receives regular updates from the Trust's Information Governance Committee.

Well-led Framework

Outcomes of the last external review commissioned by the Trust, carried out by Deloitte LLP, were reported in 2016/17. The basis for this review pre-dated the revised Well-Led Framework published by NHS Improvement in June 2017. The Trust had planned to undertake an external review towards the end of 2019/20, in accordance with three-year cycle, and noted this intention in the Code of Governance section of the 2018/19 Annual Report. However, this plan was changed, primarily as a result of notification that the Trust would be subject to a Well-Led inspection by the Care Quality Commission, which was subsequently completed in January 2020.

The Board of Directors agreed an alternative approach based on completion of a comprehensive self-assessment against all elements of each of the eight KLOEs, with outcomes to be consolidated with any relevant outcomes from the CQC inspection to form a comprehensive Board-owned Well-Led development plan. The Trust's self-assessment was

undertaken during the period January-March 2020 and outcomes were subsequently adopted by the Board in April 2020. The Board will actively monitor progress against the resulting development plan and we will commission an external review to take place 2020/21 to test and validate self-assessment outcomes. We also plan to adapt the Well-Led Framework in order to assess and develop leadership and governance practice across the Trust's divisional structure during 2020/21.

Compliance with the NHS foundation trust condition 4 (FT governance)

The Trust has in place a governance structure to support compliance with the NHS foundation trust condition 4(8)(b) (Foundation Trust governance). Over the year under review the year the Trust's Board of Directors comprised of eight Non-Executive Directors including the Chair and six Executive Directors including the Chief Executive. Details of the composition of the Board and changes made during the year can be found in section 3i – Accountability Report; Directors Report. The Board has not identified any significant risks to compliance with provider licence condition FT4. This condition covers the effectiveness of governance structures, the responsibilities of directors and committees, the reporting lines and accountabilities between the Board, its Committees and the Executive Team. The Board is satisfied with the timeliness and accuracy of information to assess risks to compliance with the foundation trust's licence and the degree of rigour of oversight it has over performance.

The Board of Directors is responsible for determining the Trust's strategy and business plans, budget, policies, accountability, audit and monitoring arrangements, regulation and control arrangements, senior appointments and dismissal arrangements and approval of the Trust's annual report and accounts. It acts in accordance with the requirements of its terms of its provider license as a Foundation Trust.

Assurance committees:

- The Audit Committee is responsible for providing assurance to the Board of Directors in respect of the process for the Trust's system of internal control by means of independent and objective review of corporate governance and risk management arrangements, including compliance with laws, guidance and regulations governing the NHS. In addition, it has responsibility to maintain an oversight of the Trust's general risk management structures, processes and responsibilities;
- The Finance, Performance and Business Development Committee is responsible for providing information and making recommendations to the Board of Directors in respect of financial and operational performance issues and for providing assurance that these are being managed safely. The Committee maintains an overview of the strategic business environment in which the Trust is operating and identifies strategic business and financial risks and opportunities. The Committee considers any relevant risks within the Board Assurance Framework and corporate risk register as they relate to the remit of the committee, as part of the reporting requirements. It reports any areas of significant concern to the Board of Directors and/or Audit Committee as appropriate;
- The Quality Committee is responsible for providing the Board of Directors with assurance on aspects of quality in respect of clinical care and research and development issues, and for regulatory standards of quality and safety. The committee considers any relevant risks within the Board Assurance Framework and corporate risk register as they relate to the

remit of the committee, as part of the reporting requirements. It reports any areas of significant concern to the Board of Directors and/or Audit Committee as appropriate;

- The Putting People First Committee is responsible for providing the Board of Directors with assurance on all aspects of governance systems and risks related to the Trust's workforce, and regulatory standards for human resources. The committee considers any relevant risks within the Board Assurance Framework and corporate risk register as they relate to the remit of the committee, as part of the reporting requirements. It reports any areas of significant concern to the Board of Directors and/or Audit Committee as appropriate;
- The Nomination and Remuneration Committee has two responsibilities: it oversees the recruitment and selection of the Chief Executive and executive directors and reviews the structure, size and composition of the executive management team on the Board of Directors; and determines the remuneration, terms of service and other contractual arrangements relating to the Chief Executive and executive directors. The Committee is also responsible for succession planning in respect of executive appointments and for any disciplinary or termination matters relating to the executive management team.

Each assurance committee is chaired by a Non-Executive Director and has terms of reference setting out its duties and authority, including matters delegated to it by the Board of Directors. Membership of the Audit Committee and Nomination and Remuneration Committee comprise solely of Non-Executive Directors.

The Board reviews its effectiveness at each meeting and on an annual basis. Each assurance committee reviews it effectiveness at the conclusion of each year and prepares an annual report setting out how it has fulfilled its terms of reference. Committee annual reports are submitted to the Board for review and approval. The Audit Committee reviews its effectiveness with input from the Trust's internal and external auditors. Each assurance committee routinely receives Chair's Reports of meetings held by its subordinate senates/committees.

Directors' responsibilities are set out in their job descriptions in which reporting lines and accountabilities are identified. The Chair leads the Board of Directors and Council of Governors and ensures the Board develops vision, strategies and clear objectives whilst ensuring it understands its own accountability for governing the Trust. The Chair provides visible leadership in developing a healthy culture for the organisation and ensures this is reflected and modelled in the individual directors own and the Board's behaviour and decision making.

Non-executive directors are responsible for bringing independence, external perspective, skills and challenge to strategy development. They hold the executive directors to account for the delivery of the Trust's strategy, offer purposeful, constructive scrutiny and challenge, and chair or participate as members of the assurance committees that support accountability. Non-executive directors are held to account individually and collectively by the Council of Governors for the effectiveness of the collective board. They seek to actively support and promote a healthy culture for the organisation and reflect this in their own behaviour whilst providing visible leadership in developing a healthy culture so that staff believe they provide a safe point of access to the Board for raising concerns.

The Chief Executive is responsible for leading the strategy development process and delivery of the strategy and acts as the Trust's accountable officer in the establishment of effective

performance management arrangements and controls. As Chief Executive I seek to provide visible leadership in developing a healthy culture for the organisation and ensure that this is reflected in my own and the executive directors' behaviour and decision making. The executive directors take a lead role in developing strategic proposals, leading the implementation of strategy within functional areas and managing performance within their areas of responsibility. They seek to actively support and promote a positive culture for the organisation and reflect this in their own behaviours. Executive directors seek to nurture good leadership at all levels. All directors (executive and non-executive) operate as members of the unitary Board.

To assure itself of the validity of its annual governance statement required under NHS FT Condition 4 the Board of Directors receives the annual Corporate Governance Statement in May of each year.

The Board receives the latest up to date information in respect of the Trust's performance. Reports focus on exceptions to target performance and executive directors outline improvement plans and mitigating actions. Three of the Board's committees (Finance, Performance and Business Development Committee, Quality Committee, and Putting People First Committee) routinely review aspects of the Trust's performance in accordance with the terms of reference approved by the Board.

The Trust is able to assure itself of the validity of its Annual Governance Statement by referring to the Board's recent self-assessment against the NHSI Well-Led Framework, the annual reports of assurance committees, reports of its internal and external auditors and reviews of the Trust's performance and compliance against national and local standards.

Embedding Risk Management

Risk management is embedded in the activity of the Trust in a variety of ways. The agenda for all meetings, from the Board through its integrated governance structure, include an item to consider whether any new risks have been identified during the course of discussions. Where new risks are identified, mitigation is considered and agreed and where appropriate an entry is made to the Trust's risks register or Board Assurance Framework. Each meeting would also consider whether a known risk had changed in any way and the risk register or Board Assurance Framework would then be updated accordingly.

The Trust's Cost Improvement Programme (CIP) includes a process of quality impact assessment (QIA) and equality impact assessment (EIA). These assessments must be jointly approved by the Medical Director and Director of Nursing and Midwifery with a confirmation that the CIP scheme will not have a negative impact on patient safety and quality. The Trust also performs post-implementation reviews of CIP schemes in accordance with best practice, the results of which are reported to Finance, Performance and Business Development Committee. All Trust policy documents go through a streamlined and robust approvals process which ensures appropriate standardisation of documentation, including completion of equality impact assessments.

Involvement of public stakeholders

Public stakeholders are involved in managing risks which impact on them in a number of ways. Liverpool Clinical Commissioning Group (CCG) is involved through the monthly clinical performance and quality review meeting held with them and which is chaired by the CCG.

This meeting is used to discuss the Trust's contract and quality performance and to identify any concerns which may become risks. The Trust also makes the CCG aware of risks during this meeting. Our local Healthwatch is involved by alerting the Trust to issues of concern put to them by their members relating to our services, which we consider and define as risks where appropriate. Other local NHS providers are also involved through a mutual exchange of intelligence and a commitment to addressing risks, for example through the development of patient pathways. Our Council of Governors plays an active role in representing the interests of those the Trust serves and holding the non-executive directors and therefore the Board to account for the services provided by the Trust.

Patients continue to be involved in the risk management process in a number of ways. A patient story is told at the beginning of each meeting of the Board of Directors, sometimes: by the patient in person; via a video; audio recording; or on the patients' behalf by the Director of Nursing and Midwifery or a clinical member of Trust staff. Organisational learning from each story told is identified and actions taken are reported to the Board to disseminate across the trust for learning. The Trust also considers complaints, litigation and PALS (Patient Advice and Liaison Service) feedback as important indicators of quality. The Board committees receive reports detailing this feedback.

During the year the Trust held a series of 'raising concerns' drop-in sessions where staff could meet and speak in confidence with an Executive Director and/or senior manager. The sessions aimed to promote and encourage the reporting of concerns and incidents and to explain how the trust's systems operated.

Workforce Strategies

The Trust has in place an overarching people strategy – "Putting People First" - driving focus and delivery in a number of areas - workforce planning, retention, equality, diversity and inclusion, health and wellbeing and leadership and succession planning. The successful delivery of these plans is 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.

Workforce planning is an annual process reviewing current establishments and incorporating any known changes. Adhering to the principles of safe staffing, as defined in 'Developing workforce safeguards' a combination of evidence-based tools and professional judgement are used to develop the workforce plan. Safe and appropriate rotas are then produced to ensure safe staffing in all areas. The annual workforce plan is approved by the Executives. The Board is informed and assured of progress and change throughout the year by regular Board level reporting.

Policies and processes are in place to allow any concerns in relation to safe staffing to be raised, including the exception reporting process for junior doctors, grievance processes and via Freedom to Speak Up Guardians if necessary.

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 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.

Register of Interests

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

Sustainable Development

The 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.

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

As Accounting Officer, I am responsible for ensuring that the organisation has arrangements in place for securing value for money in the use of its resources.

Each year the Trust prepares an operational plan which details the Trust's plans, its budget and efficiency targets and is approved by the Board of Directors. The Trust's Council of Governors receive a presentation on the plan and can contribute in its development. Reports on performance against the plan are presented to the Board of Directors and Council of Governors during the year. Looking forward to 2020/21, the Trust was not required to submit an Operational Plan due to the Covid-19 pandemic. The Trust Board had approved a draft Operational Plan in March 2020 and will utilise this document as a baseline from which to monitor performance during the year.

The Audit Committee commissions reports on specific issues relating to economy, efficiency and effectiveness through the internal audit plan. Implementation of recommendations is overseen by the Audit Committee and executive directors.

The Board and the Finance, Performance and Business Development Committee review the financial position of the Trust through its financial performance report. This provides integrated information on financial performance, including the achievement of efficiency targets and other performance measures. There is a scheme of delegation in place.

The Trust has in place a number of arrangements with third party providers, most notably Liverpool University Hospitals NHS Foundation Trust (LUHFT). LUHFT provide services including clinical support such as pathology and blood products and also non-clinical services including recruitment. The Trust's payroll is provided by St Helen's & Knowsley NHS Trust. Other services are provided by Alder Hey NHS Foundation Trust and other organisations. These relationships are managed through regular meetings and contract management processes.

Information Governance

In March 2020, the Trust was faced with the operational challenges of responding to the Covid-19 outbreak, which caused disruption in almost every area of the Trust. In response to the outbreak, the requirements for reporting against the Data Security and Protection (DSP) Toolkit were relaxed, meaning that a delay in reporting was accepted if trusts felt that it was necessary to do so. Whilst Covid-19 had caused a level of disruption, it was felt that the Trust was sufficiently prepared for the end of year submission that is was decided to submit the Trust position, as expected, in March 2020. The submitted Trust position was "Standards Met".

In the weeks prior to the DSP Toolkit submission, the Trust was subject to independent audit, which gave an assurance opinion of "Significant Assurance".

During 2019/2020, the Trust has had no new incidents of sufficient seriousness to require reporting to the Information Commissioner's Office (ICO) but there was one incident that was first identified during the 2018/2019 reporting period that remained under active investigation and carried over into the current reporting period. That incident, which involved unauthorised use of Trust information for research purposes, has now concluded. The ICO took no action against the Trust having been satisfied that the Trust had taken appropriate actions, had an ethical policy in place at the time and that these were the actions of an individual employee acting in isolation.

Data quality and governance

The Trust monitors data quality through a regular Data Quality Sub-Committee that reports through the Information Governance Committee to the Finance, Performance and Business Development Committee and focusses on specific specialties to ensure regular representation from senior managers and clinicians. This provides a forum for informatics and operational staff to discuss issues and key data items relating to their specialty. Regular data quality reports, validations and audits are undertaken to provide me with assurance that submitted data is representative of the Trust's activity.

During 2019/20, the Trust commissioned external audits with regards to Referral to Treatment (RTT), Cancer Waiting Times (CWT) and Clinical Coding from MIAA and Himatix Health. RTT accuracy was 94%, CWT 100% and Clinical Coding audit exceeded standards in relation to the Data Security & Protection Toolkit with high assurance.

The quality of performance information used across the Trust is assessed using a structured approach. All patient NHS numbers are checked and validated against national data on a weekly basis, patient level activity data is validated against plan on a monthly basis, including consistency checking across hospital/clinical patient record systems and a central data warehouse, and datasets are verified through two external sources. Our data is then further reviewed to compare against other providers to ensure our clinical performance is satisfactory or better using data provided via CHKS (an independent provider of healthcare benchmarking intelligence and for validation against national expectations using data provided by SUS (Secondary Uses Service) which is part of the NHS). Summary and data level reports are provided to our clinical divisions following a quality checking process to allow them to correct any errors and review data entry processes.

The reporting of incidents, including serious incidents, is actively encouraged. Reporting is via Ulysses, the Trust's web-based incident reporting system. During the year the number of

incidents reported, and learning from reported incidents, has increased (5181 incidents reported in 2019/20 as compared to 4933 in 2018/19). Any decline in quality would be detected via a triangulation of intelligence from several valid sources including incidents, complaints, contact with our Patient Advice and Liaison Service, dialogue with patient representative organisations, input from our primary care stakeholders and feedback from GPs, alongside clinical performance benchmarking data.

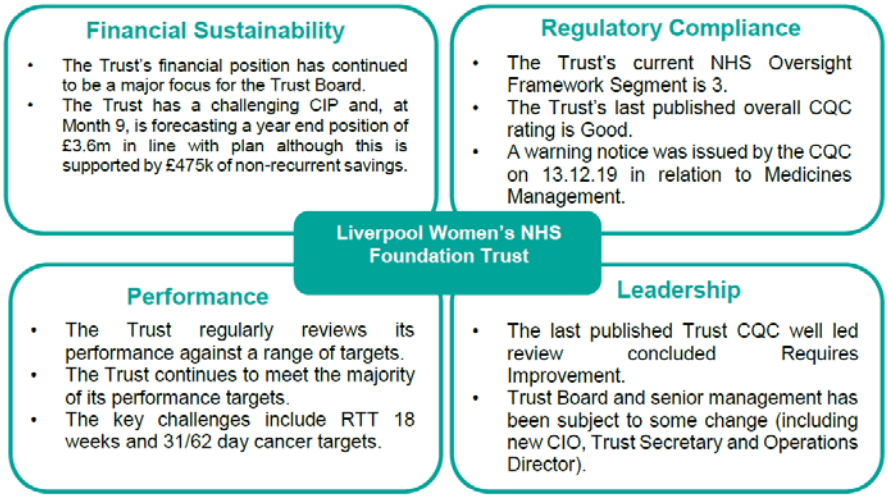
Data from Ulysses informs trend reports to the Board, Board committees and to subordinate senates/committees and services. Reports focus on the performance management of actions and recommendations and seek to eliminate any risk of false assurance. During the year a small, random selection of incidents and closed risks have been audited to check that actions planned following their investigation are properly and fully embedded within the organisation.

A performance report and dashboard is in place in order to review and report on quality metrics. This is updated monthly and is reviewed across the Trust's integrated governance structure and ultimately by the Board.

Review of effectiveness of internal control

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 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; the Quality Committee; the clinical governance senates (safety senate, effectiveness senate and experience senate) and the Corporate Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system of internal control is in place.

The Head of Internal Audit has provided me with a positive opinion on the overall adequacy and effectiveness of the organisation's system of internal control. The assurance framework in place provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives has been reviewed. The Head of Internal Audit has stated that in his opinion, that substantial assurance can be given that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. The overall opinion is underpinned by the work conducted through the risk based internal audit plan and was provided in the context that the Trust like other organisations across the NHS was facing a number of challenging issues and wider organisational factors.



All recommendations from internal audit, external audit and the Local Counter Fraud Service are monitored by the Audit Committee. Tracking software is used to inform progress / outcomes and assurance reports to the Committee.

My review of effectiveness is also informed by reports and minutes from the Audit Committee, Quality Committee, Finance, Performance and Business Development Committee, Putting People First Committee, Clinical Governance Senates (safety senate, effectiveness senate and experience senate), Emergency Preparedness, Resilience and Response Committee and Infection Prevention and Control Committee. Other relevant assessments to which the Trust responds includes relevant CQC reviews, the Patient Led Assessments of the Care Environment (PLACE) undertaken, national confidential inquiries, reports from the Centre for Maternal and Child Enquiries and Ombudsman's reports.

In reviewing the system of internal control, I am fully aware of the roles and responsibilities of the following:

- The Board of Directors whose role is to provide active and visible leadership of the Trust within a framework of prudent and effective controls that enable risk to be assessed and effectively managed. The Board is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system;
- The Audit Committee which, as part of our governance structure, is pivotal in advising the Board on the effectiveness of the system of internal control. This includes tracking the Trust's response to internal control weaknesses identified by internal audit;
- The Board's assurance committees namely the Quality Committee, Finance, Performance and Business Development Committee and Putting People First Committee, each of which provides strategic direction and assurance to the Board in respect of risk management;
- The Senates and Quality Committee that are instrumental in monitoring performance against agreed quality indicators;
- The programme of clinical audit in place which is designed to support the Trust's drive to improve quality. The programme is monitored by the Effectiveness Senate which reports to the Quality Committee;
- Internal audit provides regular reports to the Audit Committee as well as full reports to the Director of Finance and Executive Team. The Audit Committee also monitors action taken

in respect of audit recommendations and the Director of Finance and Deputy Director of Finance meet regularly with the internal audit manager;

- External audit provides an annual audit letter and progress report through the year to the audit committee.

The Trust's system of internal control has been particularly tested during the Covid-19 pandemic. Physical meetings have not been possible, and this has meant that a different way of working has been required. The Trust responded quickly to the challenges, implementing digital technologies with pace to ensure that key assurance meetings continued with minimal disruption. A governance structure has been implemented which is intended to ensure that there is a co-ordinated response to information being received and that is sufficiently agile for timely yet robust decision-making. The structure supports the Trust in managing the day-to-day demands whilst also remaining sighted on wider, strategic considerations. This supplementary structure is aligned to the Trust's existing Committee structure and has provided clarity on 'changed' roles and responsibilities, decision making, communication and record keeping. The Trust's Risk Management Strategy has proven to be fit-for-purpose through providing a mechanism for risks relating to Covid-19 to be identified and escalated appropriately.

NHS Improvement Enforcement Undertaking: Following an investigation in November 2015, NHS Improvement acknowledged that the Trust had taken steps to address its financial challenges however they wished to determine what additional support they could offer the trust as it seeks to reduce its financial deficit and ensure long term sustainability. On 8 April 2016 NHS Improvement took action, under the license for providers, and the Trust entered into an enforcement undertaking which requires specific actions to be taken in order that the Trust can return to a sustainable position. The Trust continues to comply with the requirements of the enforcement undertaking and reports compliance through the governance structure. Representations are being made to NHSI/E to explore whether the undertaking remains necessary in the context of the Trust's response to date.

There were a number of changes to the Executive and Senior Management Team during 2019/20. Gary Price joined the Trust in July 2019 as Director of Operations. Loraine Turner who had been interim Director of Operations from February 2019 left the Trust. Dr Andrew Loughney returned to the Trust as Medical Director following a secondment to the Royal Liverpool & Broadgreen University Hospitals NHS Trust which concluded on 30 September 2019. Devender Roberts returned to the Deputy Medical Director role from the Acting Medical Director role held from March 2019. To cover a period of sickness for the Director of Nursing and Midwifery, the Trust appointed Gaynor Hales as Interim Director of Nursing and Midwifery from 31 March 2020.

Matt Connor joined the Trust as Chief Information Officer in December 2019. Colin Reid, Trust Secretary, left the Trust in September 2019. Paul Buckingham joined the Trust as Interim Trust Secretary until Mark Grimshaw took up the substantive role in March 2020.

The Trust undertakes an annual assessment of all directors to ensure that they continue to meet the requirement of the fit and proper person's regulation. This is in addition to the checks undertaken during the selection process.

Conclusion

The Board is committed to continuous improvement and the development of systems of internal control and the Trust has continued to make significant improvements to the system of internal control; the internal auditor's opinion provides that assurance. There are however some areas where further improvement is required. Actions are in place to address the issues leading to the significant control issue described below and the Board are confident that there is a robust system in place to oversee the implementation of these actions.

Significant Internal Control Issues

Significant control issues are reported to the Board via one of its assurance committees. All significant risks identified within the BAF have been reviewed in-year by the board and relevant assurance committee and appropriate control measures put in place.

The Trust identified the following internal control issues during 2019/20. These have been or are being addressed through the mechanisms described in this statement.

CQC Warning Notice: During the Core Services inspection conducted 3-5 December 2019, the CQC issued the Trust with a warning notice which stated a failure to ensure that systems and processes were effectively established to ensure the proper and safe management of medicines. An immediate action taken was to implement twice weekly audits of medicine management with any resulting issues escalated as appropriate. Further actions include:

- Cross Divisional audits
- Quarterly safe and secure storage of medicine audits undertaken by pharmacy reporting to Medicines Management Committee
- Development of a Medicines Safety Group (May 2020) reporting into Medicines Management Committee
- Chair's report from Medicines Management Committee received by each sitting of the Safety Senate including any items for escalation. Deputy Chief Pharmacist added to the membership list of Medicines Management Committee to present.
- Quarterly medicines management assurance report now being presented directly to Quality Committee to include safe and secure storage audits and wider medicines management key topics
- Update of medicines management learning material and roll out of this material as a mandatory e-learning medicines management module for clinical staff.
- Update of key medicines management trust policies including medicines administration and safe storage of medicines to increase safety measures therein
- The development of a monthly ward audit programme (as part of ward accreditation) which will replace the twice weekly audits from June 2020.
- A weekly report of all medicine incidents reported on Ulysses is now sent to the Director of Nursing & Midwifery, Deputy Director of Nursing & Midwifery, the Medical Director and Deputy Chief Pharmacist.
- Individuals who continue not to follow medicines policies are in receipt of appropriate management using a fair and just culture approach.
- Internal review of theatres by an independent theatre specialist – action plan developed and monitored through CSS Divisional Board and assurance through safety senate.

The audits undertaken to date have demonstrated compliance with the failings identified by the CQC warning notice.

In addition, the Trust's Internal Auditor (MIAA) was requested to undertake an audit to seek evidence of implementation of the medicine management action plan and consider whether the control enhancements made were sustainable and in line with current Trust policies. The

findings confirmed that, overall, the Trust had provided a comprehensive and robust response to the four specific points highlighted by the CQC. This included the development of a comprehensive action plan, staff communications, policy updates, enhanced first and second line audit activity, Trust level monitoring and Sub-Committee Terms of Reference updates. There was also appropriate evidence provided to confirm Divisional level monitoring within Maternity and Gynaecology with further improvements noted as being required within Theatres and Neonatal. The internal audit report was considered by the Audit Committee in May 2020 to test the strength of the assurances provided.

Kathryn Thomson
Chief Executive
23 June 2020

4. Independent Auditors Report

To the Council of Governors of Liverpool Women's NHS Foundation Trust – See over page

Independent auditor's report

to the Council of Governors of Liverpool Women's NHS Foundation Trust

. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Liverpool Women's NHS Foundation Trust ("the Trust") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and

— the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: financial statements as a whole	£1.85m (2019:£1.75m) 1.6% (2019: 1.5%) of total revenue

Risks of material misstatement		vs 2019
Recurring risks	Existence of NHS income and receivables	◄►
	Valuation of land and buildings	◄►
New risk	Recognition of non-pay expenditure	▲

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which 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. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Recognition of NHS income and receivables NHS income £101.9 million (2019: £106.1 million) and NHS receivables £6m (2019: £6.7 million) *Refer to page 30 (Audit Committee Report), note 1 (accounting policy) and note 2 (financial disclosures).*	**Subjective estimate** The main source of income for the Trust is the provision of healthcare services to the public under contracts with NHS commissioners. The Trust participates in the Agreement of Balances (AoB) exercise which is mandated by the Department of Health (the Department), covering the English NHS only, for the purpose of ensuring that intra-NHS balances are eliminated on the consolidation of the Department's resource account. The AoB exercise identifies mismatches between income and expenditure and receivable and payable balances recognised by the Trust and its counter parties at the balance sheet date. Mismatches can occur for various reasons, but the most significant arise where the Trust and commissioners are yet to validate the level of estimated accruals for completed healthcare spells which have not yet been invoiced, accruals for non-contracted out-of- area treatments are not recognised by commissioners or potential contract penalties for non-performance are yet to be finalised. Where there is a lack of agreement, mismatches can be classified as formal disputes and referred to NHS England Area Teams for resolution. Much of this income is generated by contracts with other NHS bodies which is based on achieving financial targets, varied payment terms, including payment on delivery, milestone payments and periodic payments. The amount also includes Provider Sustainability Funding (PSF) and Marginal Rate Emergency Tariff Funding (MRET) received from NHS Improvement. This is received subject to achieving defined financial and operational targets on a quarterly basis. As such there is a fraudulent risk of revenue recognition over both NHS income and receivables.	Our procedures included: — **Test of detail:** We compared the actual income for the Trust's most significant commissioners against the block contracts agreed at the start of the year and checked the validity of any significant variations between the actual income and the contracted income to appropriate third party confirmations; — **Test of detail:** We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant receivables recorded in the Trust's financial statements to the payable balances recorded within the accounts of commissioners and, where applicable, investigated variances via breakdown analysis and review of relevant correspondences to assess reasonableness; — **Test of detail:** We agreed the receipt of Provider Sustainability Funding monies, including the basis for agreement of quarter four funding based on relevant financial and performance measures, and confirmed the treatment is in line with guidance from NHS Improvement; — **Test of detail:** We assessed the treatment of deferred income as at 31 March 2020 to ensure the basis of deferral is appropriate. — **Test of detail:** We considered the impact of any identified audit adjustments on the delivery of the Trust's control total and reconciled the year-end performance to the original plan to understand any deviations.

	The risk	Our response
Valuation of land and buildings £71.2 million (2019: £63.1 million) *Refer to page 30 (Audit Committee Report), note 1 (accounting policy) and note 15 (financial disclosures)*	**Subjective valuation:** Land and buildings are required to be held at current value in existing use. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with an equivalent asset (depreciated replacement cost). The Trust's accounting policy requires an annual review for impairment, a full valuation (usually in five yearly intervals) and periodic desktop valuations in the years in between. The valuation is undertaken by an external expert engaged by the Trust, using construction indices and so accurate records of the current estate are required. Valuations are inherently judgmental. There is a risk that the methodology, assumptions and underlying data, are not appropriate or correctly applied. The Trust commissioned a full revaluation of all land and buildings as at 31 March 2020. In addition, the Trust has performed a review of impairment indicators across the Trust's estate. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. **Accounting treatment** There is a risk that the valuation is not applied to the financial statement balances appropriately to recognise the valuation gains and impairment losses in line with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20. There is also a risk that uncertainties expressed by the Trust's valuers around the impact of the Covid-19 pandemic on the values of land and buildings will be inappropriately disclosed.	Our procedures included: — **Assessing valuers' credentials:** We assessed the competence, capability, objectivity and independence of the Trust's external valuer and considered the terms of engagement of, and the instructions issued to, the valuer for consistency with the requirements of the Department of Health and Social Care Group Accounting Manual 2019/20; — **Assessing valuation assumptions.** We engaged KPMG specialists to critically assess the assumptions used in preparing the valuation of the Trust's land and buildings to ensure they were appropriate. — **Test of detail;** We agreed movements in asset valuation per the Trust's Fixed Asset Register to the reports provided by the valuer; — **Test of detail:** We critically assessed the Trust's formal consideration of indications of impairment and surplus assets within its estate, including the process undertaken; — **Test of detail:** We tested the accuracy of the estate base data provided to the valuer to complete the full valuation to ensure it accurately reflected the Trust's estate. — **Accounting analysis:** We undertook work to understand the basis upon which any movements in the valuation of land and buildings had been classified, treated and accounted for in the financial statements and determined whether they had complied with the requirements of the DHSC Group Accounting Manual 2019/20; and — **Assessing transparency:** We considered the adequacy of the disclosures about the the uncertainty caused by the Covid-19 pandemic on market data used to underpin the valuer's assumptions, and management's consideration of these factors when arriving at the year-end valuation figures. We ensured that the disclosures made were in line with the requirements of the DHSC Group Accounting Manual 2019/20, supplemented by additional guidance issued by NHS Improvement in April 2020.

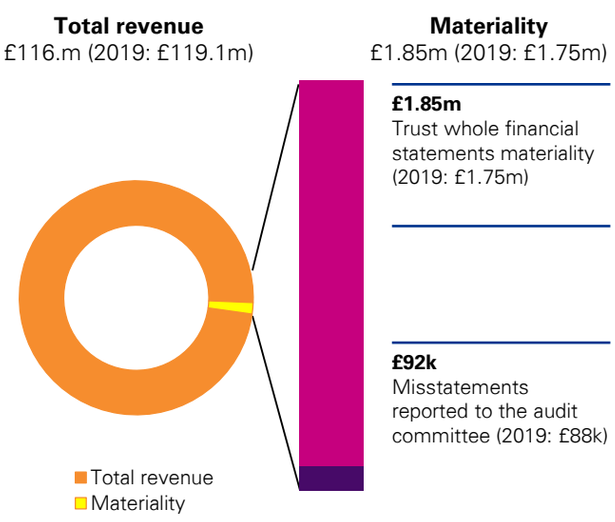
	The risk	Our response
Recognition of non-pay expenditure Operating non-pay expenditure £38.6 million (2019: £43.6 million) ***Linked balances:*** Provisions: £1.7 million (2019: £4.6 million) payables: £3.7 million (2019: £3.5 million) Accruals: £9.1 million (2019: £9.8 million) *Refer to page 30 (Audit Committee Report), note 1 (accounting policy) and notes 6, 21 (financial disclosures)*	**Effects of irregularities:** In the public sector, auditors also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure in to a later period). This may arise due to the audited body manipulating expenditure to meet externally set targets. As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatement due to fraud related to revenue recognition.	Our procedures included: — **Test of detail:** We inspected confirmations of balances provided by the Department of Health as part of the Agreement of Balances (AoB) exercise and compared the relevant payables recorded in the Trust's financial statements to the receivables balances recorded within the accounts of other NHS bodies who partake in the AoB exercise. Where applicable, we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising expenditure; — **Test of detail:** We tested a sample of non-NHS expenditure items from throughout the year to supporting documentation to confirm they existed and were accurately accounted for in the financial statements; — **Test of detail:** We inspected all material items of expenditure recorded in April 2020 and included on that month's bank statements to identify if there were an unrecorded liabilities that should have been accounted for in the 2019/20 financial statements; — **Test of detail:** We agreed a sample of transactions posted before and after the year end to supporting documentation to confirm inclusion in the correct period and to critically assess whether any manual adjustments to expenditure were appropriate; — **Test of detail:** We agreed a sample of creditor balances to supporting documentation and post year-end cash payments to agree the correct treatment as a payable at year-end; — **Test of detail:** We agreed a sample of individual accruals to supporting documentation to confirm the method of calculation and to confirm inclusion in the correct period; and — **Test of detail:** We considered the completeness of provisions based on our cumulative knowledge of the Trust, inquiries with Directors, and inspection of legal correspondence. We also considered the appropriateness of releases of provisions made in year by critically assessing the justification for the release.

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £1.85 million (2018/19: £1.75 million), determined with reference to a benchmark of total revenue - of which it represents approximately 1.6% (2018/19: 1.5%). We consider total revenue to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £92,000 (2018/19: £88,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was all performed at the Trust's headquarters in Liverpool.



4. We have nothing to report on going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

The risk that we considered most likely to adversely affect the Trust's available financial resources over this period was the introduction of monthly block payments and the availability of top-up funding to ensure that there are sufficient funds available to enable them to meet their liabilities.

This is in the context of changes to the cash and capital regime published by DHSC in April 2020 alongside revised arrangements for NHS contracting and payment applicable for part of the 2020/21 financial year and published in March and May 2020.

As these were risks that could potentially cast significant doubt on the Trust's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Trust's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Accounting Officer consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

— the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 77, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

— any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.

— any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether 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. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risk identified during our risk assessment is set out overleaf together with the findings from the work we carried out.

Significant Risk	Description	Work carried out and judgements
Financial sustainability	Due to a combination of regulatory scrutiny and significant financial challenge in the sector and locally across the health economy, we undertook a detailed review of the Trust's developing financial position and sustainability.	Our work included: — Performing an analysis of the Trust's actual position against plan; — Considering the extent to which recurrent cost improvement schemes were achieved in 2019/20 and identified for 2020/21; — Considering the core assumptions in the Trust's 2020/21 Annual Plan submission; — Critically assessing financial forecasts, including cashflows for 2020/21 and considering the level of debt within the Trust; and **Our findings on this risk area:** In 2019/20 the Trust set a budget to break even and was predicting to achieve a small surplus of £0.2m, after taking into account prior year Provider Sustainability Funding. As at the end of the financial year the Trust had achieved a full year surplus of £0.3m, which is £100k ahead of the planned outturn and the Trust was able to repay all of its outstanding Interim Revenue Support Facility of £6.7m. The Trust also achieved its £3.6m of Cost Improvement Programme (CIP) delivery just £0.9m of which was non-recurrent in year. Looking ahead to 2020/21, and before the COVID-19 pandemic set in, the Trust had begun discussions with commissioners and submitted a draft operational plan to NHSI&E that had also been approved by the Board that forecast a breakeven position at the end of March 2021, including an in-year CIP target of £3.7m. Following the COVID-19 pandemic the Trust have submitted a revised plan in May 2020. We are satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020, based upon the criteria of informed decision making, sustainable resource deployment and working with partners and third parties.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Liverpool Women's NHS Foundation Trust for the year ended 31 March 2020 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Timothy Cutler for and on behalf of KPMG LLP
(Statutory Auditor)

Chartered Accountants
1 St Peters Square, Manchester, M2 3AE
24 June 2020

5. Foreword to the Accounts

Accounts for the period ending 31st March 2020

The following presents the accounts for the Liverpool Women's NHS Foundation Trust for the period ending 31st March 2020.

The accounts have been prepared in accordance with the requirements as set out in paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 (the 2006 Act) in the form which Monitor, the Independent Regulator of NHS Foundation Trusts has, with the approval of the Treasury, directed.

Signed

Kathryn Thomson
Chief Executive
23 June 2020

Liverpool Women's NHS Foundation Trust

Annual accounts for the year ended 31 March 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	2	103,393	104,680
Other operating income	3	12,619	14,379
Operating expenses	6.1	(113,751)	(115,182)
Operating surplus from continuing operations		**2,261**	**3,877**
Finance income	11	60	57
Finance expenses	12	(328)	(238)
PDC dividends payable		(1,738)	(1,544)
Net finance costs		**(2,006)**	**(1,725)**
Other gains / (losses)	13	42	8
Loss arising from transfers by absorption	29	(25)	0
Surplus for the year		**272**	**2,160**
Other comprehensive income:			
Will not be reclassified to income and expenditure:			
Revaluation decrease	15 & 17	(174)	(864)
Total comprehensive income for the period		**98**	**1,296**

The Statement of Comprehensive Income records the Trust's income and expenditure in summary form in the top part of the statement and any other recognised gains and losses are taken through reserves under other comprehensive income.

All income and expenditure is derived from continuing operations. The Trust has no minority interest.

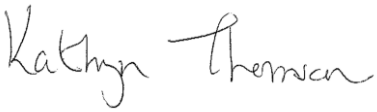
Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	14	836	591
Property, plant and equipment	15	91,063	78,884
Receivables	19	383	493
Total non-current assets		**92,282**	**79,968**
Current assets			
Inventories	18	432	489
Receivables	19	6,329	7,273
Cash and cash equivalents	20	4,647	9,066
Total current assets		**11,408**	**16,828**
Current liabilities			
Trade and other payables	21	(18,123)	(14,985)
Borrowings	23.1	(15,223)	(5,265)
Provisions	24.1	(1,131)	(4,118)
Other liabilities	22	(2,918)	(2,428)
Total current liabilities		**(37,395)**	**(26,796)**
Total assets less current liabilities		**66,295**	**70,000**
Non-current liabilities			
Borrowings	23.1	(2,136)	(8,393)
Provisions	24.1	(567)	(513)
Other liabilities	22	(1,623)	(1,654)
Total non-current liabilities		**(4,326)**	**(10,560)**
Total assets employed		**61,969**	**59,440**
Financed by			
Public dividend capital		42,519	40,088
Revaluation reserve		14,329	14,503
Income and expenditure reserve		5,121	4,849
Total taxpayers' equity		**61,969**	**59,440**

The notes following the primary statements, numbered 1 to 31 form part of these accounts.

On the 2nd April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at the 31st March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected Neonatal Capital loans totalling £14,572k loan principal and £37k loan interest payable are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The financial statements contained within these accounts were approved by the Board of Directors on the 23rd June 2020 and were signed on its behalf by:

Signed: 

Name : Kathryn Thomson

Position: Chief Executive

Statement of Changes in Equity for the year ended 31 March 2020

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers equity at 1 April 2019 - brought forward	**40,088**	**14,503**	**4,849**	**59,440**
Surplus for the year	0	0	272	**272**
Revaluations	0	(174)	0	**(174)**
Public dividend capital received	2,431	0	0	**2,431**
Taxpayers' and others' equity at 31 March 2020	**42,519**	**14,329**	**5,121**	**61,969**

In 2019/20, the Trust received £2,431k of Public Dividend Capital. This related to additional Department of Health funding that the Trust bid for and was successful in obtaining in relation to the Global Digital Exemplar (GDE) Fast Follower Fund (£2,400k), the Cyber Resilience Programme (£31k).

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers equity at 1 April 2018 - brought forward	**38,451**	**15,367**	**2,689**	**56,507**
Surplus for the year	0	0	2,160	**2,160**
Revaluations	0	(864)	0	**(864)**
Public dividend capital received	1,637	0	0	**1,637**
Taxpayers' and others' equity at 31 March 2019	**40,088**	**14,503**	**4,849**	**59,440**

In 2018/19, the Trust received £1,637k of Public Dividend Capital. This related to additional Department of Health funding that the Trust bid for and was successful in obtaining in relation to the Global Digital Exemplar (GDE) Fast Follower Fund (£1,600k), the Cancer Transformation Programme (£25k) and the Pharmacy Infrastructure Fund (£12k).

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	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus		2,261	3,877
Non-cash income and expense:			
Depreciation and amortisation	6.1	4,606	4,722
Net impairments	7	304	0
Income recognised in respect of capital donations	3	(90)	(15)
(Increase) / decrease in receivables and other assets		645	1,545
(Increase) / decrease in inventories		13	(37)
Increase / (decrease) in payables and other liabilities		2,134	5,072
Increase / (decrease) in provisions		(2,934)	116
Other movements in operating cash flows		367	4
Net cash flows from / (used in) operating activities		**7,306**	**15,284**
Cash flows from investing activities			
Interest received		60	57
Purchase of intangible assets		(486)	(540)
Purchase of PPE and investment property		(16,071)	(7,977)
Sales of PPE and investment property		42	8
Net cash flows from / (used in) investing activities		**(16,455)**	**(8,452)**
Cash flows from financing activities			
Public dividend capital received		2,431	1,637
Movement on loans from DHSC		3,685	(3,587)
Interest on loans		(308)	(237)
PDC dividend (paid) / refunded		(1,698)	(1,592)
Net cash flows from / (used in) financing activities		**4,110**	**(3,779)**
Increase / (decrease) in cash and cash equivalents		**(5,039)**	**3,053**
Cash and cash equivalents at 1 April - brought forward		**9,066**	**6,013**
Cash and cash equivalents transferred under absorption accounting	29	620	0
Cash and cash equivalents at 31 March	20.1	**4,647**	**9,066**

Notes to the Accounts:

Note 1 Accounting policies and other information

Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (DH GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons:

In 2019/20 the Trust achieved a surplus of £0.3m and expects to breakeven in 2020/21.

In 2019/20 the Trust did not require any additional revenue support loans to support the cash position, and instead was able to repay all of the residual £6.65m revenue loans in August 2019, after retrospective receipt of the 2018/19 Provider Sustainability Funding (PSF) funding, and through effective management of the working capital position. The Trust is no longer in receipt of distressed financing.

The Trust's expectation is that services will continue to be provided from the existing hospital sites in the short term.

In addition to the matters referred to above, the Trust has not been informed by NHSI that there is any prospect of its dissolution within the next twelve months and it anticipates the continuation of the provision of services in the foreseeable future as evidenced by the inclusion of financial provision for those services in published documents and contracts for services with commissioners.

On the 2nd April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at the 31st March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at the 31st March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. The outstanding Neonatal Capital interim loans totalling £14,572k loan principal and £39k loan interest payable as at the 31st March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

In 2020/21, in response to the Covid-19 pandemic, all detailed financial planning was suspended. In addition, the requirement for Trusts to agree contracts with its commissioners was removed. Instead, Trusts are receiving regular monthly 'block' payments together with top-up payments designed to ensure that there are sufficient funds available to adequately deal with the crisis. Currently the Trust is unclear what form of contracting and payment mechanism will replace this approach, which is currently confirmed only until the end of July 2020.

DHSC has confirmed that temporary revenue support arrangements will continue, in order to support providers with demonstrable cash needs. At the point when contracting was abandoned for 2020-21 the Trust was not budgeting for any additional working capital support in the coming year. Current updated forecasts show that this is likely to continue to be the case although it is not clear what alternative assumption should be considered most likely.

Providers have been told by DHSC to continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned. While mechanisms for contracting and payment are not definitively in place, it is clear that NHS services will continue to be funded, and government funding is in place for this.

Note 1.1 Interests in other entities

Liverpool Women's NHS Foundation Charitable Trust

The Liverpool Women's NHS Foundation Trust is the Corporate Trustee of the Liverpool Women's NHS Foundation Charitable Trust (Registration No. 1048294). The Trust has assessed its relationship to the Charitable Trust 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 Trust and has the ability to affect those returns and other benefits through its power over the Trust.

The Charitable Trust’s statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on FRS 102. The Trust has not consolidated the Liverpool Women's NHS Foundation Charitable Trust in it's accounts on the grounds of materiality.

Segmental Reporting
The Trust’s core activities fall under the remit of the Chief Operating Decision Maker (CODM), which has been determined to be the Board of Directors. These activities are primarily the provision of NHS healthcare, the income for which is received through contracts with commissioners. The contracts follow the requirements of Payment by Results where applicable and services are paid for on the basis of tariffs for each type of clinical activity. The planned level of activity is agreed with our main commissioners for the year. The Trust’s main commissioners are listed in the related party disclosure (see Note 30).

Although the Trust has been recently organised into three separate clinical divisions (Family Health, Gynaecology and Clinical Support Services), these have been aggregated into a single operating segment. The divisions have similar economic characteristics, the nature of services are similar (NHS care), they have the same customers, and are reported internally in aggregate. The majority of the Trust's customers come from the City of Liverpool and surrounding areas, although the Trust also has contracts to treat patients from further afield including Wales and the Isle of Man. All divisions have the same regulators (NHS Improvement, the Care Quality Commission and the Department of Health). The overlapping activities and interrelation between the divisions also suggests that aggregation is appropriate. The divisional management teams report to the CODM, and it is the CODM that ultimately makes decisions about the allocation of budgets, capital funding and other financial decisions.

Note 1.2 Revenue

Note 1.2.1 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).
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. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

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

Revenue from research contracts
Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

NHS injury cost recovery scheme
The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Provider sustainability fund (PSF) and Financial recovery fund (FRF)
The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Note 1.2.2 Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Note 1.2.3 Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.2.4 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 1.3 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 accounts to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs
NHS Pension Scheme
Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

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

Holiday Pay Accrual
For all staff the amount of outstanding annual leave as at 31 March 2020 was requested across the whole Trust. The accrual was then calculated based on the full population of responses.

Note 1.4 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.5 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000
• 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 individual or collective cost.

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

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.

Fair value of land and buildings are based on advice received from the independent and professional valuers Cushman and Wakefield. Valuations provided by the professional valuers for land and buildings as part of a full scale valuation as at the 31 March 2020 have been reflected in the 2019/20 accounts.

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

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

In the 2018/19 financial year the Royal Institute of Chartered Surveyors (RICS) issued revised guidance relating to asset lives. This had the impact of reducing useful lives from the 31st March 2019 onwards, which impacted upon the 2019/20 financial year.

The valuation exercise was carried out in March 2020 with a valuation date of the 31st March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 'Red Book', the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. Cushman and Wakefield have stated that they can attach less weight to previous market evidence and published build cost information, to inform opinions of value. The current response to COVID 19 means that they are faced with an unprecedented set of circumstances on which to base a judgement. However, Cushman and Wakefield have also commented that their 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied upon. This clause is a disclosure, not a disclaimer. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the asset or liability recorded in note 15.

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

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

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once 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:
o management are committed to a plan to sell the asset
o an active programme has begun to find a buyer and complete the sale
o the asset is being actively marketed at a reasonable price
o the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
o 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.

Donated and grant funded assets

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

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

Useful Economic lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	0	0
Buildings, excluding dwellings	33	53
Dwellings	41	41
Plant and machinery	1	10
Information technology	1	5
Furniture and fittings	1	15

Note 1.6 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised 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, e.g. 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, e.g. 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, e.g. application software, is capitalised as an intangible asset.

Measurement

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

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

Useful economic life of intangible assets

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

	Min life Years	Max life Years
Software licences	1	5

Note 1.7 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred. No provision is made for obsolete or slow moving items as they are not included within inventory valuations.

Note 1.8 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of Liverpool Women's NHS Foundation Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.9 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. The Trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO2 emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO2 emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

Note 1.10 Financial assets and financial liabilities

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

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

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through 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.
Financial liabilities are 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. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

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 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.

De-recognition
All 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 of the risks and rewards of ownership.

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

Note 1.11 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 1.11.1 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 implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

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 Trust has no finance leases in which the Trust acts as a lessee.

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 1.11.2 The Trust as lessor

Finance leases
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

The Trust has no finance leases in which the Trust acts as a lessor.

Operating leases
Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.12 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 NHS Trust is disclosed at note 24.2 but is not recognised in the Trust's accounts.

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

Pension provisions

Pension provisions relating to former employees, have been estimated using the life expectancy from the Government's actuarial tables. Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of minus 0.5% for employee early departure obligations.

Legal claims
Legal claims provisions relate to employer and public liability claims. Expected costs are advised by NHS Resolution or other legal professionals.

Other provisions

Other provisions are in respect of costs arising from organisational restructure and contractual obligations and are calculated using appropriate methodology in line with IAS 37.

Note 1.13 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 25 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 25, 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 1.14 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 (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 1.15 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 1.16 Corporation tax

The Trust has determined that it is has no corporation tax liability having reviewed "Guidance on the tax treatment of non-core health care commercial activities of NHS Trusts" issued by HM Revenue and Customs supplemented by access to specialist advice when necessary.

Note 1.17 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.

Note 1.18 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 1.19 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts 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 1.20 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 1.21 Transfers of functions between other NHS bodies

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain or loss corresponding to the net assets or liabilities transferred are recognised within income or expenses respectively, but not within operating activities.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity’s accounts are preserved on recognition in the Trust’s accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

For functions that the Trust has transferred to another NHS body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss or gain corresponding to the net assets / liabilities transferred are recognised within expenses or income respectively, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers’ equity.

Note 1.22 Critical accounting estimates and judgements

In the application of the Trust’s accounting policies, management is required to make judgements, estimates and assumptions regarding the carrying amount of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors considered of relevance. Actual results may differ from those estimates as underlying assumptions are continually reviewed. Revisions to estimates are recognised in the period in which the estimate is revised.

The areas requiring critical judgments in the process of applying accounting policies are:

- Asset valuation and lives (including capitalisation of costs in respect of assets in the course of construction).
- Impairments of receivables.
- Holiday pay accrual.
- Pension provisions.
- Legal claims and entitlements.

Further detail of these policies can be found in their specific accounting policy notes.

Note 1.23 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

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

The DH GAM does not require the following Standards and Interpretations to be applied in 2019/20. These standards are still subject to HM Treasury FReM adoption:

• IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged. IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation

• IFRS 14 Regulatory Deferral Accounts - Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.
• IFRS 17 Insurance Contracts - Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

Note 2 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.2.1.

Note 2.1 Income from patient care activities (by nature)

	2019/20	2018/19
	£000	£000
Acute services		
Elective income	8,621	8,824
Non elective income	24,747	26,633
First outpatient income	2,673	2,668
Follow up outpatient income	2,669	2,681
A & E income	1,647	1,505
High cost drugs income from commissioners (excluding pass-through costs)	89	334
Other NHS clinical income	53,911	55,798
Private patient income	3,306	3,253
Agenda for Change pay award central funding*	0	880
Additional pension contribution central funding**	2,700	0
Other clinical income	3,030	2,104
Total income from activities	**103,393**	**104,680**

The figures quoted are based upon income received in respect of actual activity undertaken within each category.

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 2.2 Income from patient care activities (by source)

		Restated
	2019/20	2018/19
Income from patient care activities received from:	**£000**	**£000**
NHS England	30,401	27,837
Clinical commissioning groups	62,990	65,420
Department of Health and Social Care	0	880
Other NHS providers	3,666	5,186
Local authorities	35	48
Non-NHS: private patients	3,306	3,253
Non-NHS: overseas patients (chargeable to patient)	117	195
Injury cost recovery scheme	37	45
Non NHS: other	2,841	1,816
Total income from activities	**103,393**	**104,680**

*The Injury Costs Recovery Scheme income has been provided for as an impairment of receivables at 21.79% to reflect the expected rates of collection (2018/19: 21.89%).

All the Trust's activities relate to a single operating segment in respect of the provision of healthcare services. The Trust does not consider that segmental reporting would be appropriate in the 2019/20 annual accounts as:

- The Trust Board reviews the financial position as a whole in its decision making process, rather than individual components included in the totals.
- The Trust shares its assets across all areas to provide healthcare.
- The nature of services across different areas of the Trust is similar (i.e. healthcare within a specific and related range of specialisms).
- IFRS 8: Operating Segments allows the aggregation of segments that have similar economic characteristics and types and class of customer. Therefore, all the Trust's activities relate to a single operating segment in respect of the provision of specialist acute health care.

Note 2.3 Overseas visitors (relating to patients charged directly by the provider)

	2019/20	2018/19
	£000	£000
Income recognised this year	117	195
Cash payments received in-year	110	22
Amounts added to provision for impairment of receivables	40	36
Amounts written off in-year	54	0

Note 3 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,143	0	**1,143**	1,450	0	**1,450**
Education and training	5,334	0	**5,334**	5,088	0	**5,088**
Non-patient care services to other bodies	0	0	**0**	1	0	**1**
Provider sustainability fund (PSF)	2,447	0	**2,447**	6,809	0	**6,809**
Financial recovery fund (FRF)	2,028	0	**2,028**	0	0	**0**
Marginal rate emergency tariff funding (MRET)	294	0	**294**	0	0	**0**
Receipt of capital grants and donations	0	90	**90**	0	15	**15**
Rental revenue from operating leases	0	275	**275**	0	285	**285**
Other income	1,008	0	**1,008**	731	0	**731**
Total other operating income	**12,254**	**365**	**12,619**	**14,079**	**300**	**14,379**

Note 4 Additional information on revenue

Note 4.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,295	791
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	0	0

Note 4.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2020 £000	31 March 2019 £000
within one year	0	0
after one year, not later than five years	0	0
after five years	0	0
Total revenue allocated to remaining performance obligations	**0**	**0**

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 4.3 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 licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2019/20	2018/19
	£000	£000
Income from services designated as commissioner requested services	21,940	20,467
Income from services not designated as commissioner requested services	94,072	98,592
Total	**116,012**	**119,059**

The Income from Commissioner and Non Commissioner Requested Services equals the total value of income from activities in the Statement of Comprehensive Income and also notes 2 and 3.

Note 4.4 Profits and losses on disposal of property, plant and equipment

The Trust disposed of medical equipment with a nil NBV but received £42k in cash consideration , thereby the Trust made a profit on disposal of £42k (208/19: £8k)

Note 5 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to

	2019/20	2018/19
	£000	£000
Income	0	0
Full cost	0	0
Surplus / (deficit)	**0**	**0**

Note 6 Operating expenditure

Note 6.1 Operating expenses

	2019/20	Restated 2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	5,157	5,831
Purchase of healthcare from non-NHS and non-DHSC bodies	133	279
Staff and executive directors costs	72,509	66,014
Remuneration of non-executive directors	141	120
Supplies and services - clinical (excluding drugs costs)	5,320	6,907
Supplies and services - general	2,876	2,720
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	2,753	2,962
Consultancy costs	69	176
Establishment	1,226	1,193
Premises	6,285	5,782
Transport (including patient travel)	261	388
Depreciation on property, plant and equipment	4,372	4,495
Amortisation on intangible assets	234	227
Net impairments	304	0
Movement in credit loss allowance: contract receivables / contract assets	47	93
Increase / (decrease) in provisions	(2,306)	734
Change in provisions discount rate(s)	49	(12)
Audit fees payable to the external auditor:		
audit services- statutory audit	68	57
other auditor remuneration (external auditor only)	2	11
Internal audit costs	67	63
Clinical negligence *	13,044	15,327
Legal fees	37	215
Insurance	67	62
Research and development	372	702
Education and training	238	88
Rentals under operating leases	126	197
Car parking & security	0	0
Hospitality	1	2
Losses, ex gratia & special payments	0	1
Other services, eg external payroll	90	88
Other	209	460
Total	**113,751**	**115,182**

* The clinical negligence costs relates to the Trust's contribution to the NHS Resolution risk pooling scheme under which the Trust pays an annual contribution.

Note 6.2 Other auditor remuneration

	2019/20 £000	2018/19 £000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	0	0
2. Audit-related assurance services	2	11
3. Taxation compliance services	0	0
4. All taxation advisory services not falling within item 3 above	0	0
5. Internal audit services	0	0
6. All assurance services not falling within items 1 to 5	0	0
7. Corporate finance transaction services not falling within items 1 to 6 above	0	0
8. Other non-audit services not falling within items 2 to 7 above	0	0
Total	**2**	**11**

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2m (2018/19: £2m).

Note 7 Impairment of assets

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	304	0
Total net impairments charged to operating surplus / deficit	**304**	**0**

Due to unforeseen obsolescence, there was an impairment of an Information Technology asset of £304k during the year (2018/19 £nil).

Note 8 Employee benefits

Note 8.1 Employee benefits comprise:

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	57,255	54,083
Social security costs	4,961	4,642
Apprenticeship levy	272	245
Employer's contributions to NHS pensions	8,871	5,881
Pension cost - other	24	14
Termination benefits	270	22
Temporary staff (including agency)	1,984	2,029
Total gross staff costs	**73,637**	**66,916**
Recoveries in respect of seconded staff	0	0
Total staff costs	**73,637**	**66,916**
Of which		
Costs capitalised as part of assets	1,128	902

Note 8.2 Retirements due to ill-health

During 2019/20 there were no early retirements from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is 0k (£55k in 2018/19).

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

Note 9 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 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 to 20.6%, and the Scheme Regulations were amended accordingly.

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 10 Operating leases

Note 10.1 Liverpool Women's NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where the Trust is the lessor.

The minimum lease receipts relate to rental income due to the Trust.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	275	285
Total	**275**	**285**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	95	95
- later than one year and not later than five years;	379	379
- later than five years.	2,600	2,695
Total	**3,074**	**3,169**

Note 10.2 Liverpool Women's NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where the Trust is the lessee.

All operating leases relate to lease cars, vending machines, photocopiers, printers and water fountains.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	126	197
Total	**126**	**197**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	111	161
- later than one year and not later than five years;	216	425
- later than five years.	0	0
Total	**327**	**586**

Note 11 Finance income

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	60	57
Total finance income	**60**	**57**

Note 12 Finance expenditure

Note 12.1 Finance expenditure

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	327	237
Total interest expense	**327**	**237**
Unwinding of discount on provisions	1	1
Total finance costs	**328**	**238**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

No payments were made for the late payment of commercial debts (2018/19: £nil)

Note 13 Other gains / (losses)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	42	8
Losses on disposal of assets	0	0
Total gains / (losses) on disposal of assets	**42**	**8**

Note 14 Intangible assets

Note 14.1 Intangible assets - 2019/20

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**1,570**	**1,570**
Transfers by absorption	(269)	**(269)**
Additions	486	**486**
Valuation / gross cost at 31 March 2020	**1,787**	**1,787**
Amortisation at 1 April 2019 - brought forward	**979**	**979**
Transfers by absorption	(262)	**(262)**
Provided during the year	234	**234**
Amortisation at 31 March 2020	**951**	**951**
Net book value at 31 March 2020	**836**	**836**
Net book value at 1 April 2019	**591**	**591**

Note 14.2 Intangible assets - 2018/19

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**1,054**	**1,054**
Additions	540	**540**
Disposals / derecognition	(24)	**(24)**
Valuation / gross cost at 31 March 2019	**1,570**	**1,570**
Amortisation at 1 April 2018 - brought forward	**776**	**776**
Provided during the year	227	**227**
Disposals / derecognition	(24)	**(24)**
Amortisation at 31 March 2019	**979**	**979**
Net book value at 31 March 2019	**591**	**591**
Net book value at 1 April 2018	**278**	**278**

Note 14.3 Economic life of Intangible assets

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

	Min life Years	Max life Years
Software licences	1	5

Note 15 Property, plant and equipment

Note 15.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**4,500**	**58,310**	**300**	**4,062**	**24,977**	**13,940**	**1,368**	**107,457**
Transfers by absorption	0	0	0	0	(2,689)	(47)	0	**(2,736)**
Additions	0	5,590	0	5,299	2,446	3,122	1,166	**17,623**
Impairments	0	0	0	0	0	0	0	**0**
Revaluations	(100)	(1,326)	0	0	0	0	0	**(1,426)**
Reclassifications	0	3,950	0	(4,062)	0	0	112	**0**
Disposals / derecognition	0	0	0	0	(163)	(825)	0	**(988)**
Valuation/gross cost at 31 March 2020	**4,400**	**66,524**	**300**	**5,299**	**24,571**	**16,190**	**2,646**	**119,930**
Accumulated depreciation at 1 April 2019 - brought forward	**0**	**0**	**0**	**0**	**19,613**	**8,301**	**659**	**28,573**
Transfers by absorption	0	0	0	0	(2,108)	(34)	0	**(2,142)**
Provided during the year	0	1,245	7	0	1,050	1,970	100	**4,372**
Impairments	0	0	0	0	0	304	0	**304**
Revaluations	0	(1,245)	(7)	0	0	0	0	**(1,252)**
Disposals / derecognition	0	0	0	0	(163)	(825)	0	**(988)**
Accumulated depreciation at 31 March 2020	**0**	**0**	**0**	**0**	**18,392**	**9,716**	**759**	**28,867**
Net book value at 31 March 2020	**4,400**	**66,524**	**300**	**5,299**	**6,179**	**6,474**	**1,887**	**91,063**
Net book value at 1 April 2019	**4,500**	**58,310**	**300**	**4,062**	**5,364**	**5,639**	**709**	**78,884**

Note 15.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**4,365**	**59,684**	**300**	**419**	**23,725**	**15,132**	**1,157**	**104,782**
Additions	0	569	0	3,818	1,475	2,805	36	**8,703**
Revaluations	135	(1,943)	0	0	0	0	0	**(1,808)**
Reclassifications	0	0	0	(175)	0	0	175	**0**
Disposals / derecognition	0	0	0	0	(223)	(3,997)	0	**(4,220)**
Valuation/gross cost at 31 March 2019	**4,500**	**58,310**	**300**	**4,062**	**24,977**	**13,940**	**1,368**	**107,457**
Accumulated depreciation at 1 April 2018 - brought forward	**0**	**0**	**0**	**0**	**18,622**	**10,056**	**564**	**29,242**
Provided during the year	0	939	5	0	1,214	2,242	95	**4,495**
Revaluations	0	(939)	(5)	0	0	0	0	**(944)**
Disposals / derecognition	0	0	0	0	(223)	(3,997)	0	**(4,220)**
Accumulated depreciation at 31 March 2019	**0**	**0**	**0**	**0**	**19,613**	**8,301**	**659**	**28,573**
Net book value at 31 March 2019	**4,500**	**58,310**	**300**	**4,062**	**5,364**	**5,639**	**709**	**78,884**
Net book value at 1 April 2018	**4,365**	**59,684**	**300**	**419**	**5,103**	**5,076**	**593**	**75,540**

Note 15.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020								
Owned - purchased	4,400	66,369	300	5,299	6,167	6,462	1,809	**90,806**
Owned - donated	0	155	0	0	12	12	78	**257**
NBV total at 31 March 2020	**4,400**	**66,524**	**300**	**5,299**	**6,179**	**6,474**	**1,887**	**91,063**

Note 15.4 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019								
Owned - purchased	4,500	58,147	300	4,062	5,349	5,639	709	**78,706**
Owned - donated	0	163	0	0	15	0	0	**178**
NBV total at 31 March 2019	**4,500**	**58,310**	**300**	**4,062**	**5,364**	**5,639**	**709**	**78,884**

Note 15.5 Economic life of property, plant and equipment

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

	Min life	Max life
	Years	Years
Land	0	0
Buildings, excluding dwellings	33	53
Dwellings	41	41
Plant & machinery	1	10
Information technology	1	5
Furniture & fittings	1	15

Note 16 Donations of property, plant and equipment

The GAM 5.90 and 5.91 require trusts to disclose details of any donations of property, plant and equipment received during the year, including any restriction or conditions imposed by the donor.

In 2019/20 the Liverpool Women's NHS Foundation Charitable Trust (registered charity number 1048294) donated some items to the Trust which were deemed to be capital in nature and resultantly the Trust has capitalised these assets and also recognised the receipt of the donation in its 2019/20 accounts. The details of the donated assets are:

- Medical carts and trolleys - supporting the delivery of safe service and quality of care for babies on the unit - £17,419
- High resolution PC system integrated with PACS allowing consultants to provide quality of care for babies on the unit - £11,976
- Rise and reclining armchairs and lounge chairs for parents to use in the newly refurbished Neonatal ward - £50,220
- Refurbishment and fit out of new Charity shop in the reception area of the Trust - £10,277

No restrictions or conditions have been imposed by the donor in relation to these donated assets.

Note 17 Revaluations of property, plant and equipment

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.

Fair value of land and buildings are based on advice received from the independent and professional valuers Cushman and Wakefield. Valuations provided by the professional valuers for land and buildings as part of a full scale valuation at the 31 March 2020 have been reflected in the 2019/20 accounts.

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

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

In the 2018/19 financial year the Royal Institute of Chartered Surveyors (RICS) issued revised guidance relating to asset lives. This has had the impact of reducing useful lives from the 31st March 2019 onwards and has impacted upon the 2019/20 financial year.

The valuation exercise was carried out in March 2020 with a valuation date of the 31st March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 'Red Book', the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. Cushman and Wakefield have stated that they can attach less weight to previous market evidence and published build cost information, to inform opinions of value. The current response to COVID 19 means that they are faced with an unprecedented set of circumstances on which to base a judgement. However, Cushman and Wakefield have also commented that their 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied upon. This clause is a disclosure, not a disclaimer. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Note 18 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	210	239
Consumables	185	206
Energy	37	44
Total inventories	**432**	**489**

Inventories recognised in expenses for the year were £2,267k (2018/19: £1,821k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £0k).

Note 19 Receivables

Note 19.1 Receivables

	31 March 2020 £000	Restated 31 March 2019 £000
Current		
Contract receivables	5,188	6,983
Capital receivables	0	370
Allowance for impaired contract receivables / assets	(996)	(1,060)
Deposits and advances	2	2
Prepayments (non-PFI)	1,480	600
PDC dividend receivable	0	39
VAT receivable	289	179
Corporation and other taxes receivable	0	7
Other receivables	366	153
Total current receivables	**6,329**	**7,273**
Non-current		
Contract receivables	94	160
Allowance for other impaired receivables	(21)	(39)
Prepayments (non-PFI)	310	372
Total non-current receivables	**383**	**493**
Of which receivable from NHS and DHSC group bodies:		
Current	5,700	6,347
Non-current	310	372

None of the receivable balances are secured. Amounts are generally due within 30 days and will be settled in cash.

The majority of trade is with clinical commissioning groups, as commissioners for NHS patient care services. As clinical commissioning groups are funded by government to buy NHS patient care services, no credit scoring of them is considered necessary.

Note 19.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**1,099**	**0**	**0**	**1,006**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			1,006	(1,006)
New allowances arising	381	0	373	0
Reversals of allowances	(334)	0	(280)	0
Utilisation of allowances (write offs)	(129)	0	0	0
Allowances as at 31 March	**1,017**	**0**	**1,099**	**0**

As per note 2.2 the provision for the impairment of receivables includes a provision regarding the NHS Injury Scheme of 21.79% to reflect the expected rates of collection (2018/19: 21.89%).

Note 20 Cash and cash equivalents movements

Note 20.1 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.

	2019/20	2018/19
	£000	£000
At 1 April	**9,066**	**6,013**
Transfers by absorption	620	0
Net change in year	(5,039)	3,053
At 31 March	**4,647**	**9,066**
Broken down into:		
Cash at commercial banks and in hand	23	42
Cash with the Government Banking Service	4,624	9,024
Total cash and cash equivalents as in SoFP	**4,647**	**9,066**
Bank overdrafts (GBS and commercial banks)	0	0
Drawdown in committed facility	0	0
Total cash and cash equivalents as in SoCF	**4,647**	**9,066**

Note 20.2 Third party assets held by the trust

Liverpool Women's NHS Foundation Trust held no monies of patients or other parties as at the 31 March 2020 (31 March 2019: £nil)

Note 21 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	3,710	3,526
Capital payables	2,809	1,347
Accruals	9,127	9,810
Social security costs	742	0
Other taxes payable	1,457	0
PDC dividend payable	1	0
Other payables	277	302
Total current trade and other payables	**18,123**	**14,985**
Of which payables from NHS and DHSC group bodies:		
Current	5,583	4,450

None of the payable balances are secured. Amounts are generally due within 30 days and will be settled in cash.

During 2019/20 there were no early retirement from the Trust agreed on the grounds of ill-health (1 in 2018/19). The estimated additional pension liabilities of these ill-health retirements is £0k (£55k in 2018/19).

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

Note 22 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	2,918	2,428
Total other current liabilities	**2,918**	**2,428**
Non-current		
Deferred income: contract liabilities	1,623	1,654
Total other non-current liabilities	**1,623**	**1,654**

Note 23 Borrowings

Note 23.1 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from the Department of Health and Social Care	15,223	5,265
Total current borrowings	**15,223**	**5,265**
Non-current		
Loans from the Department of Health and Social Care	2,136	8,393
Total non-current borrowings	**2,136**	**8,393**

On the 2nd April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at the 31st March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected Neonatal Capital loans totalling £14,572k loan principal and £37k loan interest payable are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

During 2019/20 the Trust was able to repay all of its outstanding Interim Revenue Support Facility of £6.65m primarliy as a result of receiving the 18/19 Provider Sustainability Funding (PSF) Quarter 4, Incentive and Bonus Funding in quarter 2 of 2019/20. The Trust no longer has any Revenue Loans outstanding.The Trust also drew down a further £10.95m of the agreed £15.0m Neonatal capital build funding.

During 2018/19 the Trust was able to repay £5.60m of the Interim Revenue Support Facility primarliy as a result of receiving the 17/18 Sustainability and Transformation (STF) Quarter 4, Incentive and Bonus Funding in quarter 2 of 2018/19. The Trust also drew down a further £2.62m of the agreed £15.0m Neonatal capital build funding.

Cumulatively, since the 2014/15 financial year, the Trust has drawndown £33,369k of Loans from the Department of Health and Social Care but has repaid £16,752k of this amount reducing the outstanding loan principal outstanding to £16,617k - as per the below summary table:

Loans from Department of Health and Social Care	**Loan Principal Drawndown**	**Loan Principal Repaid**	**Loan Principal Outstanding**
Capital (ITFF)- 2.0% Interest Rate	5,500	(2,752)	2,748
Capital (Neonatal Building)- 2.54% Interest Rate	14,572	0	14,572
Revenue - 1.50% Interest Rate	14,612	(14,612)	0
	34,684	**(17,364)**	**17,320**
Loans Interest Payable at the 31st March 2020 *			39
Total Borrowings			**17,359**

*Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are now measured on an amortised cost basis. Consequently, the total borrowings balance includes £39k of Loans Interest Payable as at the 31st March 2020.

Note 23.2 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC
	£000
Carrying value at 1 April 2019	**13,658**
Cash movements:	
Financing cash flows - payments and receipts of principal	3,685
Financing cash flows - payments of interest	(308)
Non-cash movements:	
Application of effective interest rate	324
Carrying value at 31 March 2020	**17,359**

The liabilities arising from financing activities all relates to loans from the Department of Health & Social Care (DHSC) as detailed in Note 23.1.

Note 23.3 Reconciliation of liabilities arising from financing activities - 2018/19

	Loans from DHSC
	£000
Carrying value at 1 April 2018	**17,221**
Cash movements:	
Financing cash flows - payments and receipts of principal	(3,587)
Financing cash flows - payments of interest	(237)
Non-cash movements:	
Impact of implementing IFRS 9 on 1 April 2018	20
Application of effective interest rate	237
Other changes	4
Carrying value at 31 March 2019	**13,658**

Note 24 Provisions for liabilities and charges

Note 24.1 Provisions movements:

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Re-structuring	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2019	**524**	**50**	**1,156**	**523**	**2,378**	**4,631**
Change in the discount rate	38	11	0	0	0	**49**
Arising during the year	66	7	49	0	0	**122**
Utilised during the year	(59)	(2)	(8)	(225)	(15)	**(309)**
Reversed unused	(7)	0	(1,042)	(298)	(1,449)	**(2,796)**
Unwinding of discount	1	0	0	0	0	**1**
At 31 March 2020	**563**	**66**	**155**	**0**	**914**	**1,698**
Expected timing of cash flows:						
- not later than one year;	60	2	155	0	914	**1,131**
- later than one year and not later than five years;	237	9	0	0	0	**246**
- later than five years.	266	55	0	0	0	**321**
Total	**563**	**66**	**155**	**0**	**914**	**1,698**

"Pensions - early departure costs" provisions are for early retirements and reflect actuarial forecasts in respect of the duration of payments, the life expectancy of the persons involved and current value of the future stream of payment flows.

the persons involved and current value of the future stream of payment flows.

"Legal claims" provisions comprise amounts due as a result of third party and employee liability claims. The values are informed by information provided by third party solicitors. In respect of the LTPS provision this reflects the probability of the cases being settled as estimated by NHS Resolution.

"Re-structurings" provisions have arisen from the outcome of organisational change proposals that are anticipated to be finalised within the next year.

"Other" provisions have arisen from contractual liabilities related to an exit from a project.

The Contingent Liability for the maximum possible but not probable cost of claims is shown in Note 25.

Note 24.2 Clinical negligence liabilities

At 31 March 2020, £358,604k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Liverpool Women's NHS Foundation Trust (31 March 2019: £315,905k).

Note 25 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	(27)	(20)
Gross value of contingent liabilities	**(27)**	**(20)**
Amounts recoverable against liabilities	0	0
Net value of contingent liabilities	**(27)**	**(20)**
Net value of contingent assets	**0**	**0**

The NHS Resolution Legal Claim contingent liabilities are in relation to legal claim costs which are unlikely to be payable as notified by NHS Resolution in relation to "Liabilities to Third Parties" (LTPS). The value of Provisions for the expected and probable cases is shown in Note 24.1.

Note 26 Contractual capital commitments

Contracted capital commitments at the 31st March 2020 not otherwise included in these financial statements are:

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	714	16,175
Intangible assets	0	0
Total	**714**	**16,175**

The capital commitments as at the 31st March 2020 relate to the residual amounts of capital schemes in relation to the contractually agreed £15m Neonatal capital build project and two capital schemes which were delayed due to COVID-19. These two schemes are Global Digital Exemplar Fast Follower project and Trust building work.

Note 27 Financial instruments

Note 27.1 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 Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations and only had negligible foreign currency income or expenditure transactions. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from the Department of Health in the form of the Independent Trust Financing Function (ITFF) and Interim Revenue Support Facility (IRSF). The borrowing is for 10 years and under and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2020 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under SLAs with other NHS providers, which are financed from resources voted annually by Parliament. The Trust receives regular monthly payments from CCGs based on an agreed contract value with adjustments made for actual services provided. The Trust funds its capital expenditure from either internally generated funds or PDC made available by the Department of Health. The Trust is not, therefore, exposed to significant liquidity risks.

Price risk

The contracts from NHS commissioners in respect of healthcare services have a predetermined price structure which negates the risk of price fluctuation.

Note 27.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	4,560	**4,560**
Cash and cash equivalents	4,647	**4,647**
Total at 31 March 2020	**9,207**	**9,207**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	6,455	**6,455**
Cash and cash equivalents	9,066	**9,066**
Total at 31 March 2019	**15,521**	**15,521**

Note 27.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	17,359	**17,359**
Trade and other payables excluding non financial liabilities	15,923	**15,923**
Provisions under contract	1,698	**1,698**
Total at 31 March 2020	**34,980**	**34,980**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	13,658	**13,658**
Trade and other payables excluding non financial liabilities	14,985	**14,985**
Provisions under contract	4,631	**4,631**
Total at 31 March 2019	**33,274**	**33,274**

Note 27.4 Maturity of financial liabilities

	31 March 2020	31 March 2019
	£000	£000
In one year or less	32,276	24,368
In more than one year but not more than two years	674	2,850
In more than two years but not more than five years	1,711	2,490
In more than five years	319	3,566
Total	**34,980**	**33,274**

Note 28 Losses and special payments

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	0	0	0	0
Fruitless payments	0	0	0	0
Bad debts and claims abandoned	163	128	8	0
Stores losses and damage to property	0	0	0	0
Total losses	**163**	**128**	**8**	**0**
Special payments				
Compensation under court order or legally binding arbitration award	0	0	0	0
Extra-contractual payments	0	0	0	0
Ex-gratia payments	0	0	2	1
Special severance payments	0	0	0	0
Extra-statutory and extra-regulatory payments	0	0	0	0
Total special payments	**0**	**0**	**2**	**1**
Total losses and special payments	**163**	**128**	**10**	**1**

Note 29 Transfers by absorption

During the year the trust transferred its Genetics Laboratory Service to Manchester University NHS Foundation Trust. In accordance with guidance, it was agreed that this should be accounted for as a transfer by absorption and so the Trust divested £601k NBV of Genetics equipment to Manchester University NHS Foundation Trust. The Trust received £576k for this equipment, which means that the loss on the transfer by absorption was £25k as recorded on the Statement of Comprehensive Income.

Note 30 Related parties

Ultimate parent

The Trust is a public benefit corporation established under the NHS Act 2006. NHS Improvement (NHSI) formerly Monitor, the Regulator of NHS Foundation Trusts has the power to control the Trust within the meaning of IAS 27 'Consolidated and Separate Financial Statements' and therefore can be considered as the Trust's parent. NHSI does not prepare group accounts but does prepare separate NHS Foundation Trust Consolidated Accounts. The NHS Foundation Trust Consolidated Accounts are then included within the Whole of Government Accounts. NHSI is accountable to the Secretary of State for Health. The Trust's ultimate parent is therefore HM Government.

Transactions with related parties are undertaken on a normal commercial basis. 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 the Trust.

The Liverpool Women's NHS Foundation Trust is the corporate trustee of the Liverpool Women's NHS Foundation Charitable Trust (Registration No. 1048294). The Trust does not consolidate the Charitable Trust on the grounds of materiality. As at 31 March 2020, there is an outstanding receivable with the Charitable Trust of £124k (31 March 2019: £243k).

Liverpool Women's NHS Foundation Trust is a public interest body authorised by Monitor, the Independent Regulator for NHS Foundation Trusts. It undertakes as part of its ongoing provision of healthcare services, in accordance with the terms of its authorisation, a number of transactions with bodies defined as being within the scope of the Whole of Government Accounts (WGA) including the Department of Health and other entities that the Department of Health is regarded as the parent department.

During the year the Trust has had a significant number of material transactions with the Department of Health and / or other entities for which the Department of Health is regarded as the parent Department. In addition, the Trust has material transactions with other government departments. Transactions and balances with these organisations are disclosed below.

Receivables & Payables:	**Receivables**		**Payables**	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Liverpool University Hospitals NHS Foundation Trust (formerly Aintree University Hospitals NHS Foundation Trust)	**946**	250	**1,980**	570
NHS Liverpool CCG	**311**	43	**0**	0
NHS South Sefton CCG	**0**	0	**8**	0
NHS Knowsley CCG	**3**	1	**578**	0
Health Education England	**186**	16	**0**	0
NHS Wirral CCG	**0**	0	**0**	269
NHS Halton CCG	**4**	0	**1**	210
NHS Warrington CCG	**2**	0	**0**	100
NHS Southport and Formby CCG	**0**	5	**0**	0
NHS St Helens CCG	**0**	0	**0**	0
Royal Liverpool and Broadgreen University Hospitals NHS Trust (demised 1 October 2019, following acquisition by Liverpool University Hospitals NHS Foundation Trust)	**0**	576	**0**	1,322
NHS England - Core	**1,709**	4,581	**843**	0
NHS England - North West Specialised Commissioning Hub	**266**	(1,307)	**0**	0
NHS Resolution	**40**	0	**2**	3
NHS Pension Scheme	**0**	0	**0**	0
HM Revenue and Customs	**0**	7	**2,199**	0
Welsh Health Bodies - Betsi Cadwaladr University Local Health Board	**0**	0	**0**	0
Mersey Care NHS Foundation Trust	**38**	30	**42**	64
University of Liverpool	**95**	10	**532**	41
	3,600	4,212	**6,185**	2,579

Income & Expenditure:	**Income**		**Expenditure**	
	2019/20	2018/19	**2019/20**	2018/19
	£000	£000	**£000**	£000
Liverpool University Hospitals NHS Foundation Trust (formerly Aintree University Hospitals NHS Foundation Trust)	**332**	300	**2,896**	1,865
NHS Liverpool CCG	**42,805**	44,267	**0**	0
NHS South Sefton CCG	**10,364**	10,835	**0**	0
NHS Knowsley CCG	**6,203**	7,454	**0**	0
Health Education England	**4,738**	5,092	**0**	0
NHS Wirral CCG	**2,002**	2,346	**0**	0
NHS Halton CCG	**1,291**	1,216	**0**	0
NHS Warrington CCG	**852**	979	**0**	0
NHS Southport and Formby CCG	**1,248**	1,357	**0**	0
NHS St Helens CCG	**1,059**	1,046	**0**	0
Royal Liverpool and Broadgreen University Hospitals NHS Trust (demised 1 October 2019, following acquisition by Liverpool University Hospitals NHS Foundation Trust)	**543**	1,045	**1,538**	2,942
NHS England - Core	**4,769**	6,808	**2**	4
NHS England - North West Specialised Commissioning Hub	**22,011**	20,268	**0**	0
NHS Resolution	**0**	0	**13,013**	15,299
NHS Pension Scheme	**0**	0	**8,871**	5,881
HM Revenue and Customs	**0**	0	**5,233**	4,887
Welsh Health Bodies - Betsi Cadwaladr University Local Health Board	**1,196**	1,251	**0**	0
Mersey Care NHS Foundation Trust	**23**	29	**42**	26
University of Liverpool	**228**	129	**1,035**	923
	99,664	104,422	**32,630**	31,827

Note 31 Events after the reporting date

On the 2nd April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at the 31st March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at the 31st March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. The outstanding Neonatal Capital interim loans totalling £14,572k loan principal and £37k loan interest payable as at the 31st March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

Liverpool Women's NHS Foundation Trust
Crown Street
Liverpool
L8 7SS
Telephone: 0151 708 9988
Fax: 0151 702 4028
Web: www.liverpoolwomen.nhs.uk
Twitter: @LiverpoolWomens