Liverpool Women's NHS
NHS Foundation Trust

annual report & accounts
2008/09

Liverpool Women's

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ANNUAL REPORT AND ACCOUNTS 2008/09

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

Liverpool Women's

Contents

Our mission

To provide excellent healthcare for women, babies and their families in a safe, friendly and caring environment.

Clear vision

To be a recognised leader in healthcare for women, babies and their families.

Liverpool Women's

Welcome from the Chairman

I am delighted to welcome you to our Annual Report for 2008/09. Whilst a detailed commentary on our performance for the year is set out in the Directors' Report, I wanted to take the opportunity to share some reflections and observations of my own.

2008/09 was another successful year for Liverpool Women's. In October 2008 we were awarded the top rating of 'excellent' for financial management and 'good' for quality of services by the Healthcare Commission under its Annual Health Check assessment. Staff, patients and visitors began to see the tangible benefits of our strong financial performance in the shape of the building of an extension to our reproductive medicine department, which once complete will be the largest IVF unit in Europe. Plans also took shape for an ambitious redesign programme in maternity services which will be progressed during the coming year. Plus, in partnership with the University of Liverpool, the Trust is developing a new research facility, the *Centre for Better Births,* which will come to fruition in 2009/10.

It was also an eventful year for our management team, with three of our Executive Directors moving to pastures new. Our new Chief Executive, Kathryn Thomson has been with us since September 2008 and is a most talented and able addition to the Trust. I am confident that our other new appointments, to the posts of Director of Finance and Director of Nursing, Midwifery and Patient Quality, will be equally successful and that the new team will continue to take us from strength to strength.

Finally, I would like to pay tribute to our dedicated and hardworking staff and volunteers for their relentless drive to keep on improving services for women, babies and their families year after year: I am immensely proud of everyone.

I do hope you find the rest of the report both interesting and informative.

Ken Morris

Ken Morris
Chairman

In October 2008 we were awarded the top rating of 'excellent' for financial management and 'good' for quality of services by the Healthcare Commission under its Annual Health Check assessment.

Chief Executive's Introduction

I am delighted to bring to you my first Annual Report as Chief Executive of the Liverpool Women's. The Liverpool Women's has an outstanding reputation for patient care and that was one of my key motivating factors for accepting this post. Since I took up post in September I can clearly see why the Women's is so very special to our patients, their families and our fantastic staff.

It is clear that everyone who works here is focussed on ensuring that our patients receive the best possible care and treatment. It is a privilege and an honour to be Chief Executive of the Liverpool Women's and my focus is and will remain aligned with those of our staff: to ensure that all of our patients, on every occasion, receive the best possible care, treatment and experience. We have some exciting times ahead in terms of realising our ambitious plans for reproductive medicine, the redesign of maternity pathways and our joint venture with Liverpool University, the *Centre for Better Births.*

During the last year we have made some great improvements to access for patients and have successfully delivered on the 18 week promise. Our emergency room staff continue to ensure that our patients are seen within four hours. We have also had challenging new targets to achieve in relation to cancer patients and once again our staff have worked together to improve waiting times.

We have continued to reap the rewards that Foundation Trust status brings in regards to increased autonomy, financial flexibility and a greater voice for our patients and public. In order to align our structure to our clinical services and provide this flexibility and autonomy at local level we have undertaken a large scale change programme to develop Clinical Business Units. These will become fully operational in 2009/10. Change always creates additional work and at times uncertainty and I would like to thank all of our staff for embracing these changes so enthusiastically; we could not have done this without their support and it is an excellent measure of their understanding of the future challenges and opportunities.
We bid a fond farewell to two of our Executive Directors, Sue Lorimer, Director of Finance and Gill Core Director of Nursing, Midwifery and Patient Quality and we wish them well in their new roles.

We recognise that we need to do more to increase our staff satisfaction and this will be a priority for us over the next year.

Finally, I would like to say a big thank you to all of our staff, partner organisations, volunteers and governors for their help and support in ensuring that we continue to be the number one provider of healthcare to women. Our reputation is built by the people who work here, they are the jewel in our crown and I pay great tribute to them. They are what make Liverpool Women's a special place for our patients.

Kathryn Thomson

Kathryn Thomson
Chief Executive

> Since I took up post in September I can clearly see why the Women's is so very special to our patients, their families and our fantastic staff.

The Board of Directors is pleased to present its review of the Trust's development and performance during the year 2008/09. In presenting this review the directors have ensured that so far as the directors are aware, there is no relevant audit information of which the auditors are unaware and directors have taken all of the steps that directors ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

About the Trust

Liverpool Women's NHS Foundation Trust was founded on 1st April 2005 under the Health and Social Care (Community Standards) Act 2003. Operating in its former guise as Liverpool Women's Hospital NHS Trust, the organisation had been created in 1995 when all services for women and babies in Liverpool came together under one roof in a state of the art building in the heart of Toxteth. In 2000 the Trust took over the Aintree Centre for Women's Health, which provides services to the women of north Liverpool, Sefton and Knowsley and in so doing became the largest women's hospital in Europe.

Each year, the Trust now delivers over 8,000 babies, carries out 10,000 gynaecological procedures and cares for 1,000 preterm infants on our Neonatal Unit.
Our clinical services have, in accordance with our mission, been created and developed in response to the specific needs of local women and their families. We currently manage our services through six directorates, each led by a Clinical Director who is a senior consultant and a Directorate Manager who reports to an Executive Director. Directorate managers, clinical directors and the executive team sit on the Management Executive Board, which has overall responsibility for the operational management and leadership of the Trust and is accountable to the Board of Directors.

Corporate non-clinical support services are provided by the Finance, Human Resources, Operational Services, Quality and Information Mangement and Technology teams. The hotel services and security functions of the Trust are carried out by contractors working in partnership with us.

Staff are kept informed of strategic and operational developments through the monthly Team Brief which is delivered by the Executive Team in the week following the Board meeting and is then cascaded through each directorate and department.

Our Services

Obstetrics

- Antenatal care – hospital or community based
- Fetal medicine
- Twin clinic
- Home births
- Midwifery led unit
- Delivery suite
- Infant feeding team
- Link clinics for minority ethnic communities
- Smoking cessation midwives
- Parent education
- Public Health

Genetics

- Clinical Genetics
- Cytogenetics – laboratory based
- Molecular Genetics – laboratory based

Neonatology

- Neonatal intensive care
- Neonatal high dependency care
- Transitional care (with Obstetrics)
- Newborn hearing screening
- Newborn eye screening

Gynaecology

- General gynaecology
- Urogynaecology
- Termination of pregnancy
- Gynaecological cancer
- Family planning
- Recurrent miscarriage clinic
- Emergency Room
- Menopause
- Infertility

Critical Care

- Theatres and Anaesthesia
- Radiology
- Pharmacy
- Physiotherapy

Reproductive Medicine

- IVF
- ICSI
- Donor insemination
- Sperm recovery
- Freezing of embryos
- Frozen embryo transfer
- Freezing of sperm
- Ovum donation
- Egg freezing
- Sperm bank

Every Person Matters

We spend more than half of our income on paying our staff; it is therefore critical that we have a well-led, skilled, motivated and flexible workforce.

As at 31st March 2009, we employed 1,358 staff (1,118.97 whole time equivalents) not including contracted out staff. This includes doctors, nurses, midwives and other clinically qualified professionals as well as support workers, administrative staff, senior managers and directors and staff who provide ancillary and estates services. 91% of our workforce is female with the remaining 9% being male. 12% of the Trust's workforce are non-white British.

It is essential that the Trust utilises its workforce in the most effective and efficient manner and reviews are undertaken each year to ensure that the most appropriate staff are employed in the right area in the right time. In 2008/09 this has included:

- reducing all doctors in training hours of work to the 48 hour EWTD maximum working week one year ahead of schedule
- the successful reconfiguration of community midwifery services
- the introduction of a Normal Birth Consultant Midwife role in Obstetrics
- a total redesign of the gynaecology administrative service to deliver effective 18 week pathways and provide greater support to clinical teams
- successful extension of Gynaecology Nurse Practitioner roles with a number of individuals now replacing medical staff in procedures clinics.

In the 2008 staff survey, the Trust continued to achieve high scores in relation to the numbers of staff who had received appraisals, training, learning and development in the previous 12 months and reporting of near misses and incidents. We continue to be in the best 20% of trusts nationally for having very low numbers of staff who suffer work related injury and experience physical violence from patients and visitors. There have been improvements in the availability of hand washing materials for staff and in the quality of job design and the effectiveness of the appraisal process.

There are however a number of areas where it is clear the Trust needs to improve its performance – in particular the perception of bullying and how the organisation addresses this and how senior management communicate with staff. Action plans have been developed and will be progressed during 2009/10 with the expectation that we can improve working lives in these critical areas.

Education, training and development activity has progressed at a steady pace throughout the year, as demonstrated by spend against all training budgets and the take up of mandatory training and SHA funded professional courses for clinically qualified staff. The implementation of new funding nationally has enabled the Trust to extend training provision to those staff without formal clinical qualifications and who often have the least opportunity to access training and development. It is hoped that this will continue in 2009/10 to develop improved career structures for these groups.

The Trust is committed to developing strong leadership at all levels of the organisation. In support of this, the Trust progressed through an accreditation process with the University of Leeds in 2008/09 that now enables us to deliver "Workplace Coaching" programmes which complement the well established "Leading Empowered Organisations" (LEO) concept that has been running for the past three years.

We continue to recognise excellence and commitment demonstrated by our staff through a number of methods. In 2008/09 this has included:

- Allocation of a £50 gift voucher for every member of staff in recognition of our Healthcare Commission assessment for 2007/08
- Staff Award Scheme winners for those individuals nominated by their colleagues or patients for "going the extra mile"
- 'Focusing on Excellence' Annual Awards which recognise high quality and innovative care, research, partnerships and workforce initiatives
- Recognition of a number of staff at the North West Leadership Awards

The Trust continues to make progress on its Single Equality Scheme and in-year policy revisions took place using the full Impact Assessment tool, which ensures that policies are written in such a way as not to exclude or disadvantage any employees on the basis of race, disability, religious beliefs, sexual orientation and gender. Progress is monitored by the Trust's Equality and Diversity Taskforce, membership of which includes representatives from the Council of Governors.

It is essential that the Trust utilises its workforce in the most effective and efficient manner and reviews are undertaken each year to ensure that the most appropriate staff are employed in the right area in the right time.

Liverpool Women's is one of two specialist hospitals in the UK providing care for women and babies. It is the largest provider of such care in Europe and is proud of its position, the care it provides to patients and above all its focus upon high quality services.

The Trust's commitment to improving and sustaining high quality has been demonstrated through external assessments for a number of years: we achieved "3 star" ratings for three consecutive years prior to the introduction of the Annual Health Check, under which we have received "excellent" for financial management and "good" or "excellent" for quality of services for the last three years. In addition, the NHSLA has awarded CNST level 3 rating for both "General Standards" and also "Maternity Standards" at each round of assessment since 2004/05. We are one of only a handful of trusts in the UK to have achieved such standards and then maintained them. The Trust's Genetics laboratories are CPA accredited and the reproductive medicine service is both ISO 9001 and CPA accredited.

During 2008/09 the Trust produced a "Clinical Excellence Strategy" encompassing ten objectives for the development, implementation and monitoring of our corporate clinical excellence aims during 2009/10. This will be led by the Clinical Governance Committee which is chaired by the Medical Director.

Trust priorities for quality improvement for 2009/10

Infection rates

Infection within the neonatal unit has been highlighted as a significant Trust issue, which is linked to the achievement of BAPM (British Association of Perinatal Medicine) standards for neonatal nursing ratios. In gynaecology our "infection rate" appears higher than our Dr Foster peer group. The topic has local, national and international significance.

To influence the national picture on delivery suite staffing

As the largest maternity unit in the country we need to assist in the debate about optimum staffing at midwifery level but equally that relating to consultant staffing of delivery suites. Standards have been proposed by the Royal College of Obstetricians and Gynaecologists (RCOG) and introduced as components of NHS Litigation Authority standards. The cost effectiveness of these proposals requires testing at a local and potentially national level. We have found it a challenge to move towards to 98 hours per week consultant cover and are still significantly short of 168 hours per week as recommended.

Standards of behaviour and attitude at work

This is an area of concern which has been highlighted via complaints and PALS reports and anecdotally from patients and staff. We have introduced a "reflective practice" pilot for hospital consultants, closer links with Midwifery supervisors and instigated widespread discussion of the staff survey results with all staff groups within the hospital to re-energise the Trust's policy on staff behaviour and attitude at work. This will be galvanised by staff participation during the coming year in our 'Step it Up' programme on customer care. Within the Trust, we believe that this area has a significant impact on quality which we need to assess more rigorously.

Quality Indicators

Patient Safety

- **Low umbilical cord pH – less than 7.00**

Cord pH is a proxy measure of a baby's condition immediately after birth; the expectation is that healthy babies who coped with labour well would have a cord pH of more than 7.2. A very low cord pH of less than 7.00 is regarded as clinically significant although a large number of babies with such a low cord pH will be entirely normal. The Trust's rate of cord pH below 7.00 was 3.8 in every 1000 maternities in 2008 (in 2007 it was 2.9 per 1000). At present there are no agreed national benchmarks.

- **Miscarriage following amniocentesis**

Amniocentesis is an antenatal invasive procedure that involves taking a sample of the amniotic fluid that surrounds the baby after 15 weeks of gestation. Assessment of a baby's genes to exclude conditions such as Down's Syndrome is the common indication for this procedure. The overall miscarriage rate following amniocentesis at the Trust was 0.7% in 2008 (2 out of 299 procedures). The RCOG quotes a procedure related miscarriage risk rate of 0.5% to 1%.

- **Infection Rates**

The Trust continues to concentrate upon MRSA and clostridium difficile, but in addition measures other organisms causing bacteraemia with particular relevance to the Neonatal Unit. Infection rates are benchmarked with CHKS data (national clinical benchmarking data), which is available from May 2007 onwards.

- **Twin live birth rates for all assisted conception treatments**

The incidence of antenatal complications and newborn morbidity associated with multiple pregnancy has led to Human Fertilisation and Embryology Authority (HFEA) guidance which advocates single embryo transfer. HFEA data for 2006 and 2007 is available and benchmarked. The Trust's twin rate in 2006 was 24.3% and 24.1 % in 2007.

- **Medication errors across the Trust**

One of the commonest features of Adverse Clinical Event Reports across all Directorates. Data is available for at the last 2 years.

Clinical Effectiveness

- **Transfer to ITU per 1000 maternities**

In 2008 the level of transfers was 0.5 in every 1000 (0.8 in 2007, 1.1 in 2006 and 0.4 in 2005). The only benchmark hospital that we have for comparison is Birmingham Women's, whose figure was 0.96 in 2007/08.

- **Stillbirth rate of Trust booked maternities**

In 2008 this was 6.2 per 1000 maternities (7.5 in 2007, 6.2 in 2006, 5.8 in 2005 and 6.8 in 2004). Benchmark figures from Birmingham Women's are (7.9, 7.3 and 7.5 for 04/05, 06/07 and 07/08). CEMACH for 2005 gave a rate of 5.5 per 1000 and for 2006 5.3 per 1000.

- **Readmission rates to gynaecology**

CHKS data indicates that in 2007 the Trust's readmission rate was 3.4% against the peer group rate of 5.7%.

- **Haemorrhage and haematoma (blood loss and blood clots) following Gynaecological surgery**

CHKS data for 2007 shows the Trust rate as 0.44% against the peer rate of 0.38%.

- **Outcome of IVF/ICSI treatment**

The pregnancy rate per cycle of treatment started is a reflection of successful clinical practice. HFEA data is available on an annual basis and benchmarked. Trust data for 2007 shows a rate of 25.9% and 24.6% in 2008.

- **Neonatal mortality rate**

An essential measure of care but with a focus upon booked and transferred babies. A specific measure will be to look at the mortality rate in Very Low Birth Weight (VLBW) babies. There is national and international data (Oxford-Vermont) available.

Patient Experience

- **In-patient Survey in Gynaecology**

2007 and 2008 surveys including standard questions across a wide range patient experiences from communications with clinical staff to quality of food. Latest results showed the Trust as significantly better than the national average on 40 questions.

- **Rate of epidural pain relief for obstetric analgesia**

The present rate is 16.1% and there is a perception this could and should be higher. The figure is available for 2 years and is benchmarkable.

The Trust's Clinical Annual eport contains extensive detail about our quality and activity metrics and can be accessed at www.lwh.org.uk

How We Performed

The Trust's key achievements in 2008/09 against our six corporate aims are set out below:

To deliver clinical excellence in all our services

We have…

- Developed five clinical indicators for each directorate
- Achieved stage 2 practice development unit accreditation in clinical genetics
- Published a comprehensive Clinical Annual Report with supporting summary document as precursor to Quality Accounts
- Published the Trust Clinical Excellence Strategy

To deliver strong financial performance necessary to continually invest in services

We have…

- Maintained a monitor risk rating of 5 and an Annual Health Check EXCELLENT for use of resources
- Successfully managed a financial strategy to support planned investment in capital developments
- Supported the development of Clinical Business Unit framework for implementation in April 2009

To ensure all patients have a positive experience in our care

We have…

- Patient survey results which showed the Trust as significantly better than average on 40 questions
- Implemented our baby diary initiative in Neonates
- Introduced Gynaecology 'closer to home' for Knowsley patients
- Significantly reduced waiting times for Assisted Conception services

To be the provider of 1st choice for women and their families

We have…

- Agreement for Liverpool Women's to develop a laser fetoscopy service
- Expanded neonatal parents' accommodation
- Introduced HPV screening in colposcopy
- Board approval to fund an 'End of Life' suite for cancer patients and their relatives
- Begun building works to extend and improve the Hewitt Centre for Reproductive Medicine.

To promote our status as a premier University Teaching Hospital and Centre for Research

We have…

- Participated in the Academic Health Science Centre bid for Liverpool
- Agreed to develop the *Centre for Better Births* with the University of Liverpool to promote research into uterine contractility
- Continued international research collaborations in Canada, Australia and Uganda
- Seen steady growth in participation in portfolio studies
- Commenced the 'Mulago Partnership' in Uganda – supporting clinical exchange in obstetrics and community midwifery

To deliver our aims with skilled, competent and motivated staff supported by effective leadership

We have…

- Successfully reconfigured our community midwifery services
- Enabled a number of staff to access leadership development programmes through the North West Leadership Academy
- Introduced 'coaching' for Trust senior managers and clinical leaders
- Successfully reduced sickness absence figures over the last year

To deliver clinical excellence in all our services

We have...

- Published a comprehensive Clinical Annual Report with supporting summary document as precursor to Quality Accounts

Key Performance Indicators in 2008/09

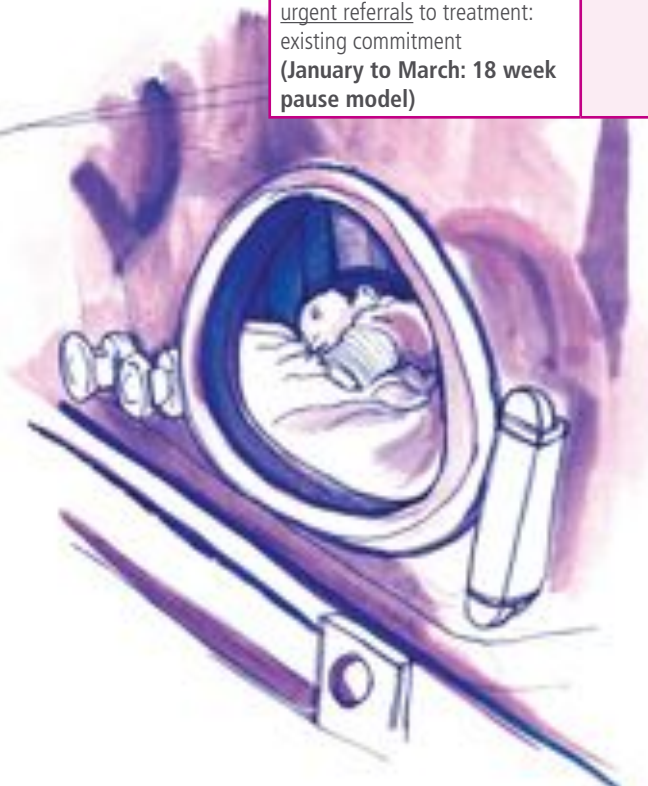
	Performance in 2007/2008	Care Quality Commission target 2008/9	Performance in 2008/2009
Total time in A&E: 4 hour from arrival to admission, transfer or discharge.	99.82%	>=98%	99.98%
Elective patients waiting longer than the standard (26 weeks)	0.00%	<=0.03%	0.027%
Outpatients waiting longer than the standard (13 weeks)	0.00%	<=0.03%	0.00%
Cancelled Operations for non-clinical reasons / total number of episodes	0.289%	<=0.8%	0.491%
Cancelled Operations for non - clinical reasons not admitted within 28 days / number of last minute cancellation for non-clinical reasons	0.00%	<=5%	0.00%
Incidence of MRSA Bacteraemia	2	<=3	0
Incidence of Clostridium difficile	2	<=9	2
18 week referral to Treatment times: Admitted; performance against target	93.44%	90%	Jan = 90.19%
		90%	Feb = 91.09%
		90%	Mar = 90.19%
18 week referral to Treatment times: Admitted : data completeness	NA	Not yet confirmed	Jan = 100%
			Feb = 99%
			Mar = 97%
18 week referral to Treatment times: Non-admitted: performance against target	93.44%	95%	Jan = 95.03%
		95%	Feb = 95.78%
		95%	Mar = 95.13%

To ensure all patients have a positive experience in our care We have...

- Patient survey results which showed the Trust as significantly better than average on 40 questions

Key Performance Indicators in 2008/09 contd.

	Performance in 2007/2008	Care Quality Commission target 2008/9	Performance in 2008/2009
18 week referral to Treatment times: Non-admitted: data completeness	NA	Not yet confirmed	Jan = 99%
			Feb = 101%
			Mar =91%
All Cancers: two week waits	99.88%	>=98%	98.60%
All Cancers: one month diagnosis to 1st definitive treatment: existing commitment **(April to December)**	100%	>=98%	100%
All Cancers: one month diagnosis to 1st definitive treatment: existing commitment **(January to March: 18 week pause model)**	100%	Not yet confirmed	99%
All Cancers: one month diagnosis to subsequent treatment: new cancer strategy **(January to March)**	NA	Not yet confirmed	100%
All Cancers: two month GP urgent referrals to treatment: existing commitment **(April to December)**	99.56%	>=95%	97.35%
All Cancers: two month GP urgent referrals to treatment: existing commitment **(January to March: 18 week pause model)**	NA	Not yet confirmed	82.69%



To deliver strong financial performance necessary to continually invest in services We have...

- Maintained a monitor risk rating of 5 and an Annual Health Check EXCELLENT for use of resources

Key Performance Indicators in 2008/09 contd.

	Performance in 2007/2008	Care Quality Commission target 2008/9	Performance in 2008/2009
All Cancers: two month Consultant Upgrades referrals to treatment: new cancer strategy **(January to March)**	NA	Not yet confirmed	100%
All Cancers: two month Screening referrals to treatment: new cancer strategy **(January to March)**	NA	Not yet confirmed	100%

Key Performance Indicators

• 18 week referral to treatment

Our staff have built on the success of previous years and have continued to deliver shorter waiting times and have consistently exceeding national wait time targets. This means that we have been able to deliver clinical pathways to our patients within 18 weeks of referral from their GP to our Gynaecology service and for the first time have also been able to deliver 18 week maximum referral to treatment times for patients accessing our Assisted Conception Services (IVF) and our Clinical Genetics Service in line with national targets.

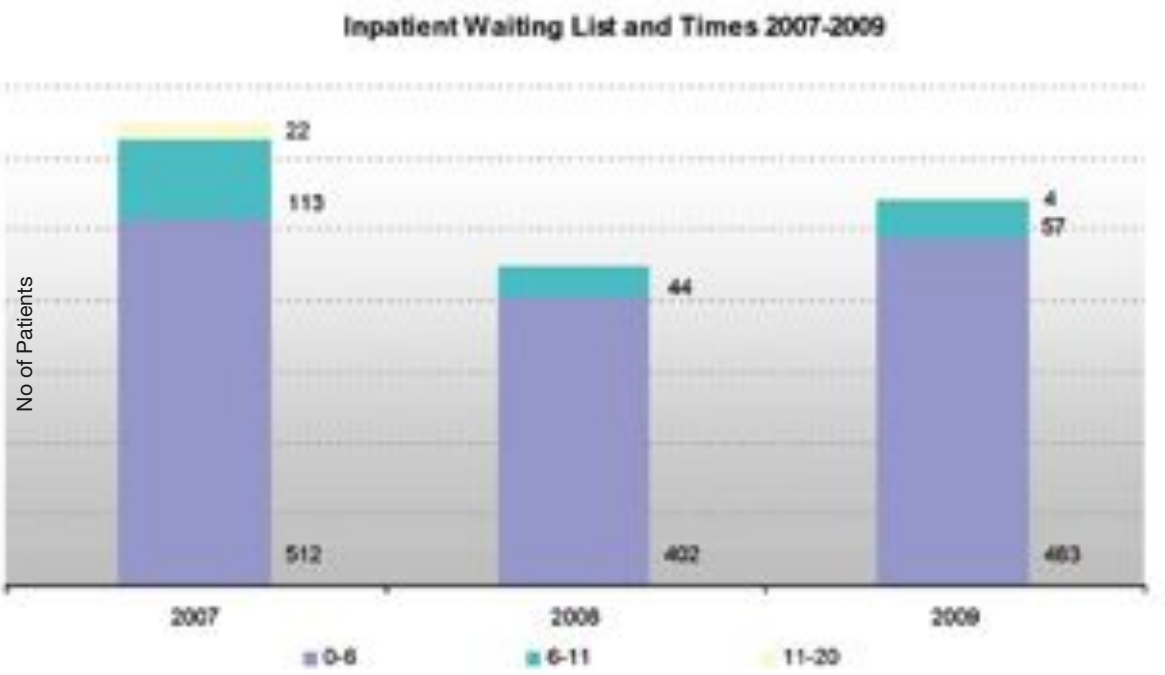
Our staff have built on the success of previous years and have continued to deliver shorter waiting times and have consistently exceeding national wait time targets.

Key Performance Indicators contd.

Waiting times for IVF treatment times have reduced from 475 days in March 2007 to 69 days in March 2009 making these amongst the lowest in the UK.

Overall:
- 90.7% of our patients who required surgery were treated within 18 weeks of referral from their GP. The national target was 90%.
- 95.20% of our patients who required outpatient treatment were treated within 18 weeks of referral from their GP. The national target was 95% by December 2009

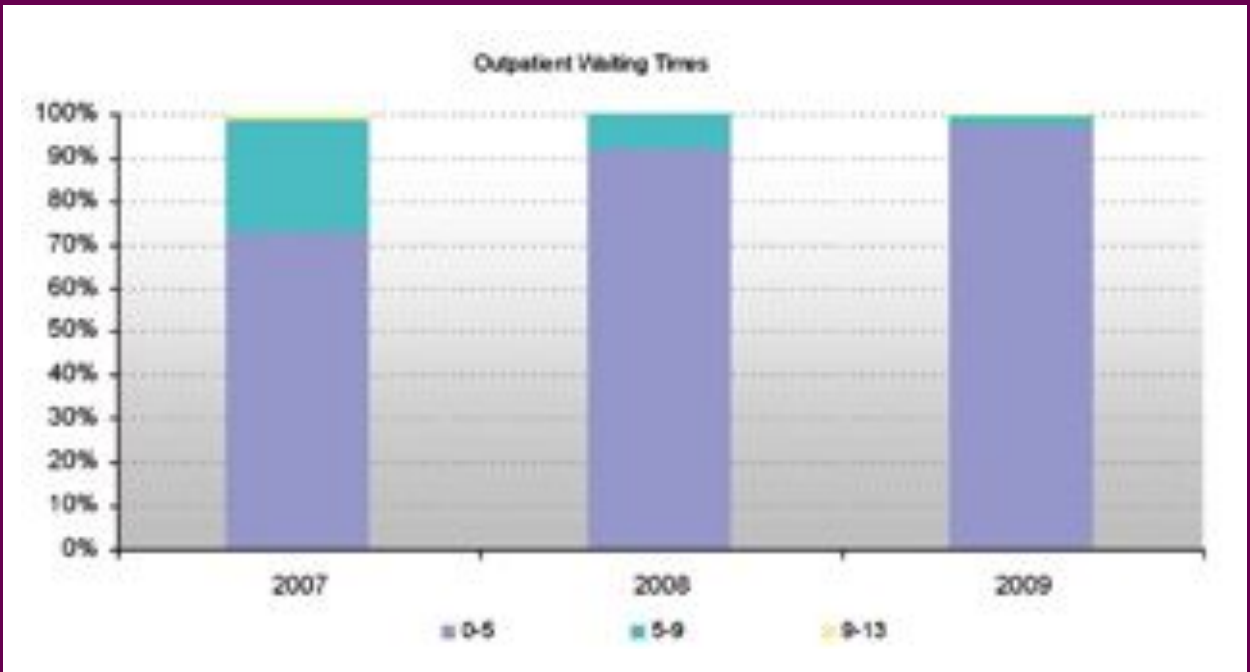
• Waiting Lists and Waiting Times



Although we have more patients waiting for inpatient surgery in 2009 than in the previous year, this is as a result of better management of patients and a reduction in the number of patients not on an active waiting list due to their treatment being suspended. We have been able to maintain waiting times at similar levels to 2008.

Waiting times for IVF treatment times have reduced from 475 days in March 2007 to 69 days in March 2009 making these amongst the lowest in the UK.

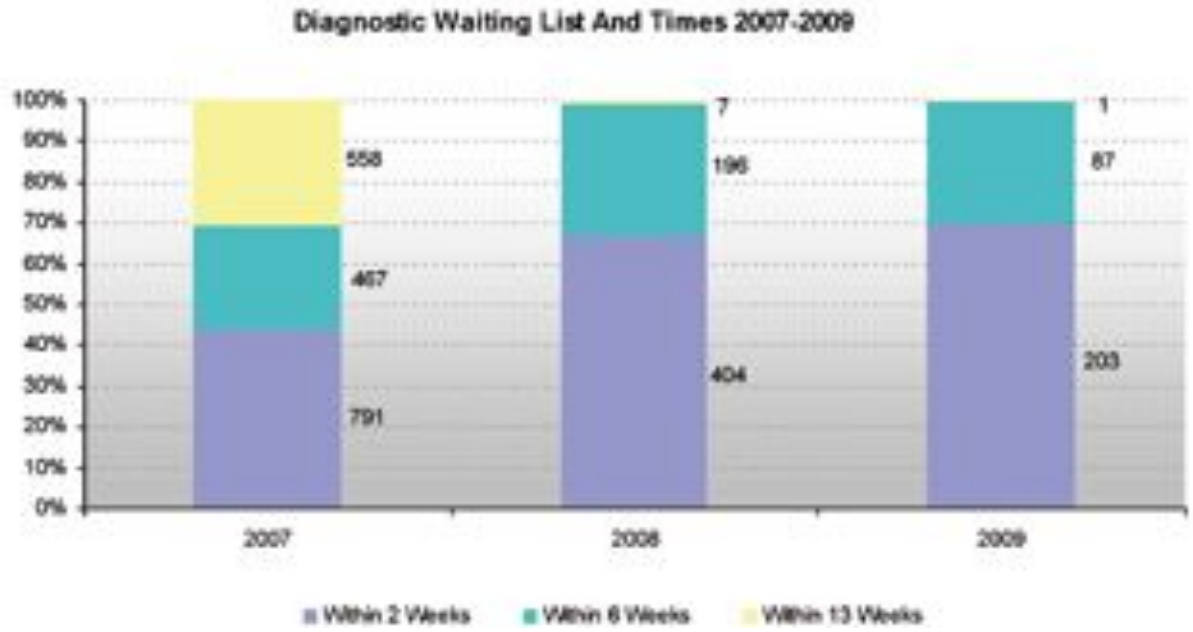
Key Performance Indicators contd.



In March 2009 we were able to offer 97.5% of patients an outpatient appointment within 5 weeks of referral from their GP.

90.7% of our patients who required surgery were treated within 18 weeks of referral from their GP.

Key Performance Indicators contd.



At the end of March 2009, we had fewer patients waiting for diagnostic tests than in March of the previous year. Also 70% of patients received their diagnostic test within 2 weeks of request compared to 67% in the previous year.

• Cancer Treatments

The Trust continues to deliver high quality services to patients with Gynaecological Cancer. The service provided at Liverpool Women's is the recognised centre for this region and is accessible to women from across Cheshire and Merseyside. We have been able to develop services in line with the new national cancer strategy and that means making sure that all women are able to access appropriate services quickly, regardless of how or by whom their cancer or suspicion of cancer was identified. We have been able to meet all the published national standards and perform exceptionally well when compared to similar services elsewhere.

• MRSA and Clostridium Difficile

In 2008/09 Liverpool Women's invested additional resources in the preventation and control of infection. Staff working from all our premises ensure that this is a top priority and that our patients are kept as safe as possible at all times. The Trust is very proud of our excellent track record in this area which means that in the last year we have had no reportable cases of MRSA and only 2 reportable cases of clostridium difficile.

The Trust's Macmillan Team

The Trust continues to deliver high quality services to patients with Gynaecological Cancer.

Patient Quality Indicators

• Smoke Free NHS

The Trust continues to be an active partner in the Smoke Free Liverpool Campaign, having been a smoke free site since January 2006. In particular, the Trust is involved in a great deal of collaborative work around smoking in pregnancy.

Across the PCT's there are wide variations in smoking rates which were highlighted in the 2007 Health Equity Audit with direct links to deprivation. Although figures in some areas are high, they represent the number of women who are smoking at booking. Women who would like support to stop smoking are referred to the smoking cessation team, based on both sites. Once women have set a quit date the success rate is around 50% which gives a reduction in pregnancy of around 4%. Our staff are also able to benefit from smoking cessation services and support.

• Breast feeding

After much hard work, the Trust achieved Stage 1 of the UK Baby Friendly Award in March 2008 and we plan to be ready for assessment at stage 2 level by the end of 2009.

The Trust continues to work in partnership with local Primary Care Trusts to develop peer support programmes which have been shown to be effective in increasing both the initiation and duration of breastfeeding and the expectation is for recruitment to this team in the summer of 2009.

Statistics for initiation of breastfeeding at birth and on discharge from hospital continue to improve steadily, with a focus on maintenance of breastfeeding planned for 2009. Collaborative working with the PCT Infant Feeding Team has provided support and confidence in further developing the service within the community and continues to embrace the aim to improve the short and long term health and quality of life of the city's population.

Progress against Service Developments

• Maternity Services

Liverpool Women's has worked in close collaboration with our PCT commissioners to develop a robust strategy for the development of maternity services in Liverpool. We are committed to the implementation of this strategy and to ensure that women receive the highest possible standards of maternity care. Liverpool Primary Care Trust made significant investments in maternity services in 2008/09. With this investment we have been able to achieve the following enhancements to services:-

- *We have introduced Consultant Obstetrician clinics in the community*
  Consultant delivered antenatal services for the management of women with high risk pregnancies are now up and running in two community locations within Liverpool. Services will be expanded into another two facilities early in 2009/10.

- *We offer access to booking appointments before 12 weeks gestation*
  The Trust has successfully reduced the number of women having to wait until over 12 weeks gestation before accessing a booking appointment. With PCT investment, over 75% of women benefit from shorter waiting times.

- *We have expanded perinatal mental health services*
  In conjunction with colleagues in Merseycare NHS Trust we have been able to increase mental health nurse and consultant psychiatrist input into the service to improve the number of women who have access to these services at a very critical time.

The Archbishop, Patrick Altham Kelly, of Liverpool visited the Trust on 18th February 2009

After much hard work, the Trust achieved Stage 1 of the UK Baby Friendly Award in March 2008 and we plan to be ready for assessment at stage 2 level by the end of 2009.

Progress against Service Developments contd.

- *We have redesigned our triage and assessment service for women in early labour*
  With the help of additional funding we have been able to redesign our triage and assessment services linked to our delivery suite. This means that women are now able to telephone and speak to an experienced midwife for advice. This has reduced the number of women who previously had to make an unnecessary journey to the hospital.

- *We are increasing Consultant Obstetrician cover on Labour Ward to 98 hours per week*
  In line with national best practice, our PCT has supported the Trust to move from 56 hours of consultant cover on labour ward to 98 hours of cover. The Trust was able to increase cover to 60 hours in 2008/09. We will be finalising plans with our consultant Obstetricians on the model to move to 98 hour cover in the next year.

- **Development of Specialist Fetal Medicine Service**

During 2008/09, Liverpool Women's has worked very closely with regional and national specialist commissioners to develop plans to offer a local laser fetoscopy service to treat twin to twin transfusion within pregnancy. This is a condition that only affects identical twin pregnancies and if untreated could result in losing one or both of the babies. These plans have been approved and Liverpool will become one of only a few regional centres in mid 2009. This will mean that women will no longer have to travel to Birmingham or London for treatment.

- **Hewitt Centre for Reproductive Medicine**

Liverpool Women's has seen significant developments within its reproductive medicine service during the last year. Waiting times for patients have been reduced and we are now able to offer access to IVF treatment within 18 weeks of referral - the lowest waiting times ever. We have also introduced an NHS sperm bank which means that couples are able to access sperm donation locally, funded by the NHS. We are also able to offer egg freezing as an option for fertility preservation for women undergoing other medical treatments such as treatment for cancer. We have also invested £5m in the development of a new reproductive medicine unit, making Liverpool Women's the biggest IVF unit in Europe.

- **Development of a Dedicated Private Patient Unit**

Liverpool Women's has funded the development of a private patient facility on its Crown Street site. This gives a choice to patients to have their treatment under the care of experienced consultants and healthcare professionals while remaining within the safety of the NHS setting. Services provided include gynaecology and cosmetic surgery.

- **Development of the *Centre for Better Births***

Liverpool Women's and the University of Liverpool are working together to develop a facility at Crown Street which will bring together the two organisations as a centre of research excellence for the study of factors relating to childbirth and pregnancy failure. The *Centre for Better Births* aims to significantly increase the number of normal births and improve survival for pre-term babies. Plans for the Centre have progressed well during 2008/09 and a business case will be put forward for approval in mid 2009.

- **Gynaecological Cancer Services**

Building on the success of Liverpool Women's as the Gynaecological Cancer Centre for Merseyside and Cheshire, we are continuing to improve the services we are able to offer to our patients. Two very welcome schemes have commenced in 2008/09 that will bring significant benefits to our patients.

- *Kings Fund Initiative – Care of the Terminally Ill Patient*
  The Trust's cancer team have secured funding from the King's Fund and the Board of Directors to develop an inpatient facility dedicated to the care of the terminally ill patient. The new facility will

Lord Darzi, Parliamentary Under Secretary of State for Health (centre) & David Nicholson Chief Executive of the NHS, meet mums & babies at the Speke Children's Centre in October 2008

"Liverpool Women's has seen significant developments within its reproductive medicine service during the last year."

Progress against Service Developments contd.

provide a hotel style suite of rooms for the patient and their close relatives. This will include two bedroom areas, a lounge area, kitchen area and two ensuite bathrooms. This will give much needed privacy to patients and their families at this very difficult time.

- *On Site Chemotherapy for women with Gynaecological Cancer*
Currently any woman requiring chemotherapy for the treatment of gynaecological cancer from Merseyside or Cheshire has to travel to Clatterbridge Centre for Oncology on the Wirral. Now the two hospitals are working together to develop facilities at Crown Street so that chemotherapy can be delivered locally. This would be to the benefit of women from across Merseyside. Plans are well developed and the service is aimed to be up and running in 2009.

Information Management and Technology

The department of Information Management & Technology (IM&T) has remained committed to providing connectivity and access to all information required by the Trust staff to help them meet the strategic goals of the organisation at the point of care. IM&T has continued to enhance its services at the Trust through business process redesign, innovation and the implementation of cutting-edge technology whilst engaging clinical users. The IM&T team's goal has remained to deliver flexible, efficient and reliable IT services, whenever, wherever needed, to ensure the Trust continues to deliver competitive, world class women's medical care.

The IM&T department is committed to providing quality services to all of our users and has been implemented Six Sigma principles to all projects over the last operational year to ensure that it delivers quality services with full benefits realization. IM&T has accomplished this by helping each department and individual at the Trust obtain the full range of connectivity, application power, and information skills necessary to be productive in the information age.

During 2008/09 IM&T has focused its energies on:
- Hardware and network infrastructure
- Multimedia communications
- Standardised workstation systems and application environments
- Mobile and remote working for staff.
- Medical information management tools, data warehousing and business intelligence
- Integration of medical informatics and information technology in the day-to-day business process at the Trust

During the year IM&T has received national and international accolades, as well achieving international standards:
- 2008 Computerworld Gold Medal Laureate Winner in Healthcare IT (USA)
- 2008 TECHWORLD / CIO Magazine CIO of the year (UK)
- ISO 27001:2005 accredition in data security

To further develop our IT systems to support service delivery and clinical excellence

We have…
- Maintained full disaster recovery and business continuity for all clinical and critical information systems
- Maintained 99.9% uptime whilst creating the next generation virtual infrastructure for all key systems
- Deployed a new storage and tapeless backup solution for the Trust's data assets
- Delivered digital signage and television to all patient waiting areas
- Produced reports in accordance with Schedule 5 of the Legally Binding Contract and maintained regular reconciliation meetings with PCTs to improve data and contract monitoring

Chief Executive Kathryn Thomson (right) officially opened our new Clinical Genetics facility based at Alder Hey Children's Hospital, with Louise Shepherd, Chief Executive of Alder Hey

During the year IM&T has received national and international accolades, as well achieving international standards.

Information Management and Technology contd.

- Improved data quality through an ongoing programme of refresher training for all staff
- Maintaining 100% coding completion by the 2nd working day after month end throughout the financial year
- Achieved a coding error rate of only 3.0% for Primary Diagnosis and 0.8% for Primary Procedure, as well as a HRG error rate of 1.5% (national averages of 16.5%, 16.5% and 9.4% respectively)
- Halved month-end reporting timescales for SLAM / Board report from 10 to 5 working days
- Successfully submitted the Commissioning Datasets in version 6 format
- Implemented an upgrade to version 5.6 of the Trust's healthcare information system (MEDITECH)
- Coding accuracy classified as 'Excellent' in the Payment by Results assurance audit
- Implemented positive patient ID through electronic wristband printing
- Improved the Information Governance NHS IG Toolkit score to 83%
- Delivered a new helpdesk system for Technical and Information Systems service delivery for 1st and 2nd line support to Trust users
- Successfully built a data warehouse to house key Trust data

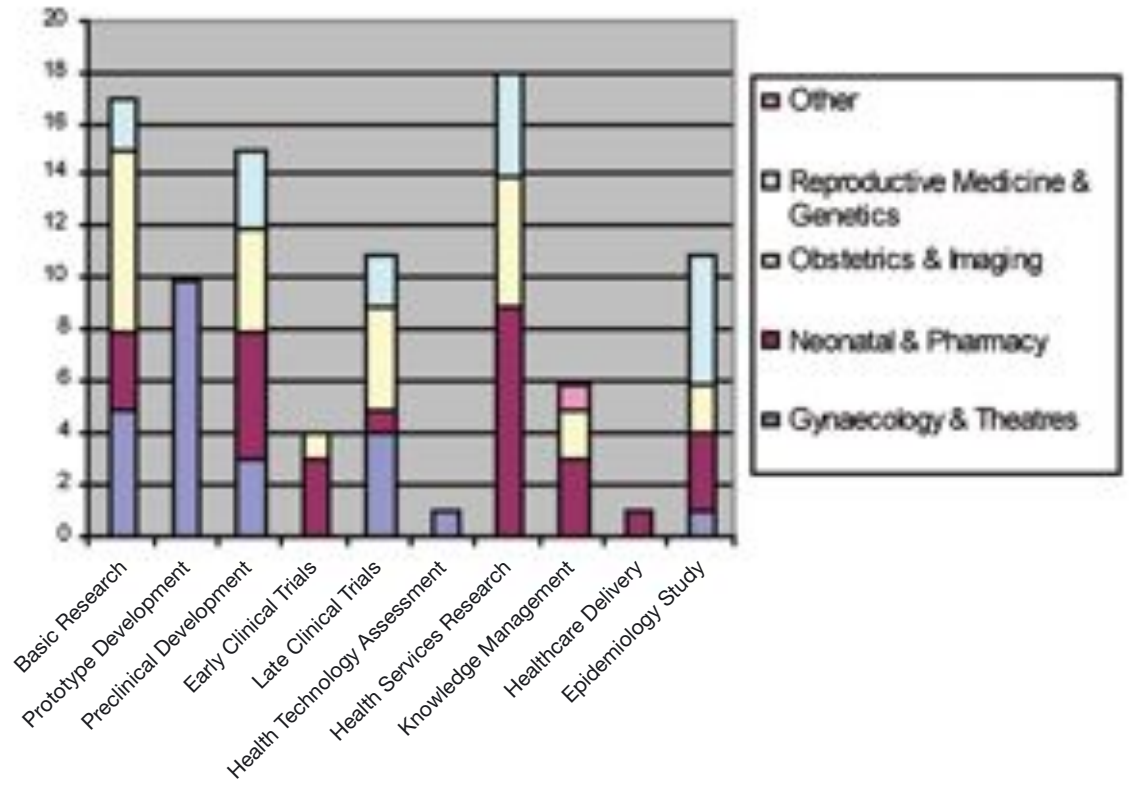
Research & Development

The Trust makes a significant contribution to research in its specialist areas with projects largely led by members of staff. This research includes projects on the National Institute of Health Research Clinical Research Network (NIHR CRN) portfolio and projects funded by industry. A total of 96 projects are currently in progress with another 20 projects in set-up. These projects are spread throughout the Directorates and cover all types of research methodologies and phases including development of ideas for new treatments.

Ultimately, through the conduct of research, we implement change to healthcare practice, paying attention to the needs of patients and their families.

In order to support this strong portfolio of research activity, the Research & Development Department has continued to embrace changes in the ways that NHS research is commissioned and managed.

The figure (below) gives an overview of the types of research underway:



The Trust recruits to 26 NIHR CRN portfolio studies. The R&D Department liaises closely with the Cheshire & Merseyside Comprehensive Local Research Network to plan and manage this research activity. The department is committed to supporting the national ambition of doubling the number of patients recruited to clinical research over the next five years as stated in the NHS Operating Framework 2009/10. R&D are continually reviewing Trust research processes to ensure researchers across the Trust get the best possible support in conducting good quality research that is compliant with regulatory requirements.

Trust members have been funded to conduct research following international competition for research grant awards. Funding has been secured from the Cochrane Centre; Framework Programme 6 of the European Commission, safety in neonatal care; and Framework 7 of the European Commission, Treat Infections in Neonates. Trust staff have also been funded following national competition, and have secured funding from the Health Technology Assessment, NIHR (Applied Health Research Programme Grant / Research for Patient Benefit project), WellBeing of Women, BLISS the baby charity, the Moulton Trust and the Wellcome Trust.

Staff within the Trust have extensive experience of research that leads to innovation in the patient experience, quality of care and patient safety. The R&D Department has a strong track record of supporting members of the Trust with innovative research. Our approach to research as a route to innovation is illustrated by the broad range of research projects ongoing across the Trust. In 2008 this Trust research activity was communicated and disseminated via publications in scientific peer reviewed journals (in excess of 110), national press, and presentations at research conferences and symposiums.

We anticipate that 2009/10 will be a significant year for Liverpool Women's. 2009/10 is the third year of the Trust's strategic plan and will see the culmination of some significant projects and service developments; not least the commissioning of the new reproductive medicine build, the approval of the Centre for Better Births and the development of the 'Big Push' project to redesign our maternity service.

As a high performing provider of healthcare we also find ourselves on the cusp of some significant challenges; the financial environment over the next few years is likely to be the most testing that Liverpool Women's has ever faced. The combined scrutiny on value for money and increased quality of services means the Trust has to work collaboratively to ensure delivery of these demanding and at times conflicting agendas.

Corporate Strategies 2007-2010

- Pursuing **productivity and efficiency** - 5% below tariff
- Pursuing **service growth** - 8% over 3 years
- Pursuing **world class outcomes** - Evidence of best of class

Corporate Objectives 2007-2010

The Trust corporate objectives remain unchanged for 2009/10. They are

- We shall deliver **clinical excellence** in all our services
- We shall deliver **strong financial performance** across all our services
- We shall ensure all patients have a **positive experience** in our care
- We shall be the **provider of 1st choice** for women and their families
- We shall promote our status as a **premier University Teaching Hospital** and **Centre for Research**
- We shall deliver our aims with **skilled, competent and motivated staff** supported by effective leadership.

The challenge to achieve strong performance against all corporate objectives will be no less in 2009/10 than in previous years. In fact the need to maintain high quality services against a backdrop of tighter finances will require the Trust to work in different and innovative ways. This will be supported in year by the EQUIP Programme (Everyone's Quality Improvement Programme) to look at quality and efficiency in key clinical and non clinical areas across the Trust.

Clinical Business Units

As the Trust moves into the new financial year, the introduction of Clinical Business Units (CBUs) and earned autonomy will take hold. This will mean greater responsibility and accountability being devolved to CBUs. In year, the development of strong objectives through this operational planning process will be key to the subsequent monitoring of performance and introduction of robust governance and assurance processes and structures. As with previous years, CBUs will have the opportunity to present their plans to the Board.

Environment

The enhancement of the environment from which our services are provided will be a key theme of the 2009/10 plan. This will not just focus on the Crown Street site but also on all other sites from which services are provided. Ensuring the highest quality patient and working environment and its fitness for purpose is essential. This will place the Trust in a strong position for years to come; as a provider and employer of first choice.

"High Quality Care for All"

In our plans for 2009/10 we will be considering actions to be taken to build on the recommendations of the report by Lord Darzi; "High Quality Care for All" and its sister document prepared by NHS North West, "Healthier Horizons for the North West". Our focus will be on responding to the needs of the patients we serve and the development of the staff we employ. We have an obligation to continue to deliver the highest standard of clinical care and measure the success of that care through clinical outcome measures and patient reported outcome measures. We have a commitment to develop clinical leadership in the Trust and to facilitate the integration of clinical and general management through Clinical Business Units.

Public health drivers

We need to be increasingly aware of our external environment and the service and commissioning priorities that will be made by Primary Care Trusts and Practice Based Commissioners. An important focus will be on improving the health of the populations we serve and reducing the burden on health care. The Liverpool Women's has an important role to play and we must engage more widely with partners in health and social care to ensure we are contributing as effectively as possible in the improvement of health.

Refresh of service strategy in year

The Trust will also take the opportunity in year to refresh its service strategy and strategic direction. This will be an opportunity to look at what is coming over the horizon in the next 3 to 5 years and making sure that the Trust is in a position to respond positively and quickly to changes. This will be an inclusive process, as in previous years, and will commence in the early autumn.

2009/10 will be a year of challenge and opportunity. The Trust is in a strong position to pursue its planned service and capital developments and needs to rise to the challenge of improving quality at the same time as being more efficient. This approach will mean that Liverpool Women's can continue to be a high performing provider of healthcare not just next year but for the future.

We have a commitment to develop clinical leadership in the Trust and to facilitate the integration of clinical and general management through Clinical Business Units.

Patient and Public Involvement

The Patient Quality Committee has continued to meet on a quarterly basis. This group consists of two of the Trust's governors and five public members. The committee has provided valuable input to the development and ongoing review of progress of the Patient Quality Strategy action plans.

The committee has assisted in the development and review of strategic policies and annual complaints and patient Information reports. The group will continue to monitor progress of the associated action plans.

The Patient Quality Team has engaged in discussions with patients and members of the public to enhance our knowledge of how the Trust as a whole is viewed. This information has been collated through focus groups and direct discussion on a one to one basis. Examples include:

- Patients, visitors & staff views on enhancing the 'smoke free site'
- Closer to home project for Gynaecology
- 18 week pathway information
- Evaluation of telephone triage system in Obstetrics

The use of 'exit cards' provides valuable information about patients' experiences highlighting areas of good practice and occasions when the service could have been improved. As a result a number of changes to practice have been brought about:

- Amended medicine round times in Gynaecology
- Review of visiting arrangements on Bedford Ward
- Additional choice of hot food at lunch time
- Review of waiting area provision for the Colposcopy Department
- Review of signage in the Clinical Genetics Department

This information has been disseminated widely throughout the Trust and actions taken as a result displayed on our 'You said, we did' notice boards.

Patient Information

The patient information group have reviewed 33 patient information leaflets during the year. The leaflets have been produced by multidisciplinary teams within the Directorates. The written information has been processed using a rigorous method for ensuring they are easily understood and contain sufficient information by which patients and their families can make an informed decision about the care they receive.

The findings of a comprehensive audit of the policy assure the Trust that all existing patient information leaflets have been reviewed within an agreed timescale specified and this information is clearly demonstrated on each document. All leaflets explaining clinical treatments contain information about the associated risks and benefits and any alternative treatment to consider.

Requests for information in other languages and formats such as audio version have been processed on request.

Copies of all leaflets are available on the Trust's intranet, these can be printed on request and in large font format if patients have sight impairment.

The use of 'exit cards' provides valuable information about patients' experiences highlighting areas of good practice and occasions when the service could have been improved.

The Patient Surveys

The Healthcare Commission 2008 Inpatient Survey results were released in February 2009. Postal questionnaires were sent to a random sample of 850 patients who attended the Gynaecology Ward during 2008. Exclusion criteria included women who had undergone a termination of pregnancy, early pregnancy loss and investigations and treatment within the Hewitt Centre for Reproductive Medicine.

- 438 patients completed and returned the questionnaire, giving a response rate of 51.8% which is the national average.
- In comparison to the results of the 2007 survey the Trust scored
  - Significantly better on 5 questions
  - Significantly worse on 2 questions
  - No significant difference on 73 questions
- The benchmarked survey results indicated that the Trust was significantly better than average for 40 questions, significantly worse than average for 4 questions and results fell in the average range for 39 questions, when compared to other acute and specialist Trusts

The Gynaecology Directorate is currently preparing an action plan in response to the survey findings.

Complaints

The Trust responds to all complaints with equal seriousness and attention. Complaints are viewed in a positive manner and are a powerful tool for learning lessons and changing practice and procedures when appropriate. By listening to concerns raised by complaints, the Trust is able to continuously reflect on many aspects of the patients' experience and actively respond to any concerns constructively.

Complaints can be made by patients, relatives or visitors, although patient confidentiality is maintained at all times.

In the period between April 2008 and March 2009, the Trust received 109 formal complaints, which is a slight increase compared to the previous year. The main themes, which have emerged during this period were:

- Treatment and care
- Communication
- Facilities
- Attitude of staff

The Trust aims to deal with all complaints within 25 days of receiving them and this was achieved in 79% of cases during 2008/09. One complaint was referred to the Healthcare Commission during this period. The Trust responded to each recommendation made by the commission and the outcome was shared with the complainant. The Healthcare Commission has not undertaken any full investigations nor held an independent panel during this period.

There were no referrals to the Health Service Ombudsman during this period.

Meetings with complainants

Meeting the complainant is an excellent opportunity to learn about the experience in more detail and this interaction is positively encouraged as part of the procedure. Meetings are facilitated by the Patient Quality Team, who provide a transcript of the meeting and when necessary provide any follow up action as a result.

Action taken as a result of complaints this year include:

- Development of a multidisciplinary group to review management of wound care
- Amendment of documentation to demonstrate inspection of epidural administration site during labour
- Additional training for staff in palliative care
- Development of Discharge planning group
- Review of arrangements for support person attending with patients on Bedford Unit
- Review of patient information for women attending the Bedford Unit
- Review of content of consent form in Clinical Genetics Department

Work in progress:

- Virtual tour of our maternity unit for the Trust web site
- Audit of management of patients who are Group B Streptococcus positive
- Review of information regarding the effects of treatment to the cervix and how this may affect future pregnancies

Infection Control

Liverpool Women's continues to maintain its excellent record and high standards of performance in respect of infection prevention and control.

- There were no cases of MRSA blood infection in the Trust during the year; only two organisations in the North West achieved this result, of which Liverpool Women's was one
- During 2008-09, four (1 aged over 65 years) patients were identified with clostridium difficile disease at Liverpool Women's Hospital. Three of these cases were admitted to the Trust with established symptoms and no direct link between the cases was identified. The remaining case most likely represented a falsely positive laboratory test rather than a true infection.
- "Excellent" ratings in the PEAT assessment demonstrating the high standards we maintain in cleanliness of the environment.

The Trust received unconditional registration by the new Care Quality Commission in relation to Healthcare Acquired Infection following a successful 'Hygiene Code' inspection in July 2008. Following the inspection a small number of minor issues were identified which the Trust was able to rectify quickly to achieve full compliance with the duties set out in the Health Act 2006.

Liverpool Safeguarding Children Board

The Trust has built strong partnerships with a number of local agencies, with one of the most crucial being the Safeguarding Children Board.

The Trust adheres to its statutory duties under Section 11 of the Children Act 2004 and to the expectations of the Liverpool Safeguarding Children Board in all areas described in its Safeguarding Policy, which adheres to LSCB procedures and that is reviewed on an annual basis. The Trust has a named Safeguarding Lead who together with other key staff attends and contributes to strategy meetings, Child Protection conferences and reviews, core groups and the development and implementation of Child Protection Plans.

Through specific training Trust staff have a sound understanding of risk factors and recognise children in need of support and/or safeguarding; they recognise the needs of parents who may need extra help in bringing up their children and know where to refer for help and the risks of abuse to an unborn child; they make appropriate referrals under S17 and S47 of the Children Act 1989 and contribute to enquiries from other professionals about a child and their family or carers.

As part of generally safeguarding children and young people, Trust staff provide ongoing promotional and preventative support through proactive work with children, families and expectant parents.

Initiatives include a multi agency training seminar for practitioners to enable them to actively work with new or young parents and to make them aware of the risks to newborn and young babies.

During the year, in the light of the case of Baby Peter in Haringey, the Trust commissioned an external review into our safeguarding arrangements to ensure that current best practice in terms of policy, structures, training and supervision are in place.

Hotel Services - Sodexo

The Trust continues to work with Sodexo, delivering cleaning, portering and catering services to the Trust. Joint managerial arrangements have ensured improvement in cleaning practice during the year and the Trust was awarded an 'excellent' rating for cleanliness standards in the most recent round of annual inspections.

Catering is providing some cause for concern, highlighted regularly in feedback from patients including the patient survey. Sodexo has appointed a new catering manager and head chef who are working closely with staff and patients to make consistent improvements. The Trust and Sodexo have also jointly funded an initiative with celebrity chef Simon Rimmer to produce new and improved meals to enhance the patient experience which will be implemented during 2009/10.

"The Trust has built strong partnerships with a number of local agencies, with one of the most crucial being the Safeguarding Children Board."

Primary Care Trusts (PCT) - Host PCT arrangements

Over the course of the previous year, the Trust has continued to work collaboratively its host, Liverpool PCT. The Trust has not operated the new model contract for 2008/09, and will not do so for 2009/10. The Trust will move to the new model contract for 2010/11 however this has not frustrated the development of joint working with our host to develop quality indicators and clinician to clinician relationships.

Liverpool PCT have represented the Trust well in respect of our other commissioning PCTs through a consortia agreement.

North West Fertility Ltd

The partnership with North West Fertility Ltd and the Trust continues to operate successfully. NWF have completed a very challenging trading year and continue to explore opportunities to increase their repetoire of services.

NWF remain committed to the expansion of the Hewitt Centre for Reproductive Medicine through the new capital build.

Digital image of the new Hewitt Centre which will be complete by the end of 2009

The partnership with North West Fertility Ltd and the Trust continues to operate successfully.

Performance

The Board of Directors is pleased to report achievement of an excellent financial performance in its fourth year of operation as an NHS Foundation Trust. This is summarised in the key financial measures set out below and detailed in full in the annual accounts on pages 58 to 93.

Measure

Comparative Performance	2008/09	2007/08
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (Total Income – (Total Operating Costs – Depreciation)	**£8.3 million**	£9.1 million
EBITDA Margin (EBITDA/Total Trust Income)	**9.7%**	11%
EBITDA Achievement of Plan (EBITDA Actual/ EBITDA Plan)	**131%**	153%
Income and Expenditure (I & E) Surplus	**£4.5 million**	£5.9 million
I & E Surplus Margin (I&E Surplus/Total Trust Income)	**5.3%**	7.1%
Return on Assets	**10.6%**	13.7%
Liquidity	**66 days**	77 days
Monitor Risk Rating	**5**	5

Although the overall Trust surplus reduced by £1.4m compared to 2007/08 the Trust once again exceeded the plan (£2.5m) agreed with Monitor at the beginning of the financial year. The key reasons supporting the successful financial performance of the Trust for 2008/09 include:

- Continued delivery of contract activity levels above plans agreed with Commissioners increasing income above plan assumptions. In particular this was related to:
  - Gynaecology activity and in particular outpatient activity supporting the achievement of 18 week referral to treatment target and growth in gynaecology oncology work.
  - Significant increases in the richness (more intensive and high dependency days) of case mix in our Neonatal unit and maintenance of services to Commissioners outside of Cheshire, Merseyside and Cumbria which increased non contract income.
  - Increased activity relating to the care of women during their pregnancy in advance of labour.

Performance contd.

- The above areas of over-performance were offset by reduced activity against plan for our NHS IVF services.

• Maintenance of budgetary control across the organisation.

As in previous years this surplus will provide resources to support planned capital expenditure in future years to enhance and expand services in such areas as IVF and Obstetrics.

The continuing development of the national tariff presents risks to income forecasts. However the Trust continues to work actively with Commissioners of Trust services the Department of Health and other Trusts on the development of tariffs related to the services we provide.

The Trust aims to operate all of our services at costs below tariff and this has been supported during 2008/09 through preparations for patient level costing and the introduction of Clinical Business Units both of which are to be implemented during 2009/10 and which provide tools and models by which services can be managed.

The continued national drive to promote and facilitate Patient Choice continues to present a risk to services in particular Gynaecology and Obstetrics. However, we continue to see the Choice agenda as a positive driver for making our services as attractive and responsive as possible to women both inside and outside of our traditional catchment areas.

Private Patient Income

Performance against the Private Patient Cap is set out below.

	08/09	07/08
Total patient related income	**£76,117,000**	£70,349,000
Private patient income	**£116,000**	£95,000
Proportion of private patient income as a percentage	**0.15%**	0.13%
Private Patient Cap	**1.8%**	1.8%

Income from private patients remained at a similar level to that recorded in 2007/08 and whilst the provision of private inpatient and outpatient services to gynaecology patients continued, the Trust also extended its services in respect of fetal medicine.

The Trust continues to provide staffing, services and accommodation to North West Fertility Limited a company set up by a number of Consultant Gynaecologists and the reproductive medicine unit's Scientific Director and is remunerated according to the terms of the contract. This income continues to be categorised in the Trust's accounts as "Other Operating Income" consistent with the Financial Reporting Manual 2008/09 issued by Monitor. The future treatment of private patient income remains the subject of review and the Trust will consider its treatment when any further guidance is issued.

Surplus will provide resources to support planned capital expenditure in future years to enhance and expand services in such areas as IVF and Obstetrics.

Prudential Borrowing Limit

The Trust had a prudential borrowing limit of £23.4 million in the year of which £18.4 million related to long term borrowing and £5 million to a working capital facility. The Trust has not borrowed against the limit during the year.

Capital Expenditure

A capital programme of £7.5million was completed during the year. This was financed from a combination of internally generated funds and earmarked public dividend capital allocations from the Department of Health for specific projects. All capital expenditure related to protected assets.

The financial year 2008/09 saw the commencement of construction works associated with the Hewitt Centre expansion which will complete in 2009 and provide expanded and upgraded laboratory facilities and clinical accommodation. In addition the Trust remodelled vacated ward accommodation to provide a centralised facility for delivering services to private patients which will open in May 2009.

In addition to the significant increase in construction activity the Trust was able to maintain traditional areas of investment in improving and upgrading the environment for staff and patients; investment in medical and scientific equipment, and ensuring the most up to date technology possible is available to support the delivery of clinical and non clinical services. This included replacement of Trust anaesthetic machines; a hospital wide replacement of beds and deployment of a new telephone system for the Trust.

Details of the capital programme are set out below.

	£000	£000
Building Related		
Hewitt Centre Development	3,727	
Clinical Ward and Procedure Accommodation	607	
Building Infrastructure and Environment	522	4,856
Medical and Scientific Equipment	1,567	
IM&T Infrastructure	973	
Energy Saving Scheme	130	
Other	6	2,676
Total Capital Expenditure		7,532

Going concern

After making enquiries, the directors have a reasonable expectation that Liverpool Women's NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

NHS Foundation Trust Code of Governance

Since its publication by Monitor, the NHS Foundation Trust Code of Governance has been subject to an annual operational assessment within the Trust, which has included a report on the current position in relation to each of the provisions, any actions required and a statement against the principle of 'comply or explain.' The Trust is committed to the principles of best practice corporate governance, which has resulted in regular reviews of the effectiveness of the Board and its committee structures by external organisations to provide assurance to our stakeholders that the organisation remains fit for purpose.

Having undertaken an operational assessment of its governance arrangements for 2008/09, the Trust can confirm that it complies with the provisions of the Code with the following exceptions:

Code provision	Explanation
A.3.2 – At least half the board, excluding the chairman, should comprise non-executive directors determined by the board to be independent	The Board comprises an equal number of executive and non-executive directors, including the chairman, with the chairman holding a casting vote under the Trust's constitution
C.2.1 – Executive directors should be…subject to re-appointment at intervals of no more than five years	Executive directors will not be subject to a formal re-appointment process as this would not be in line with NHS terms and conditions; they are however held to account for their performance against agreed objectives by the Chief Executive and the Chief Executive in turn by the Chairman
E.1.4 – The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointment would entail in the event of early termination…They should take a robust line on reducing compensation to reflect departing directors' obligations to mitigate loss	The Board has agreed that the Trust would not move away from NHS terms and conditions and therefore nationally agreed compensation payments including redundancy would apply

The Trust is committed to the principles of best practice corporate governance, which has resulted in regular reviews of the effectiveness of the Board and its committee structures by external organisations to provide assurance to our stakeholders that the organisation remains fit for purpose.

Our Board of Directors

The Trust's constitution provides for a Board of Directors which is comprised of six executive and six non-executive directors including the Chairman. All of these roles have been occupied during 2008/09 in accordance with the policy developed by the Trust in support of the constitution. The Trust considers that it operates a balanced, complete and unified Board with particular emphasis on achieving the optimum balance of appropriate skills and experience; this is reviewed whenever any vacancy arises and was rigorously tested in 2008/09 during the process to recruit a new Chief Executive.

Since April 2005 non-executive directors have been appointed by the Council of Governors at a general meeting, following a selection process undertaken on behalf of the Council by its Nominations Committee. The Council of Governors has adopted a standard term of office of three years for all non-executive appointments. The Chairman and non-executive directors can also be removed by the Council of Governors through a process which is described in section 13 of the constitution.

Ken Morris – Chairman

Ken Morris commenced with the Trust in August 2005. Following a successful appraisal process, Ken was re-appointed in April 2008 for a further 3 years. Ken has had over 20 years experience of working at Executive and Non Executive Director level in a variety of organisations in the public, private and not-for-profit healthcare sectors. Immediately prior to joining the Trust he was Chair of a successful PCT. His management consultancy experience has been centred around change and improving overall performance in a variety of health and not for profit organisations. He has chaired and been a member of a number of national committees. In 2008/09 Ken was elected to the Board of the national Foundation Trust Network. He is also chair of the Foundation Trust Network in the North West.

Non-Executive Directors

Hoi Yeung

Hoi Yeung was appointed in March 2005 for a period of 4 years and following his successful appraisal was re-appointed in January 2009 by the Council of Governors for a further 3 years. Hoi is a retired senior chartered accountant who has enjoyed a very successful and varied career with the Littlewoods Group spanning 29 years. He worked his way up through the finance function to the position of Director of group finance and accounting. From this role Hoi brings particular skills in audit, management and financial accounting, treasury management, tax and risk management. In addition, Hoi has a wealth of experience in public and voluntary sectors which included his roles as a Governor of Liverpool Community College, a Trustee of the John Moores Liverpool Exhibition Trust and an observer at the board of the Liverpool Biennial of Contemporary Art. Hoi is the Chair of the Trust's Audit Committee.

Roy Morris CBE, DL

Roy Morris was appointed in February 2005 for a period of 4 years and following his successful appraisal was re-appointed in January 2009 by the Council of Governors for a further 3 years. Roy was formerly the Chief Executive of Rathbone Brothers Plc and Chairman of the Executive Committee, which manages the day to day affairs of the Group. Roy had been with Rathbones, involved in investment management throughout his working career. He was a Partner in Rathbone Bros. & Co and in 1988 he became Managing Director. He was appointed as Group Chief Executive in 1997. He retired as Chairman of the Mersey Partnership in March 2008 but continues to hold a number of non-executive positions with several prominent local businesses. Roy was awarded a CBE in the Queen's Birthday Honours list in June 2008. Roy is the Chair of the Trust's Finance and Contracts Committee.

Ann McCracken

Ann McCracken first joined the Trust as a non-executive Director in December 2001 and served two terms of office under NHS arrangements. Ann was re-appointed in 2006 for a further three years following a successful performance appraisal and approval by the Council of Governors. A former journalist, she now works as Head of Communications for 02 in the north. Her other commitments include Mersey Common Purpose's advisory group. Ann is the Trust's Vice Chairman and also chairs the Human Resources Committee. In addition, Ann sits on the Marketing, Charitable Funds and Audit Committees.

David Carbery

David joined the Board in February 2004 after a long career in the civil service, working in a variety of government departments including social security. He was also the Regional Operations Manager in charge of the Charity Commission's Liverpool office, dealing with charities in the North West. He is the Senior Independent Director on the Board and chairs the Charitable Funds Committee. He is also a member of the Audit Committee, Human Resources Committee and Information Governance Committee. In January 2008 he was reappointed for a further period of three years.

Yvonne Rankin

Yvonne joined the Board in July 2006 for a term of three years, bringing with her a successful leadership track record, developed in the service and retail industries having spent 10 years with the Co-operative Group where she was CEO for Specialist Retail businesses. Between 2007 and 2007 Yvonne was CEO of Central and Southern Europe for A.S. Watson (Health and Beauty). In September 2007, Yvonne became CEO of the Thresher group which encompasses the Wine Rack, Thresher, Local and Haddows (Scotland) Retail Brands, with 1650 shops across the UK. She is also a Companion of the Institute of Management. Yvonne chairs the Trust's Marketing Committee and is the non-executive member of the Clinical Governance Committee.

Independence of Non-Executive Directors

The Board considers all of its current non-executive directors to be independent. All appointments and re-appointments are made by the Council of Governors specifically to meet the requirements set out in Monitor's 'NHS Foundation Trust Code of Governance.'

Our Board of Directors contd.

Kathryn Thomson MCIPD – Chief Executive (from 1st September 2009)

Kathryn joined the Trust in September 2008 from the University Hospital of South Manchester NHS Foundation Trust where she was a 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. Kathryn has previously held key posts as a director of Operations and Human Resources in a number of Merseyside hospital trusts.

Executive Directors
Sue Lorimer ACMA - Director of Finance (to 31st January 2009 and Acting Chief Executive, 10th March 2008 to 1st September 2008)

Sue joined the Trust as Director of Finance in April 2005 shortly after it gained foundation status. She has the lead on ensuring sound financial management and achievement of contract performance targets. Sue has been an NHS Finance Director since 1990 and has worked in a variety of organisations. Before joining us she worked for Cheshire and Wirral Partnership NHS Trust and for 2 years helped develop systems and consolidate financial performance in the newly formed organisation. Prior to that she worked at Clatterbridge Centre for Oncology NHS Trust for six years during which time the Trust enjoyed a significant expansion of services. Sue is an Associate Member of the Chartered Institute of Management Accountants and until recently was a Member of its NHS Project Group producing technical guidance and support for NHS members and students.

David Renouf BSc CPFA – Acting Director of Finance

David joined the NHS in 1984 as a Regional Financial Management Trainee and is a CIPFA qualified accountant. Having spent 18 years within the Portsmouth Health Economy in a variety of senior finance roles he moved to Liverpool Women's in 2003 where as Deputy Director of Finance he helped the Trust achieve foundation status in April 2005. He is currently Acting Director of Finance a position he has assumed on two previous occasions.

David Richmond MD FRCOG – Medical Director

David became Medical Director of the Trust in September 1993 following his appointment as a Consultant to central Liverpool in 1990. During that time he has successfully steered the Trust through innumerable changes and developments, including the amalgamation of the previous hospitals into a brand new facility in Toxteth in 1995 and the subsequent merger with the Aintree Centre for Women's Health in 2000. His main interests lie in manpower planning (he currently contributes to local and national manpower working parties) and education and training. He is currently the RCOG Council representative for the north west. David is also Chair of the Trust's Clinical Governance Committee.

Gill Core RGN – Director of Nursing, Midwifery and Patient Quality (to 6th February 2009)

Gill joined the Trust on the 1st of April 2006. She is the professional lead for nurses and midwives in the Trust as well as having wider responsibility for the quality of care delivered through clinical governance and clinical risk management, her remit also includes estates and facilities. Gill joined the NHS as a nurse in 1981 and enjoyed a successful clinical career in critical care nursing, attaining a number of post registration clinical qualifications; she followed this with roles in quality management and operations management adding a BA Hons and diplomas in management and education. Since 1999 she has worked as Deputy Director of Nursing in two North West Trusts, most recently at Aintree Hospitals NHS Trust in North Liverpool. She has a number of professional interests, particularly leadership development and education and has participated in the development of the national Knowledge and Skills Framework (KSF). Gill is a qualified coach and development facilitator but overall she has a passionate commitment to improving the patients' experience of their care.

Kim Doherty MA, MCIPD, BA (Hons) – Director of Human Resources

Kim has been the Director of Human Resources at the Trust since September 2003. She is accountable for the development and implementation of people management strategies which support organisational aims and effectiveness. Kim started her career as a graduate trainee in NHS Human Resources in the West Midlands where she held a number of posts. Prior to joining the Liverpool Women's Hospital NHS Trust she held the post of Head of Human Resources & Planning at Clatterbridge Centre for Oncology NHS Trust. Kim is a member of and has previously held roles within both the Chartered Institute of Personnel and Development and the Association of Healthcare Human Resource Management.

Rachel Patterson CIPD – Acting Director of Human Resources (December 2007 – August 2008)

Rachel joined the Trust in December 2007 on secondment to cover Kim Doherty's maternity leave. Rachel started her career in the NHS in Training and Development in Liverpool in 1992. She subsequently moved into generalist Human Resources and spent 8 years in large London Teaching Hospitals in a range of senior HR positions. She returned to Liverpool in 2005 working as Deputy Director of HR for Mersey Care Mental Health Trust and has subsequently taken up post as Deputy Director of HR at St Helens and Knowsley NHS Trust.

Caroline Salden MBA, BA (Hons), Dip M – Director of Service Development

Caroline joined the Trust in April 2004 as its Director of Service Development, a new post created to reflect the need to respond more proactively to the new external environment within which we will operate and to establish stronger links with our local Commissioners and other parties. She takes the lead on the Local Delivery Planning process and the Modernisation Agenda. In addition, Caroline has Executive responsibilities for Information Management and Technology. Caroline started her career as a Management Trainee in the Mersey Region and has undertaken a range of operational posts in both mental health and acute services in Chester. Latterly, Caroline held the post of Assistant Director of Service Development at Derbyshire Hospitals NHS Foundation Trust where she played a key role in the development of their Service Strategy and application to become a Wave 1 NHS Foundation Trust. Her management experience has been supported by the attainment of an MBA (Open University) and a Diploma in Marketing. Caroline maintains a close involvement with the Graduate Recruitment process.

A register of interests of each member of the Board of Directors is held by Erica Saunders, Trust Secretary which is accessible to the public through the office of the Trust Secretary at the Trust headquarters, Crown Street, Liverpool.

Board Performance

The Board of Directors has been mindful of the importance of evaluating its effectiveness during the year and to that end has reviewed its performance in the following ways:

- Board Effectiveness Review – an in-depth review of the Board and its operation and processes was commissioned from Independent Audit Ltd during the year. The findings detailed in the resulting report were developed to form an action plan, including a third review of the Trust's committee structure to reflect the move towards implementation of Clinical Business Units in 2009/10.
- Non-Executive Directors – the appraisal system for non-executive directors agreed by the Remuneration Committee of the Council of Governors in April 2006 has continued to operate effectively during the year, providing assurance to the Council with regard to the contribution of individuals to the performance of the organisation as a whole
- Executive Directors – an appraisal system for executive directors, including the Trust Secretary, has been in operation during the year and a report on individuals' performance presented to the Remuneration Committee of the Board.

Board Operation and Decision-making

The Board of Directors operates to clear terms of reference which underpin the Trust's constitution and which are in turn supported by a Corporate Governance Manual that includes detailed Standing Financial Instructions and Standing Orders, a scheme of delegation and schedule of matters reserved for the Board.

It is the role of the Board to set the organisation's strategic direction in the context of an overall operational planning framework. It is responsible for all key business decisions but delegates the operationalisation of these to an appropriate committee, Management Executive Board or project board.

Board Meetings and Attendance

The Board of Directors met formally eleven times during 2008/09. Attendance by directors is reported by exception below:

- April 2008 – apologies from David Richmond
- May 2008 – full attendance
- June 2008 – apologies from Ann McCracken
- July 2008 – apologies from Yvonne Rankin
- September 2008 – apologies from David Richmond and Ann McCracken
- October 2008 – full attendance
- November 2008 – apologies from Caroline Salden
- December 2008 – full attendance
- January 2009 – apologies from Ken Morris and Roy Morris
- February 2009 – full attendance
- March 2009 – full attendance

It is the role of the Board to set the organisation's strategic direction in the context of an overall operational planning framework.

Audit Committee

The Audit Committee is chaired by Hoi Yeung; other members are David Carbery and Ann McCracken. The Committee met four times during 2008/09. Members' attendance was as follows:

- Hoi Yeung – full attendance
- David Carbery – three meetings
- Ann McCracken – full attendance

The key role of the Committee is to establish the following:

- Assurance Framework is fit for purpose
- Systems for risk management identify and allow for the management of risk
- Organisation has robust governance arrangements
- Organisation has self-assessed against the Standards for Better Health.
- Organisation has robust systems of financial control

The work of the Audit Committee during 2008/09 has been to review the effectiveness of the organisation in the following key areas:

- Internal Control and Risk Management
- Internal Audit
- External Audit
- Financial Reporting

In discharging its duties the Committee meets its responsibilities through self assessment and review, requesting assurances from Trust officers and directing and receiving reports from the auditors and fraud specialists. During the year the Committee have complied with 'good practice' recommended through:-

- Agreement and monitoring of an annual work programme.
- Prepared an Annual Report of its activities and reviewed similar reports from other Board Sub-Committees
- Undertaken a review of the performance of internal and external service providers

Nominations Committees

The Trust has established separate Nominations Committees to oversee the appointment of executive and non-executive directors.

- The **Nominations Committee of the Council of Governors** is responsible for the appointment of non-executive directors. It is chaired by Ken Morris; other members are Leanne Bricker, Godfrey Mazhindu and Deirdre Wood. During 2008/09 the Committee considered the re-appointment of Roy Morris and Hoi Yeung as a non-executive directors, making recommendations to the Council of Governors that these should be approved for a further three years.
- The **Nominations Committee of the Board of Directors** is responsible for the appointment of executive directors. It is chaired by Ken Morris; other members are a minimum of three other non-executives and the Chief Executive as appropriate to the post under consideration. The committee met twice during 2008/09 in relation to the appointments of the Chief Executive and the Director of Finance.

The Trust's Board of Directors

The Trust has established separate Nominations Committees to oversee the appointment of executive and non-executive directors.

Our Council of Governors

The Trust's Membership Council was established on 1st April 2005 and has operated very effectively since that time. During 2008/09 the Council took the decision that the name '**Council of Governors**' better reflected its role and activities and as a consequence a resolution was put to the Annual Members' meeting in September 2008 to make this change in accordance with the requirements of the Trust's constitution.

The Council of Governors has continued to develop its relationship with the Board, in particular its advisory function and its level of involvement and participation in setting Trust strategy. It continues to carry out its functions as set out in the constitution with a pleasing sense of clarity and purpose and understands explicitly that this means that it does not involve itself in operational matters or decisions as these fall within the remit of the Board of Directors. The Council met formally four times during the year; details of individual attendance are contained within appendix 1 to this report.

The Council of Governors is comprised of 33 governors under the leadership of Trust Chairman Ken Morris. Angela Douglas has remained as Deputy Chairman of the Council during the year. All Board members have a standing invitation to attend Council of Governors meetings and the Chairman also uses the regular non-executive directors' meetings to brief the NEDs on the work of the Council and its committees. During 2008/09 a more formal meeting was established between the Board and the chairs of the Council of Governors sub-committees; discussions focused on the Trust's corporate social responsibility agenda and strengthening membership engagement.

Public and staff members of the Council of Governors are elected by the membership. Elections are held in accordance with the rules appended to the constitution using a single transferable vote system. The final 'transitional' set of elections were held in 2008 for six public and three staff seats; three of the public seats were contested and voter turnout was around 6%. The term of office for all Council members is three years.

During the year the Council has been actively involved in many areas of the Trust's work. Councillors have been co-opted on to a number of committees and working groups covering a variety of areas including patient quality, the Trust's 'Front of House' Group, Standards for Better Health and marketing.

The formal sub-committees of the Council of Governors have continued to operate during the year:

- The **Membership Strategy Committee** has been proactive in taking forward the Trust's Membership Strategy and was responsible for organising the successful Trust Open Day and Annual Members' meeting held in September 2008. This event was attended by around 600 people and focused on the theme of '30 years of IVF' which was turned into a real celebration with several generations of families of 'IVF babies'.

- The **Nominations Committee** considered the re-appointment of two of the non-executive directors, Roy Morris and Hoi Yeung in January 2009.

- The **Remuneration Committee** has continued its work to review the appraisals of non-executive directors and in-year undertook a comprehensive exercise to review non-executive directors' remuneration based upon extensive market research and comparator data.

- The **Public Engagement Committee** took the lead on the consultation with members and the public in relation to the Trust's plan to redesign maternity services, in particular the design of the questionnaire and collation of results.

- The **Corporate Social Responsibility Committee** gave its support to the Liverpool-Mulago Partnership an initiative established by Dr Andrew Weeks, one of the Trust's consultant Obstetricians to provide resources and expertise to the Mulago Hospital in Kampala, Uganda. The Mulago Hospital is the largest maternity unit in Africa providing 33,000 deliveries each year. The Board and Council of Governors agreed to match funding from an NHS North West Leadership Academy bursary to enable a formal twinning programme to be set up by the partnership.

During the year the Council has been actively involved in many areas of the Trust's work.

Composition of the Council of Governors

PUBLIC GOVERNORS
18 ELECTED SEATS

Central Liverpool
Morag Day
Shivakuru Selvathurai (resigned December 2008)
Betty Stopforth
Maggi Williams (re-elected 2008)
Anees Paracha
Annette James

North Liverpool
Angela Parker (re-elected 2008)
Brenda McGrath

South Liverpool
Irene Drakeley
Janine Wooldridge

Sefton
Patricia Jones
Maureen Kelly (elected 2008)
Geoff McKeating (elected 2008)

Knowsley
Ronnie Kehoe (re-elected 2008)
Anne Smith

Rest of England & Wales
Sheila Foley
Deirdre Wood
Anna Banks (elected 2008)

STAFF GOVERNORS
6 ELECTED SEATS

Doctors – Leanne Bricker
Nurses – Dianne Brown (elected 2008)
Midwives – Dorcas Akeju OBE
Scientists & Technical staff – Angela Douglas (re-elected 2008)
Non-clinical staff – Helen Gavin & Denise Carter (elected 2008)

PCT GOVERNORS
3 APPOINTED SEATS

Dr Janet Atherton, Director of Public Health, Sefton PCT
Dr Paula Grey, Director of Public Health, Liverpool PCT
One vacant seat

LOCAL AUTHORITY GOVERNORS
2 APPOINTED SEATS

Councillor Jane Aston, Knowsley Borough Council
Councillor Marilyn Fielding, Liverpool City Council

UNIVERSITY OF LIVERPOOL
1 APPOINTED SEAT

Professor Susan Wray

COMMUNITY/VOLUNTARY/
OTHER PARTNERSHIP ORGANISATIONS
3 APPOINTED SEATS

Sue Ryrie, Brook Merseyside (resigned September 2008)
Professor Godfrey Mazhindu, Liverpool John Moores University
Margaret Hogan, Down's Syndrome Liverpool

A register of interests of each member of the Council of Governors is held by the Trust Secretary which is accessible to the public through the office of the Trust Secretary at the Trust headquarters, Crown Street, Liverpool.

The Trust's Council of Governors

The Council of Governors has continued to develop its relationship with the Board, in particular its advisory function and its level of involvement and participation in setting Trust strategy.

Our Membership

It is important to us that membership is relevant to all sections of the greater Liverpool community and we continue to make every effort to reach all groups within our membership constituencies. We seek to ensure that our membership reflects the social and cultural mix of the Liverpool conurbation.

We also need to ensure that our Council of Governors reflects our membership and we aim to address this challenge by encouraging a large, genuine membership from all parts the community served by the Trust.
The membership community of Liverpool Women's NHS Foundation Trust is drawn from our public and staff constituencies which are defined follows:

Constituency type	Sub-constituencies	Rationale and eligibility
Public	• Central Liverpool • North Liverpool • South Liverpool • Knowsley • Sefton • England & Wales Defined by local authority electoral boundaries	60% of our activity is derived from within Liverpool. A further 31% comes from the boroughs of Knowsley and Sefton. The remaining 9% of activity relates to our specialist services and can bring in patients from across the country. Membership is open to any member of the public over the age of 12 who live within any of the local authority areas described.
Staff	• Doctors • Nurses • Midwives • Scientists, Technicians & Allied Health Professionals • Administrative, Clerical & Managerial staff • Clinical Support & Ancillary/Maintenance staff	Our staff constituency is defined by those who have a permanent employment contract or who have worked for the trust for at least 12 months. Staff who are employed by contractors to the trust or who are based at the trust but employed by another NHS organisation are also eligible for membership.

Membership Strategy

The Trust's Membership Strategy is led by a committee of the Council of Governors called the Membership Strategy Committee. This group has been very active during the year and has continued to refine its approach to how the Trust should develop as a membership organisation in the context of our population and the profile of our members.

The Committee is chaired very effectively by Janine Wooldridge, a public governor representing south Liverpool. During 2008/09 the Committee's main aim was to step up the level of engagement activities with our existing members. One of the key vehicles for this was the Annual Members' meeting and Open Day held on 13th September 2008; this event was very successful with around 600 people coming in to the hospital, creating a positive and enjoyable atmosphere. The Trust also held an interactive membership event based on

We seek to ensure that our membership reflects the social and cultural mix of the Liverpool conurbation.

Membership Strategy contd.

the topic of infection control; the Trust's Director of Infection Prevention and Control gave an entertaining and informative talk entitled 'A Bug's Life' followed by a lively discussion with those members present.

The main communication method with members has continued to be via *Foundation Express*, which was published twice during the year, each with a focus on a particular clinical service.

The Committee plans to maintain its broad focus during 2009/10 on the principles of the membership strategy set out below.

Building and sustaining a representative membership

Liverpool Women's NHS Foundation Trust primarily serves local residents in Liverpool, Sefton and Knowsley. Our ongoing focus needs to be on continuing to build and engage with the membership community from these areas. Given the socio-economic structure of the local area, an additional challenge is presented by the need to ensure that under-represented populations, such as young people, black and minority ethnic groups and those from more disadvantaged backgrounds, are approached and included.

Membership targets

The public section of the membership community should include as diverse a range as possible and be representative of the local area. The following specific cohorts were our focus during 2008/09:

- 16 – 29 year olds: this is almost the most difficult cohort with which to engage and remain in contact as many are extremely mobile. ONS statistics for Liverpool indicate that people of this age comprise approximately 23% of the local population.
- Black and Minority Ethnic Groups: again, according to population data, Asian, Black, Chinese and other ethnic groups make up 5.7% of the local population. Again, we seek to ensure that the public constituency is comprised of a similar percentage.
- Men: whilst the services provided by the Trust are primarily aimed at women, it is critical to ensure that men are also active members of the Foundation Trust community. Therefore, we will seek to attain a balance of 85% women and 15% men.
- Social class: there is a social class correlation with regard to community engagement, which in turn correlates with health disadvantage. This makes it particularly important that we ensure that the Trust membership properly reflects the socio-economic strata of the local area.

Membership Profile

Constituency	Public	Staff	Total
Number at year start (1st April 2008)	8,442	1,365	9,807
Number at year end (31st March 2009)	7,971	1,655	9,626

Public membership numbers again fell slightly during the year. We continue to find this disappointing; investigations have confirmed that the problem is due to the mobile nature of certain sections of our population. The Membership Strategy Committee is mindful of needing to find an effective way to address this problem to minimise 'churn' of this nature on an ongoing basis.

In terms of our diversity targets we have maintained just over 20% of members aged between 16 and 29. The number of members from black and minority ethnic communities was approximately 4.6% by the end of the year which is somewhat below target (however 32% of our members have opted not to disclose their ethnicity) and our gender balance was steady at 16% men and 83% women (a small number have not disclosed their gender).

Geographically, membership in our public constituencies is broadly reflective of our activity profile:

- 62% of our members are resident in Liverpool
- 14% of our members are resident in Knowsley
- 15% of our members are resident in Sefton
- 9% of our members are from other parts of England and Wales

In the coming year therefore we will aim to recruit and retain more members from the younger segments of our population, specifically those under 21 and from our local black and minority ethnic communities. The Trust is also seeking to grow overall membership numbers by around 2.5% during 2009/10.

Members can contact governors and directors by the following routes:

In writing care of the Foundation Trust Team, Liverpool Women's NHS Foundation Trust, Crown Street, Liverpool L8 7SS

By telephone on 0800 073 0825 (FREE)

By email at yourviews.LWH@nhs.net

About our Staff

Anti-Bullying Campaign

Following feedback from staff and the results of two staff surveys focussing on bullying, a significant Anti-Bullying Campaign was launched in the Autumn with the establishment of a Task Force to develop and deliver recommendations for action. This has been hugely successful with high levels of interest displayed across the Trust and the agreement of behavioural standards for all staff. Formal evaluation of the campaign will be undertaken taking into account the results from the Staff Survey. This will inform the next phase of actions going into the new financial year.

As part of the Trust's strategy of tackling bullying and harassment in the workplace, a number of workplace "Buddies" have been recruited and trained. The aim of the Buddy Scheme is to provide staff with an informal and confidential route to raise concerns and to receive support and signposting where appropriate.

Employment Partnership goes from strength to strength

Our Partnership for Patients Project with the accredited Trade Unions has now come to fruition and with two representatives working full time as a job share on employment relations and communications issues, we are confident that the benefits to both staff and patients alike will be demonstrated through joint working and collaboration. Partnership working relationships between managers at all levels in the organisation and staff side representatives lead to significant improvements in staff survey response rates in 2008. Efforts continue to increase the number of staff representatives and learning representatives across the Trust.

The Trust promotes Equality & Human Rights

The Trust has a well established Single Equality Scheme which incorporates the requirements of the current Race Equality Scheme, the Disability Scheme and the Gender Equality Scheme. Monitoring and progression of actions outlined in local plans take place through the quarterly meetings of the Equality and Diversity Task Group.

The Trust's recruitment and selection process is designed to minimise potential bias, through exclusion of personal data at short listing and the use of selection panels for all interviews. Good practice in recruitment and selection is promoted through provison of educational sessions for staff.

Employees developing disabilities during employment are supported in line with the Trust's Rehabilitation and Redeployment policy which ensures compliance with Disability Discrimination Act (DDA) obligations on employers.

Access to Work grants have been sourced for employees to ensure that they are able to continue in their job role, and the Trust's Disability Adviser Midwife is on hand to provide advice in individual cases.

As part of the Trust's strategy of tackling bullying and harassment in the workplace, a number of workplace "Buddies" have been recruited and trained.

Recognising Excellence

The Trust held its fourth annual *'Focussing on Excellence'* Awards in 2008/09, which are aimed at celebrating the efforts and innovations of staff in finding new ways to improve patient care and the patient experience. Entries were invited from categories including:

- Supporting workforce development and welfare
- Implementing best practice
- Working in partnership
- Supporting healthcare through technological change
- Improving the patient experience

There is also an overall award – the 'Foundation Award' – which is in the gift of the Council of Governors for outstanding achievements in care. In 2008/09 this was won by PALS Manager Gail Holding and members of the Family Support Team for their 'Precious Time' project aimed at helping bereaved parents after the devastating loss of a baby.

The Staff Award Scheme - A Big Thank You to our Committed Staff

Each year the Trust pays tribute to staff who have made an exceptional contribution or "gone the extra mile" for colleagues or patients. Award winners in 2008/09 were drawn from across the organisation and included porters, domestic staff, nurses and midwives – they were all united by the manner in which they had especially touched the lives of individual patients at a moment of great joy or sadness.

Once again this year, all staff received a £50 voucher in recognition of their contribution to the achievement of the Trust's Healthcare Commission ratings.

Volunteers

Recruitment of volunteers continued during the year via local Councils for Voluntary Service, community groups, universities, existing volunteers, staff and former patients, carers and word of mouth. All our volunteers are supported by a full induction programme and training opportunities.

The total number of recorded hours of voluntary work coordinated by the Volunteer Services Manager this year was 1162 hours. This figure is for the Trust's Volunteer Scheme only and excludes the independent organisations.

Throughout the year the volunteers have supported a number of Trust and public events including: the Trust's Open Day, *Focussing on Excellence* Award Ceremony, Love your Community Event at Liverpool University, the Annual Nursing and Midwifery Conference, Adult Learners Event, Breakthrough UK's Open Day, exhibited at the Town Hall in St Helens and the Student Union Fair at Liverpool John Moores University. Our volunteers regularly participate in Trust group/meetings including Patient Information Groups, Patient Quality Meetings, Chaplaincy Meetings and the Labour Ward Forum.

Volunteers supported fundraising activities for the Liverpool Women's Charitable Trust Fund and helped raise over £1000.

The 'Terracotta Army' and 'Expanding the Boundaries' were two entries submitted by the volunteers in the *Focussing on Excellence* Awards. 'Expanding the Boundaries' received second prize in the Foundation Award category.

All our volunteers were offered free training opportunities in NVQ levels 1 and 2 Customer Care and Business Administration plus a certificate in Volunteering.

We successfully launched a quarterly award for recognising the hard work and commitment of our volunteers. Staff and patients can nominate their favourite volunteer helpers to receive the prestigious 'Volunteer of the Season Award'. The successful recipient is presented with an engraved glass paperweight by Ken Morris, Chairman of the Trust

People volunteer for an endless variety of reasons. Some want to gain experience, acquire new skills, meet new people or expand their knowledge of the NHS as a way to a new job or career. Others want to give something back to their community. Volunteers are no ordinary people: they are very special individuals of all ages and backgrounds who come from all walks of life. Each volunteer brings something special and unique to the role, but what they all have in common is that they give freely of their time to benefit our patients and the hospital. For this, the Trust is truly indebted and values and appreciates the contribution that they make.

Blair Bell Conference Centre – Part of the Community

The Blair bell Education Centre is a multi-disciplinary conference and educational facility housed within the Liverpool Women's Hospital. It has been considerably extended and upgraded to include a state of the art clinical skills laboratory, library and IT training facilities, so that the Trust is able to offer it out as a venue to a wide variety of local organisations and partners as well as for internal training and development purposes. Some examples of this include: the NSPCC, Mersey Region Group for Family Planning Training, The Advocacy Project, Learning Partnerships and Integrated Radiological Services.

Health and Safety

The Health and Safety department is committed to providing a safe environment and delivering a quality service at every level of the organisation.

Assurance is provided in terms of stringent health and safety standards which are monitored through rigorous risk assessments and an audit programme. The outcomes of assessments and audits including action plans are reported and monitored locally within directorate and departmental risk committees and centrally at the Health and Safety Committee.

A key objective during the year has been to continue the process of auditing Trust compliance with health and safety polices in order to meet both internal and external requirements including the standards set in the Trust's Risk Management Strategy, the NHSLA standards for level 3, Standards for Better Health and Health and Safety Executive. A comprehensive policy audit plan was developed with particular attention given to the 'slips, trips and falls' policy and the manual handling policy. The aim is to identify deficiencies and develop action plans to prioritise and initiate changes accordingly.

The work to continually improve health and safety performance throughout the Trust has also been achieved through systematic review and revision of the Health and Safety Risk Register reducing risks accordingly. This involves each department carrying out health and safety risk assessments; auditing; action planning and ongoing monitoring and review of incidents and trends, ensuring risks are addressed effectively and escalated appropriately.

Furthermore, work to enhance health and safety awareness throughout the Trust has also been achieved through systematic and continued review of mandatory health and safety training for all staff groups.

In line with best practice security principles the Trust undertook a comprehensive security risk assessment of Trust premises, assets and people. This resulted in an extensive action plan being developed, which continues to be progressed and monitored through the Health and Safety Committee.

A 'sharps awareness' campaign was commenced in July 2008 with the aim to review, evaluate and implement needle free/safe devices Trust wide. Subsequently, a working party was set up and a detailed action plan was developed. At present the sharps awareness group is in the process of arranging the trial of needle free/safe devices for taking blood.

Since September 2008 Safety Alerts Broadcast System (SABS) and Chief Medical Officer Public Health Link alerts have been sent through a new web-based system: CAS – Central Alerting System. CAS is using a more robust technology for distributing NPSA Rapid Response Reports, NICE, DH & MHRA safety alerts, emergency alerts, drug alerts and medical device alerts. This new web-based system has been implemented to replace the email system with a more applicable and robust system which has the ability to effectively analyse statistics and monitor Trust's compliance with the safety alerts. CAS is centrally administered and managed by the Health and Safety manager. Compliance with CAS alerts is monitored externally by the Care Quality Commission and within the Trust by the Clinical Governance Committee via quarterly CAS reports.

The Health and Safety department is committed to providing a safe environment and delivering a quality service at every level of the organisation.

Stress Audit

In relation work related stress, a Trust wide stress audit was a carried to ascertain the Trust's performance against the Health and Safety Executive's stress management standards. The aim of the audit was to provide a broad indication on how staff rate the Trust's performance in managing risks associated with work related stress. The report identified Trust and departmental recommendations. This was published in May 2008 and will be used in conjunction with the results of the national staff survey to further improve trust performance in reducing sickness and absence due to work related stress.

Zero Tolerance and Conflict Resolution

The Health and Safety department is working towards implementing more robust procedures and systems to better protect staff from violence and aggression, especially lone workers. A lone worker business case has been developed and has been submitted to the NHS Security Management Services to apply for funding for lone worker devices to help protect staff who work alone in the community and within the Trust premises from violence and aggression. The funding is due to be released in April 2009. In the interim period the Trust has also implemented a buddy system to ensure that all staff are home safe after their shift has finished.

The Trust has funded six members of staff to complete a 'train the trainer" conflict resolution training course. Subsequently, a comprehensive training programme has commenced with the aim to train all frontline staff by the end of March 2009 with all remaining staff being given the opportunity to attend when this is complete. The purpose being to ensure all staff are facilitated with the knowledge and skills to address any situation of conflict they may encounter while working for the Trust.

The overall objective of the LSMS is to work on behalf of the Trust to deliver an environment that is safe and secure so that the highest standards of clinical care can be made available to patients.

Security Management

The Local Security Management Specialist (the Health and Safety Manager) has and continues to develop both proactive and reactive initiatives with in the Trust in relation to security management work across a range of actions. The overall objective of the LSMS is to work on behalf of the Trust to deliver an environment that is safe and secure so that the highest standards of clinical care can be made available to patients. The LSMS provides a comprehensive and professional security management service for the Trust working towards the creation of the Trust's pro-security culture.

Counter Fraud Activities

The Trust obtains effective support in this area from the NHS Counter Fraud and Security Management Service with local counter fraud specialists being part of our internal audit service. The Trust's policies are set out in our Standing Financial Instructions and we also operate a '*Raising Concerns*' policy via our Senior Independent Director.

Creditors' Payment Policy

It is the policy of the Trust to settle all expenses on a timely basis in the ordinary course of business. It is the Trust's policy to agree appropriate terms and conditions in advance with it suppliers and to make payment in accordance with those terms and conditions, provided the supplier has complied with them.

Environmental Issues

The Trust has once again continued with its commitment towards Environmental issues with a £100,000 investment in its "Invest to save" initiative. During 2008/09 the majority of this money was spent on improving lighting systems within the Trust providing "High Frequency" modern fittings with improved control systems to optimise usage in all areas – this project is set to continue during 2009.

The Trust's Environmental management group has become more established during the latter part of the year and now has scheduled meetings three times per year to plan the Trust's Environmental Strategy. The main focus of the group during 2008 was to review the Trust's Environmental policy which is set for ratification during the early part of the coming reporting year.

The Trust has also shown its commitment to developing its Environmental policies by approving the appointment of a permanent Environmental Manager, with appointment to the post scheduled for June 2009. This post will be responsible for driving forward all the Trust's Environmental agenda.

The Trust continues to work with its chosen waste provider in improving its recycling initiatives. One significant development is the announcement by the Trust's domestic waste contractor that they have signed an agreement with a company providing new technology that will ensure recycling of 100% of all the domestic waste produced by the Trust during 2009. This will ensure none of Liverpool Women's produced waste goes to Landfill.

The Trust has, similar to all NHS Organisations, experienced significant financial pressures during the year but with a combination of the work previously undertaken and the appointment of the Environmental Manager role it is expected that these pressures can be reversed during 2009.

In May 2008 the Trust, as part of a £5 million development, commissioned the review of the Travel Plan. The plan was approved by The Management Executive Board in November 2008 and a project team under the leadership of the Patient Facilities Manager was established. This group will lead the development of this plan in the coming years.

During 2009, none of Liverpool Women's produced waste goes to Landfill.

Consultations

During 2008/09 we have again undertaken consultation with local partners in relation to the declaration required by the Healthcare Commission as part of its *Annual Health Check* assessment. The Trust submitted information for consultation with the Health and Care Scrutiny Panel of Liverpool City Council. In addition, the Trust undertook a more detailed consultation on the standards with members of its Council of Governors whereby the evidence portfolio was scrutinised by those individuals in order that the Trust's level of compliance with a range of standards could be objectively tested.

The Big Push

The Council of Governors led a detailed consultation with our members and the general public to inform the plans for the redesign of our maternity services, known as the 'Big Push' project. The consultation questionnaire was shaped around the proposed core pathway which in turn was the result of some initial work with patients; the focus for this was ensuring choice at all stages of the pathway, for high risk as well as low risk pregnancies. The Trust received a very positive response to this exercise and the results will be used to develop the business case for the estates element of the redesign which will enable the full implementation of the pathway.

Staff enjoyed taking part in the "Nourish" project to promote healthy eating

The Council of Governors led a detailed consultation with our members and the general public to inform the plans for the redesign of our maternity services.

Remuneration Report

The Remuneration Committee of the Board of Directors is chaired by the Trust Chairman (Ken Morris) and comprises all non-executive directors: David Carbery, Hoi Yeung, Roy Morris, Ann McCracken and Yvonne Rankin. This Committee is responsible for determining the remuneration and terms and conditions of the Chief Executive, Executive Directors and Trust Secretary, taking into account the results of the annual appraisal process. The Chairman undertakes the annual appraisal of the Chief Executive; who in turn is responsible for assessing the performance of the Executive Directors and Trust Secretary. The Committee met twice during 2008/09 and all non-executives were in attendance.

The Remuneration Committee of the Council of Governors comprises three public, one staff and one appointed members. This Committee is responsible for determining the remuneration of the Chairman and Non Executive Directors, taking into account the results of the annual appraisal process. The Committee met twice during 2008/09 and although not all members were in attendance at the second meeting, those who were unable to attend provided their comments via the Committee chair. The Trust Chairman is responsible for assessing the performance of the non-executive directors. The Chairman's appraisal is reviewed by the Remuneration Committee in accordance with their policy which has been developed to reflect best practice nationally.

Executive Directors and the Chief Executive are employed on permanent contracts of employment, subject to three months notice on either side.

Rates of pay for all senior managers are based on job size, market intelligence (including published remuneration surveys) and performance. Chief Executive and Executive Director remuneration packages comprise annual basic salary and normal NHS pension contributions plus a non-consolidated performance related payment as agreed by the Remuneration Committee of up to 5% of basic salary, based on the Trust's performance in Healthcare Commission ratings and achievement of individual and team objectives.

For non-executive directors comparative data was provided to the Remuneration Committee from other Foundation Trusts, mutual organisations and the private sector.

The remuneration and retirement benefits of all directors are set out within notes 5.4.1 and 5.4.2 of the annual accounts.

Signed

Kathryn Thomson

Kathryn Thomson
Chief Executive
5th June 2009

Statement as to disclosure to auditors

The directors who were in office as at 5th June 2009 confirm that:

- as far as they are aware there is no relevant audit information of which the auditors are unaware and
- the directors have taken all of the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed

Kathryn Thomson

Kathryn Thomson
Chief Executive
5th June 2009

Statement of Accounting Officer's responsibilities as the accounting officer of Liverpool Women's NHS Foundation Trust

The National Health Service Act 2006 (The Act) states that the Chief Executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of accounting officers 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 accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ('Monitor').

Under The Act, Monitor has directed the Liverpool Women's NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. 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, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the NHS foundation trust Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by Monitor, 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 Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis

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

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

Signed

Kathryn Thomson

Kathryn Thomson
Chief Executive
5th June 2009

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.

Scope of responsibility

As Accounting Officer and Chief Executive, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS foundation trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the policies, aims and objectives of Liverpool Women's NHS Foundation Trust;
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The principal mechanisms for this is the Board Assurance Framework and risk registers generated at Directorate and Department level, which address the totality of strategic and operational risks to the organisation. During 2008/09 the Trust's responsibilities for internal control have been considered in the quarterly monitoring returns and discussions with Monitor. Monitor utilises a risk based approach across the key areas of finance, governance and mandatory services in accordance with the compliance framework criteria.

The system of internal control has been in place at Liverpool Women's NHS Foundation Trust for the year ended 31st March 2009 and up to the date of approval of the annual report and accounts.

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

As Accounting Officer and Chief Executive, 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

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. During the year 2008/09, delegated responsibility operated through the Clinical Governance Committee and the Board of Directors, which together provide the Trust with a formal structure for addressing risk at the corporate level, embracing strategic risk issues, implementation of the *Standards for Better Health*, the Board Assurance Framework and key risk performance indicators. The Trust's committee structure is based upon principles of integrated governance and is designed to better support the Trust's operation as an NHS Foundation Trust.

The Trust Risk Committee underpins the corporate arrangements by undertaking the following functions:

- Provide support, direction and training for directorate and departmental risk leads
- Ensure consistent and appropriate risk systems and processes are established and evaluated throughout the Trust
- Evaluate and further develop the Trust's Risk Management Strategy
- Report progress in managing risk and implementing the Trust's Risk Management Strategy
- Monitor the implementation of the Directorate Risk Management strategies and the effectiveness of risk management in Directorates and non clinical departments
- Provide assurance that Directorates and departments are meeting national standards and are prepared for assessment e.g. Healthcare Commission, NHS Litigation Authority
- Ensure that training in risk management is implemented and evaluated in the Trust

The Trust built upon and developed its Board Assurance Framework during 2008/09, contributing towards the achievement of an overall category 'A' rating defined as *"An Assurance Framework has been established which is designed and operating to meet the requirements of the SIC and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation."* The Director of Internal Audit Opinion for the year rated the Trust as having 'significant assurance' as did a review of assurances carried out by the Trust's internal auditors.

The NHS Counter Fraud and Security Management Service reported for the second time in January 2009 its Compound Indicator Assessment. This assessed the Trust for 2007/08 at a Level 2 "Adequate Performance". This represented an enhancement on the 2006/07 assessment that had assessed the Trust at Level 1 "Inadequate Performance". The Compound Indicator Assessment is used to inform decisions as to the investment in the Counter Fraud Plan.

Ward, departmental and directorate risk registers have been in place for the full year and continue to be promulgated by robust systems for ensuring effective management of operational risks across all areas of the organisation. Significant work was undertaken during the year on the development of the operational risk register, to ensure that risks are being identified, scored and treated in a consistent and systematic way throughout the Trust.

There is an escalation process whereby risks that cannot be managed locally are reviewed at the appropriate level within the organisation to ensure that reasonable measures are taken. This is a continuous process that assists with the development of an organisation-wide risk-aware culture, sharing of lessons learned and enables risk management decision making to occur as near as practicable to the risk source.

In 2007/08 the Trust was successful in gaining re-accreditation at CNST Level 3 for maternity standards and in securing Level 3 against the new, more broadly based general NHS Litigation Authority standards which have now replaced the CNST general scheme. These are the highest possible levels of accreditation for risk management nationally and continued to be in place throughout 2008/09.

Risk management, risk assessment and incident reporting are included in core

The Director of Internal Audit Opinion for the year rated the Trust as having 'significant assurance' as did a review of assurances carried out by the Trust's internal auditors.

Capacity to handle risk contd.

induction and within the Trust's mandatory training programme. This approach will be continued during 2009/10 with specific emphasis on maintaining the exceptional standards of training required for CNST/NHSLA level 3 across all staff groups.

The risk and control framework

The risk management framework is set out in the Risk Management Strategy and is underpinned by the policies and procedures for risk management, which have been approved by the Board of Directors.

The key elements of the strategy include:

- A statement of the purpose of the strategy document
- A definition of risk management
- The Trust's policy statement and organisational philosophy in relation to risk management as an integral part of our corporate objectives, goals and management systems
- Strategic vision for risk management across the organisation
- Acceptable levels of risk and the levels of delegated authority to act
- Roles, responsibilities and accountabilities
- The risk management process, including risk identification, risk assessment and risk treatment
- Governance structures in place to support risk management, including terms of reference
- Planning, resourcing and prioritisation
- Implementation plan

The Board Assurance Framework, which focuses on identifying the principal risks at corporate level has been embedded within the foundation trust and is regularly reviewed and updated. The Assurance Framework has been reviewed by the Board in full twice during the year and in addition the priority risks identified by the Board have been reported on a monthly basis via the corporate performance report. The Board Assurance Framework covers the following:

- Corporate objectives and goals.
- Identification of the principal risks to the achievement of objectives and goals, mapped to the relevant *Standards for Better Health*
- Identification and description of mechanisms of internal control in place to manage the risks
- Identification and description of the review and assurance mechanisms which relate to the effectiveness of the system of internal control
- Records the actions taken by the Trust to address control and assurance gaps, with progress and actual assurances identified through the year

In terms of the Healthcare Commission's *Standards for Better Health*, the Trust submitted a position of full compliance against the core standards in its Declaration in May 2008.

In addition, the Trust has in place a range of control mechanisms which support the risk management and assurance agenda:

- Ward, department and directorate risk assessments which are formally updated on an annual basis
- The Ulysses system, a software package for risk management is used to support an integrated risk management system across the Trust and enable direct reporting to the National Patient Safety Agency
- Education and training programmes throughout the organisation
- Policy approval and ratification by appropriate committees of the Board in support of the integrated governance framework
- A timetable of directorate progress reports to the Clinical Governance Committee
- Risk assessment inbuilt within all new projects

The risk management framework is set out in the Risk Management Strategy and is underpinned by the policies and procedures for risk management, which have been approved by the Board of Directors.

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. To do this I have implemented systems to:

- Set, review and implement strategic and operational objectives
- Engage with patients, members and other stakeholders to ensure key messages about services are received and acted upon
- Monitor and review organisational performance
- Deliver efficiency gains and savings targets

Annually, the Trust produces a service strategy which incorporates a supporting financial plan for approval by the Board of Directors. This informs the annual detailed operational plan and budget which is also approved by the Board. Views of the Trust's 9,000 members are gained through their representatives on the Trust's Council of Governors. In 2008/09 members of the Council of Governors were involved in the development of the Trust's clinical service strategy. The resulting plan informs the Trust's corporate objectives and provides the basis for quarterly performance reviews at directorate level. The Board of Directors monitors performance monthly through the corporate report which provides integrated information on financial performance, achievement of savings targets, contract activity, human resource indicators and key service performance indicators. The Finance and Contracts Committee of the Board also meets monthly to provide dedicated time to review financial and contract performance in detail prior to Board meetings.

Reports on specific issues relating to economy, efficiency and effectiveness are commissioned by the Audit Committee within the Internal Audit plan and the implementation of recommendations made by Internal Audit is overseen by the Audit Committee. Within the 2008/09 risk based Internal Audit Plan specific resource has been utilised in evaluating the effectiveness of committee structures and governance arrangements within the Trust, both at Board level and within the clinical directorates.

During the year the Trust was subject to the national PbR Data Assurance Framework Audit of its clinical coding systems which identified a number of areas of good practice which were also reflected within a comparative audit report undertaken by Cheshire and Mersey data Quality and Clinical Coding Unit.

Specific management reviews have also been identified by the Board of Directors, Executive Directors and Directorate Management as a result of risks to performance identified from the performance management system. These reviews have included:

- An extensive review of imaging services within the Trust resulting in the establishment of a service improvement project
- The development of service line reports to better understand the financial and service performance of Trust activities leading to the implementation of Clinical Business Units within the organisation from April 2009
- Participation in a national benchmarking exercise in relation to the development of the tariff for Obstetric services
- A review of Obstetrics pathways resulting in the development of a business case to enhance further the service model for maternity services
- Development of "one stop" clinics to support the delivery of waiting time targets and enhance services to patients
- A review of all Gynaecology pathways to support the achievement of the 18 week target
- The development of Gynaecology 'closer to home' in partnership with Knowsley Primary Care Trust

Views of the Trust's 9,000 members are gained through their representatives on the Trust's Council of Governors.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework and 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 of Directors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes the following elements:

- The Board of Directors provides active leadership of the Trust within a framework of prudent and effective controls that enable risk to be assessed and managed
- The Audit Committee, as part of an integrated governance structure, is pivotal in advising the Board on the effectiveness of the system of internal control
- The Committees of the Board are key components by which I am able to assess the effectiveness and assure the Board of risk management generally and clinical risk
- Internal Audit provides quarterly reports to the Audit Committee and full reports to the Director of Finance and other Trust Officers. The Audit Committee also receives details of actions that remain outstanding following any follow up of previous audit work. The Director of Finance also meets regularly with the Audit Manager
- Other explicit review and assurance mechanisms include Directorate assurance frameworks linked to the Operational Plan and a range of independent assessments against key areas of control, as set out in the Assurance Framework.

Any significant internal control issues would be reported to the Board via the appropriate Committee. There have been no significant internal control issues identified during 2008/09. All significant risks identified within the Board Assurance Framework have been regularly reviewed in-year by the Board and appropriate control measures put in place.

During the year the Trust had cause to review the surgical practices of one of its consultants. This led to the recall of a number of patients in order for the Trust to be satisfied that they have received the quality of care expected for all patients. A wider review has been commissioned by the Trust to determine the lessons that can be learned and identify any areas for further improvement.

Independent assessment has been provided by the NHS Litigation Authority assessors who awarded the Trust Level 3 for general standards in March 2008 and re-accreditation at CNST Level 3 for maternity standards in February 2008. The Trust performed well in a bench-marking exercise undertaken in relation to the Healthcare Commission's *Standards for Better Health* undertaken by Mersey Internal Audit Agency and continues to declare compliance with all core standards.

Liverpool Women's continues to place great emphasis on its control of infection, as evidenced by our track record in this area (there have been no reportable cases of MRSA this year and just two cases of *Chlostridium difficile*). In order to test the Trust's compliance with the standards set out in the Code of Practice for the Prevention and Control of Health Care Associated Infections ('the Hygiene Code'), as set out in the Health Act 2006 the Healthcare Commission carried out an unannounced inspection in July 2008 looking at the assurance systems, processes and practices in respect of infection prevention and control. The Trust was overall compliant, however there were two sub-section areas identified for improvement, which related to documentation. Both areas have now been addressed and the Trust was confident to declare compliance with all aspects of the Hygiene Code for the registration process required by the new Care Quality

Liverpool Women's continues to place great emphasis on its control of infection, as evidenced by our track record in this area.

Review of effectiveness contd.

Commission in February 2009. The Trust has subsequently received confirmation of unconditional registration by the Care Quality Commission.

In 2008/09 the Trust reviewed its approach to the process for providing assurance in relation to the Healthcare Commission's *Standards for Better Health.* This was in response to the new approach being taken by the Healthcare Commission in ensuring that the standards are consistently applied throughout the year and embedded across the organisation. On completion of this programme of scrutiny, the Trust was unable to fully satisfy the Board of Directors that the full range of evidence had been in place for the full year against two of the Standards:
C4c - Healthcare organisations keep patients, staff and visitors safe by having systems to ensure that all reusable medical devices are properly decontaminated prior to use and that the risks associated with decontamination facilities and processes are well managed, and
C4d - Healthcare organisations keep patients, staff and visitors safe by having systems to ensure that medicines are handled safely and securely.
Consequently, the Trust has declared that it has 'insufficient assurance' in relation to these Standards within its declaration against the Core Standards as part of the Annual Health Check for 2008/09. The Trust has evidence that both aspects of service are fully safe for patientss, however the requisite documentation has not been evidenced for the full reporting period. Action plans are in place to address these deficits.

During the year the I receive reports from the Royal Colleges and following Deanery visits. In addition, there are a range of other independent assessments against key areas of control, for example:

- Healthcare Commission's *Annual Health Check* 2007/08 (reported in October 2008) resulted in ratings of 'excellent' for use of resources and 'good' for quality of services
- Achievement of 'excellent' category in PEAT assessment
- Successful joint inspection by the Healthcare Commission and the Human Embryology and Fertilisation Authority of the Hewitt Centre for Reproductive Medicine
- A rating of excellent from the external clinical coding audit undertaken as part of the Audit Commission's Payment by Results Data Assurance Framework in 2008/09
- The Genetics laboratories were subject to CPA review in December to determine continued compliance with standards. This determined that accreditation was maintained.

Conclusion
Based on the above, I can confirm that no significant internal control issues have been identified.

Signed

Kathryn Thomson

Kathryn Thomson
Chief Executive
5th June 2009

Attendance at Council of Governors meetings 2008/09

	23rd April 2008	16th July 2008	22nd October 2008	21st January 2009
Public members				
Anna Banks (from Sept 08)			✔	✔
Morag Day	✔	✔	✔	✔
Irene Drakeley	✔	✔	✔	✔
Sheila Foley			✔	
Annette James	✔	✔	✔	✔
Patricia Jones			✔	
Ronnie Kehoe	✔	✔	✔	✔
Maureen Kelly (from Sept 08)				✔
Brenda McGrath		✔	✔	
Geoff McKeating (from Sept 08)			✔	✔
Anees Paracha	✔	✔	✔	
Angela Parker	✔	✔		✔
Shivakuru Selvathurai (until Dec 08)				
Anne Smith	✔			
Betty Stopforth			✔	
Maggi Williams	✔	✔	✔	✔
Deirdre Wood	✔	✔	✔	✔
Janine Wooldridge	✔	✔	✔	
Staff Members				
Dorcas Akeju OBE	✔		✔	
Leanne Bricker				✔
Dianne Brown (from Sept 08)			✔	
Denise Carter (from Sept 08)			✔	✔
Angela Douglas	✔	✔	✔	✔
Helen Gavin	✔	✔	✔	
Paul Young (until May 08)	✔			
Appointed members				
Jayne Aston	✔			
Janet Atherton				
Marilyn Fielding	✔		✔	
Paula Grey	✔	✔	✔	
Margaret Hogan	✔	✔		✔
Godfrey Mazhindu	✔	✔		
Sue Ryrie (until Sept 08)	✔	✔		
Susan Wray	✔			

Attendance at meetings marked with ✔

FOREWORD TO THE ACCOUNTS

These accounts for the year-ended 31st March 2009 have been prepared by the Liverpool Women's NHS Foundation Trust under schedule 7 sections 24 and 25 of the National Health Service Act 2006 in the form which Monitor, the Independent Regulator of NHS Foundation Trusts has, with the approval of the Treasury directed.

Kathryn Thomson

Kathryn Thomson
Chief Executive
5th June 2009

Income and Expenditure Account for the financial year ended 31st March 2009

	Note	2008/09 £000	2007/08 £000
Income from activities	3.1 - 3.3	**76,117**	73,049
Other operating income	4.1	**9,473**	9,417
Operating expenses	5.1	**(79,667)**	(75,481)
OPERATING SURPLUS		**5,923**	6,985
Profit/(Loss) on disposal of fixed assets	7.1	**(9)**	7
SURPLUS BEFORE INTEREST		**5,914**	6,992
Interest receivable		**632**	646
Interest payable	8.1	**0**	(7)
Other finance costs – unwinding of discount	8.1	**(20)**	(23)
SURPLUS FOR THE FINANCIAL YEAR		**6,526**	7,608
Public Dividend Capital (PDC) dividends payable		**(1,986)**	(1,721)
RETAINED SURPLUS FOR THE YEAR		**4,540**	5,887

Income and operating surpluses are derived from the Foundation Trust's continuing operations.

Balance Sheet at 31st March 2009

	Note	31st March 2009 £000	31st March 2008 £000
FIXED ASSETS			
Intangible assets	11.1	**76**	78
Tangible assets	11.2	**57,102**	51,931
TOTAL FIXED ASSETS		**57,178**	52,009
CURRENT ASSETS			
Stocks and work in progress	12.1	**662**	491
Debtors	13.1	**4,124**	3,813
Current Asset Investments		**1,500**	2,500
Cash at bank and in hand		**14,670**	12,440
TOTAL CURRENT ASSETS		**20,956**	19,244
CREDITORS			
Amounts falling due within one year	14.1	**(12,539)**	(9,937)
NET CURRENT ASSETS/(LIABILITIES)		**8,417**	9,307
TOTAL ASSETS LESS CURRENT LIABILITIES		**65,595**	61,316
PROVISION FOR LIABILITIES AND CHARGES	15.1	**(2,064)**	(2,185)
TOTAL ASSETS EMPLOYED		**63,531**	59,131
FINANCED BY TAXPAYERS' EQUITY	21.1		
Public dividend capital	21.2	**35,210**	35,333
Revaluation reserve		**15,549**	15,616
Donated asset reserve	16.1	**246**	196
Income and expenditure reserve		**12,526**	7,986
TOTAL TAXPAYERS' EQUITY		**63,531**	59,131

The financial statements were approved by the Board of Directors and authorised for issue on 5th June 2009 and are signed on its behalf by:

Kathryn Thomson

Kathryn Thomson
Chief Executive

Total assets employed £63,531K

Statement of total recognised gains and losses for the financial year ended 31st March 2009

	2008/09 £000	2007/08 £000
Surplus for the financial year before dividend payments	6,526	7,608
Unrealised Surplus on Fixed Asset revaluations	0	(702)
Increase in the donated asset reserve due to receipt of donated assets	0	0
Reductions in the donated asset reserve due to depreciation, impairment, and/or disposal of donated assets	(17)	(17)
TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR	6,509	6,889

Total recognised gains and losses for the financial year £6,509K

Cash flow statement for the financial year ended 31st March 2009

	Note	2008/09 £000	2008/09 £000	2007/08 £000
Operating Activities				
Net cash inflow from operating activities	18.1		**10,038**	8,290
Returns on Investments and Servicing of Finance				
Interest received		**683**		620
Interest paid		**0**		(7)
Net Cash inflow from returns on investments and servicing of finance			**683**	613
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		**(7,383)**		(3,135)
Receipts from sale of tangible fixed assets		**1**		16
Net cash outflow from capital expenditure			**(7,382)**	(3,119)
DIVIDENDS PAID			**(1,986)**	(1,721)
Net cash inflow before financing			**1,353**	4,063
MANAGEMENT OF LIQUID RESOURCES				
Movement in short-term deposits	18.2		**1,000**	0
Net cash inflow from management of liquid deposits			**1,000**	0
Net cash inflow before financing			**2,353**	4,063
FINANCING				
Public dividend capital received		**0**		2,200
Public dividend capital repaid		**(123)**		0
Net cash inflow from financing			**(123)**	2,200
Movement in cash	18.3		**2,230**	6,263

Movement in cash £2,230K

Notes to the accounts

1. Accounting policies and other information

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the *NHS Foundation Trust Financial Reporting Manual*, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the *2008/09 NHS Foundation Trust Financial Reporting Manual* issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's *Financial Reporting Manual* to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets and in accordance with applicable accounting standards. NHS foundation trusts, in compliance with HM Treasury's *Financial Reporting Manual*, are not required to comply with the FRS 3 requirements to report "earnings per share" or historical profits and losses.

1.2 Acquisitions and discontinued operations

Activities are considered as 'discontinued' where they meet all of the following conditions:

- the sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- if a termination, the former activities have ceased permanently;
- the sale or termination has a material effect on the nature and focus of the reporting NHS foundation trust's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the NHS foundation trust's continuing operations; and
- the assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing. Activities are considered as 'acquired' whether or not they are acquired from outside the public sector.

1.3 Income recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is under contracts from commissioners in respect of healthcare services.

Income is recognised in the period in which services are provided. Where income is received for a specific activity, which is to be delivered in the following financial year, that income is deferred.

Where it is reasonably certain that the Trust will receive the income for a treatment or spell once the patient is admitted and treatment begins then the income relating to those spells that are partially completed at the financial period end is apportioned on a pro-rata basis. The apportioned amounts are disclosed as "amounts recoverable on contracts" and disclosed within debtors.

Expenditure

Expenditure is accounted for applying the accruals convention.

1.4 Tangible fixed assets Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or

The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Notes to the accounts contd.

- form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Valuation

Tangible fixed assets are stated at the latest revaluation amount or in the case of newly acquired assets, at cost. On initial recognition they are measured at cost (for leased assets, fair value) including any costs, such as installation, directly attributable to bringing them into working condition. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed asset are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are revalued using professional valuations in accordance with FRS 15 every five years. A three yearly interim valuation is also carried out.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) *Appraisal and Valuation Manual*. The last asset valuations were undertaken in 2008 as at the prospective valuation date of 1 April 2008. The revaluation undertaken at that date was accounted for on 31st March 2008.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.

Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land, and assets surplus to requirements.

An asset in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset which has been assessed by the trust's professional valuers DTZ. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life utilising the following lives:

	Years
Medical equipment and engineering plant and equipment	5 to 15
Furniture	10
Mainframe information technology installations	8
Soft Furnishings	7
Office and information technology equipment	5

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property.

Notes to the accounts contd.

Fixed asset impairments resulting from losses of economic benefits are charged to the income and expenditure account. All other impairments are taken to the revaluation reserve and reported in the statement of total recognised gains and losses to the extent that there is a balance on the revaluation reserve in respect of the particular asset.

Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in a trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are amortised over the estimated life of the asset on a straight line basis. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the licence and their useful economic lives.

Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the donated asset reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the income and expenditure account. Similarly, any impairment on donated assets charged to the income and expenditure account is matched by a transfer from the donated asset reserve. On sale of donated assets, the net book value of the donated asset is transferred from the donated asset reserve to the income and expenditure Reserve.

1.5 Investments

The Trust does not have investments in subsidiary undertakings, associates or joint ventures.

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. These assets, and other current assets, are valued at cost less any amounts written off to represent any impairments in value, and are reviewed annually for impairments.

1.6 Government Grants

Government grants are grants from Government bodies other than income from primary care trusts or NHS trusts for the provision of services. Grants from the Department of Health, and grants from the Big Lottery Fund, are accounted for as Government grants. Where the Government grant is used to fund revenue expenditure it is taken to the Income and Expenditure account to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to the income and expenditure account over the life of the asset on a basis consistent with the depreciation charge for that asset.

1.7 Private Finance Initiative (PFI) Transactions

There have been no such transactions during 2008/09.

1.8 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Work-in-progress comprises goods and services in intermediate stages of production.

1.9 Cash, bank and overdrafts

Cash, bank and overdraft balances are recorded at the current values of these balances in the NHS foundation trust's cashbook. These balances exclude monies held in the NHS foundation trust's bank

Intangible fixed assets held for operational use are valued at historical cost and are amortised over the estimated life of the asset on a straight line basis.

Notes to the accounts contd.

account belonging to patients (see "third party assets" below). Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.10 Research and Development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and its resulting in a product or services that will eventually be brought into use; and
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.
- expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.
- Where possible, NHS foundation trusts disclose the total amount of research and development expenditure charged in the Income and Expenditure account separately. The Trust's NHS Research Strategy is underpinned by the Department of Health national health research strategy for England: *Best Research for Best Health* (DH2006). This has had the impact of fundamentally changing the funding regime for research with the withdrawal of block Research and Development monies phased over the last three years. Funding to support research is now allocated by the Comprehensive Local Research Network (CLRN) on the basis of research activity, with recruitment specific to studies on their portfolio. The majority of the Trust's research is related to its involvement with the UKCRN portfolio trials and the Trust is able to identify both income and expenditure and this is shown separately from patient care activity.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

1.11 Provisions

The NHS foundation trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms.

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 as a note where an inflow of economic benefits is probable.

Contingent liabilities are provided for where a transfer of economic benefits is probable. Otherwise, they are not recognised, but are disclosed in note 15 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.

Where possible, NHS foundation trusts disclose the total amount of research and development expenditure charged in the Income and Expenditure account separately.

Notes to the accounts contd.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk-pooling scheme under which the NHS foundation trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS foundation trust is disclosed at note 15.1.

Non-clinical risk pooling

The NHS foundation 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 the NHS Litigation Authority 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. The Trust has also taken out "top up" property insurance via a commercial insurer with premiums charged to operating expenses.

Pension costs

The provisions of the NHS Pensions Scheme cover all past and present employees. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence it is not possible for this NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme under FRS 17.

Employers pension cost contributions are charged to operating expenses as and when they become due.

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

The NHS pension scheme is subject to a full valuation every four years by the Government Actuary. The latest published valuation relates to the period 1 April 1999 to 31 March 2004 which was published in December 2007 and is available on the Pensions Agency Website: http://www.nhspa.gov.uk/nhspa_site/foi/foi1/Scheme_Valuation_Report/NHSPS_Valuation_report.pdf

The notional deficit of the scheme was £3.3 billion as per the last scheme valuation by the Government Actuary for the period 1 April 1999 to 31 March 2004. The conclusion of the valuation was that the scheme continues to operate on a sound financial basis.

Employer contribution rates are reviewed every four years following the scheme valuation, on advice from the actuary. At the last valuation, it was recommended that employer contribution rates should continue at 14% of pensionable pay. From 1 April 2009, employees' contributions will be on a tiered scale from 5% to 8.5% of their pensionable pay.

1.12 Value Added Tax

Most of the activities of the NHS foundation 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.

1.13 Corporation Tax

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

The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

Notes to the accounts contd.

specific specialist advice when necessary. Corporation tax will be introduced for Foundation Trusts from the financial year starting on 1 April 2010. This means that the first payment of any tax due will be in January 2012

1.14 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the income and expenditure account.

1.15 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS foundation trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of the HM Treasury *Financial Reporting Manual.*

1.16 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS foundation trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the income and expenditure account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the income and expenditure account on a straight-line basis over the term of the lease.

1.17 Public Dividend Capital (PDC)

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities i.e. the net assets of a public benefit corporation.

A charge, reflecting the forecast cost of capital utilised by the NHS foundation trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust.

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

1.18 Liquid Resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement.

1.19 Financial Instruments and Financial Liabilities

Recognition

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

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

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

Classification and Measurement

Financial assets are categorised as Loans and receivables. Financial liabilities are classified as 'Other Financial liabilities'.

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement.

Notes to the accounts contd.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: current investments, cash at bank and in hand, NHS debtors, accrued income and 'other debtors'.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the income and expenditure account.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the balance sheet date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to the income and expenditure account.

Impairment of financial assets

At the balance sheet date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' is impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the income and expenditure account and the carrying amount of the asset is reduced directly.

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method.

Segmental Reporting

2.1 The Liverpool Women's NHS Foundation Trust (The Trust) is not required to complete a segmental analysis of its accounts as the totality of its operations relate to Healthcare.

Income from Activities

3.1 Income from Activities comprises

	2008/09 £000	2007/08 £000
Elective income	**10,122**	11,191
Non elective income	**22,436**	21,408
Outpatient income	**15,208**	13,329
Other type of activity income	**27,218**	25,029
Accident and Emergency income	**1,017**	1,494
Total Income	**76,001**	72,451
PbR relief or (clawback)	**0**	503
Income from Activities (before private patient income)	**76,001**	72,954
Private patient income	**116**	95
TOTAL INCOME FROM ACTIVITIES	**76,117**	73,049

Sources of Income	**2008/09 £000**	2007/08 £000
Income from mandatory services	**75,876**	71,795
Income from non mandatory services	**241**	1,254
Total Income from Activities	**76,117**	73,049

From 1 April 2008 the Trust no longer received transitional relief from the shortfall arising from the introduction of Payment by Result (PbR) in accordance with national policy.

Income from Activities contd.

3.2 Private Patient Income

	2008/09 £000	Base Year 2002/03 £000	2007/08 £000
Private patient income	**116**	**939**	95
Total patient related income	**76,117**	**52,145**	73,049
Proportion of private patient income as a percentage	**0.15%**	**1.8%**	0.13%

Section 44 of the National Health Service Act 2006 requires that the proportion of private patient income to the total patient related income of an NHS Foundation Trust should not exceed it's proportion whilst the body was an NHS Trust in 2002/03. The Trust was compliant with this requirement in 2008/09.

3.3 Income from Activities comprises

	2008/09 £000	2007/08 £000
NHS Foundation Trusts	**754**	331
NHS Trusts	**553**	2,192
Primary Care Trusts	**70,057**	65,153
Department of Health – other	**3,437**	3,840
NHS other	**1,081**	1,336
Non NHS – Private patients	**116**	95
Non NHS – Overseas patients (non reciprocal)	**0**	6
Road Traffic Act (RTA)	**1**	12
Non NHS – other	**118**	84
TOTAL INCOME FROM ACTIVITIES	**76,117**	73,049

Total incomes from activities £76,117K

Other Operating Income

4.1 Other operating income comprises

	2008/09 £000	2007/08 £000
Research and development	**554**	528
Education and training	**4,635**	4,536
Transfers from the donated asset reserve	**17**	17
Other	**4,267**	4,336
TOTAL OTHER OPERATING INCOME	**9,473**	9,417

The Education and Training income arises from the provision of mandatory education and training set out in the Trust Terms of Authorisation. All other operating income is non protected and includes:

	2008/09 £000	2007/08 £000
Provision of clinical support services to North West Fertility Ltd	**1,800**	1,798
LIS Monies	**350**	603
Car Parking Income	**329**	321
Provison of Laboratory Services	**403**	138
Catering	**129**	151
Perinatal Audit	**250**	268
Deep Clean Monies	**0**	131

Operating Expenses

5.1 Operating expenses comprise:

	2008/09 £000	2007/08 £000
Services from NHS Foundation Trusts	**3,521**	2,916
Services from NHS Trusts	**2,912**	3,707
Services from other NHS bodies	**148**	124
Purchase of healthcare from non NHS bodies	**100**	14
Executive director costs	**677**	645
Non-executive director costs	**110**	106
Staff costs	**49,778**	48,032
Drug costs	**2,580**	2,504
Supplies and Services – clinical (excluding drug costs)	**3,533**	3,371
Supplies and Services – general	**3,215**	2,768
Establishment	**1,145**	1,009
Research and development	**522**	0
Transport	**88**	61
Premises	**2,565**	2,653
Bad debts	**71**	0
Depreciation and amortisation	**2,352**	2,082
Fixed asset impairments and reversals	**0**	75
Audit fees	**47**	41
Clinical negligence	**2,655**	2,996
Other	**3,648**	2,377
TOTAL OPERATING EXPENSES	**79,667**	75,481

Operating Expenses contd.

5.2 Operating Leases:

5.2.1 Operating expenses include:

	2008/09 £000	2007/08 £000
Hire of plant and machinery	**24**	26
Other operating lease rentals	**31**	28
Total operating lease rentals	**55**	54

5.2.2 Annual commitments under non-cancellable operating leases are:

Operating leases which expire:	**Other Leases 2008/09 £000**	Other Leases 2007/08 £000
Within 1 year	**2**	2
Between 1 and 5 years	**16**	18
After 5 years	**0**	0
TOTAL OPERATING LEASE RENTALS	**18**	20

The Trust held no operating leases in respect of land and buildings during both 2008/09 and 2007/08.

The Trust held no operating leases in respect of land and buildings during both 2008/09 and 2007/08.

Operating Expenses contd.

5.3 Audit fees comprise:

	2008/09 £000	2007/08 £000
Audit services – statutory audit	**37**	41
Audit services – audit-related regulatory reporting	**0**	0
Other auditors' remuneration - further assurance services - IFRS	**10**	0
Other auditors' remuneration - other services	**0**	0
TOTAL AUDIT FEES	**47**	41

Operating Expenses contd.

5.4 Salary and Pension Entitlements of Senior Managers:

5.4.1 Salary entitlements:

Name and position held		**Salary (bands of £5,000) 2008/09 £000**	**Other Remuneration (bands of £5,000) 2008/09 £000**	Salary (bands of £5,000) 2007/08 £000	Other Remuneration (bands of £5,000) 2007/08 £000
Kathryn Thomson	Chief Executive with effect from 1 September 2008	70 - 75	0	0	0
David Richmond	Medical Director	50 – 55	155 - 160	40 – 45	155 - 160
Gill Core	Director of Nursing Midwifery and Patient Quality Left 22 Feb 2009	80 - 85	0	75 - 80	0
Christine Hedley	Director of Nursing Midwifery and Patient Quality with effect from 26 January 2009	5 - 10	0	0	0
Caroline Salden	Director of Service Development	80 - 85	0	70 – 75	0
Kim Doherty	Director of Human Resources	45 - 50	0	50 -55	0
Susan Lorimer	Acting Chief Executive to 31 August 2008 Director of Finance left 1 Feb 2009	90 - 95	0	90 - 95	0
David Renouf	Acting Director of Finance to 31 August 2008 Acting Director of Finance from 1 Feb 2009	45 - 50	0	0-5	0
Ken Morris	Chair	30 - 35	0	30 -35	0
David Carbery	Non executive director	10 – 15	0	10 – 15	0
Roy Morris	Non executive director	10 – 15	0	10 – 15	0
Hoi Yeung	Non executive director	10 – 15	0	10 – 15	0
Ann McCracken	Non executive director	10 – 15	0	10 – 15	0
Yvonne Rankin	Non executive director	10 - 15	0	10 - 15	0

Note:
* The Director of Human Resources returned from maternity leave 1 August 2008. The post was covered up to this date by Rachel Patterson on secondment from Mersey Care Trust. The Trust has paid £26,805 to this organisation.

There were no benefits in kind payable to senior managers, and there were no compensation payments for loss of office.

Operating Expenses contd.

5.4.2 Pension entitlements:

Executive Directors		Real increase in pension and related lump sum at age 60 (bands of £2,500) £000	Total accrued pension and related lump sum at age 60 31st March 2009 (bands of £2,500) £000	Real increase in CETV £000	(CETV) at 31st March 2009 £000	Cash Equivalent Transfer Value (CETV) at 31st March 2008 £000
Kathryn Thomson	Chief Executive	7.5 – 10	150 – 152.5	71	614	429
David Richmond	Medical Director	0 – 2.5	247.5 - 250	225	1,426	1,077
Sue Lorimer	Director of Finance left 1 Feb 2009	5 – 7.5	102.5 - 105	78	503	361
David Renouf	Acting Director of Finance	5 – 7.5	82.5 - 85	71	380	272
Gill Core	Director of Nursing Midwifery and Patient Quality	10 – 12.5	117.5 - 120	96	513	351
Caroline Salden	Director of Service Development	10 - 12.5	62.5 - 65	47	214	143
Kim Doherty	Director of Human Resources	5 – 7.5	47.5 - 50	33	161	111

As non executive directors do not receive pensionable remuneration there are no entries in respect of pensions for non executive directors.

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. It takes account of the increase in accrued pension due to inflation contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

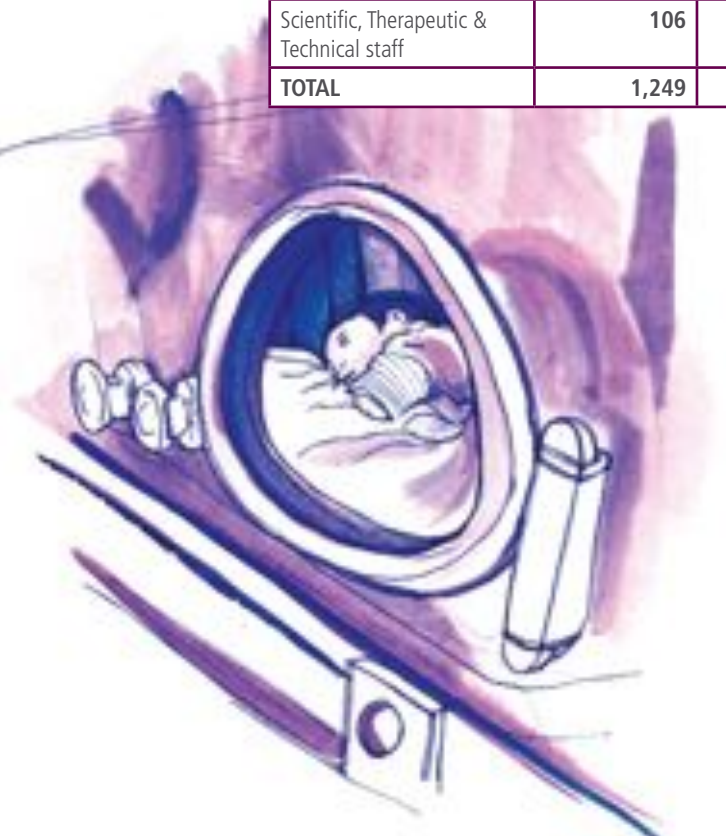
Staff Costs and Numbers

6.1 Staff costs including director costs:

	2008/09 £000	2007/08 £000
Salaries and wages	**41,443**	40,869
Social Security costs	**3,216**	2,741
Employer contributions to the NHS pensions agency	**4,727**	4,396
Agency and contract staff	**1,042**	644
Seconded-in staff	**27**	27
TOTAL STAFF COSTS	**50,455**	48,677

6.2 Average number of persons employed:

	TOTAL 2008/09 Number	Senior Managers Number	Others Number	Staff on Inward Secondment	Agency, Temporary and Contract Staff Number	TOTAL 2007/08 Number
Medical and Dental	**128**	1	127	0	0	137
Administration & Estates	**266**	5	252	0	9	259
Healthcare Assistants & Other Support staff	**156**	0	156	0	0	122
Nursing, Midwifery & Health visiting staff	**593**	0	554	0	39	658
Nursing, Midwifery, & Health visiting learners	**0**	0	0	0	0	0
Scientific, Therapeutic & Technical staff	**106**	0	105	0	1	97
TOTAL	**1,249**	**6**	**1,194**	**0**	**49**	1,273



Total staff costs £50,455K

Staff Costs and Numbers contd.

6.3 Employee benefits:
There were no employee benefits attributable to individual employees during 2008/09 (2007/08 nil)

6.4 Retirements due to ill-health:
This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. There were 3 (2007/08 7) retirements at an additional cost of £198,093 (£71,593.31). This information has been provided by NHS Pensions.

6.5 Pension Costs:
Past and present employees are covered by the provisions of the NHS Pensions Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for the Trust to identify its share of the underlying scheme assets and liabilities. Therefore the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme in the accounting period.

The NHS pension scheme is subject to a full valuation every four years by the Government Actuary. The latest published valuation relates to the period 1 April 1999 to 31 March 2004 which was published in December 2007 and is available on the Pensions Agency Website: http://www.nhspa.gov.uk/nhspa_site/foi/foi1/Scheme_Valuation_Report/NHSPS_Valuation_report.pdf

The notional deficit of the scheme was £3.3 billion as per the last scheme valuation by the Government Actuary for the period 1 April 1999 to 31 March 2004. The conclusion of the valuation was that the scheme continues to operate on a sound financial basis.

Employer contribution rates are reviewed every four years following the scheme valuation, on advice from the actuary. At the last valuation, it was recommended that employer contribution rates should continue at 14% of pensionable pay. From 1 April 2009, employees' contributions will be on a tiered scale from 5% to 8.5% of their pensionable pay.

The NHS pension scheme is subject to a full valuation every four years by the Government Actuary.

Disposal of Fixed Assets

7.1 Profit and (Loss) on disposal of fixed assets comprises:

	2008/09 £000	2007/08 £000
Profit on disposal of other tangible fixed assets (equipment)	**0**	13
Loss on disposal of other tangible fixed assets (equipment)	**(9)**	(6)
TOTAL PROFIT/(LOSS) ON DISPOSAL OF FIXED ASSETS	**(9)**	7

Assets disposed of were unprotected there being no disposals of protected assets in the period.

8.1 Interest payable:

	2008/09 £000	2007/08 £000
Overdrafts	**0**	0
Finance leases	**0**	0
Other - other interest payable - unwinding of discount	 **0** **(20)**	 (7) (23)
TOTAL INTEREST PAYABLE	**(20)**	(30)

8.2 The late payment of commercial debts (interest) Act 1998:

	2008/09 £000	2007/08 £000
Amounts included within other interest payable arising from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0

Public Dividend Capital Dividend

9.1 The Trust is required to pay a dividend to the Department of Health at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that dividends paid on PDC, totalling £1,986,000 (2007/08 £1,721,000) bears to the average relevant net assets of £47,592,500 (2007/08 £46,086,978) that is 4.17% (2007/08 3.7%).

Losses and Special Payments

10.1 NHS Foundation Trusts are required to record cash payments and other adjustments that arise as a result of losses and special payments. In the year 2008/09 the Trust had 340 (2007/08 115) separate losses and special payments, totalling £119,587 (2007/08 £49,828). The bulk of these were in relation to the write-off of bad debts.

Fixed Assets

11.1 Intangible fixed assets at the balance sheet date comprise the following:

	Software Licences £000
Gross Cost at 1st April 2008	**332**
Additions – purchased	51
Cost or Valuation at 31st March 2009	**383**
Amortisation at 1st April 2008	254
Provided during year	53
Amortisation at 31st March 2009	**307**
Net book value:	
Total Purchased at 1st April 2008	**78**
Total Purchased at 31st March 2009	**76**

Total Purchased at 31st March 2009 £76K

Fixed Assets contd.

11.2 Tangible fixed assets at the balance sheet date comprise the following elements:

	Land £000	Buildings ex dwellings £000	Dwellings £000	Assets under construction £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	**Total £000**
Cost or Valuation at 1st April 2008	4,365	39,078	420	1,640	14,631	2,679	232	**63,045**
Additions – purchased	0	378	0	6,202	657	231	12	**7,480**
Additions – donated	0	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	0	**0**
Reclassifications	0	221	0	(934)	457	256	0	**0**
Other Revaluations	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(12)	0	0	**(12)**
Cost or Valuation at 31st March 2009	**4,365**	**39,677**	**420**	**6,908**	**15,733**	**3,166**	**244**	**70,513**
Accumulated depreciation at 1st April 2008	0	0	0	0	10,038	946	130	**11,114**
Provided during year	0	541	5	0	1,246	466	41	**2,299**
Impairments	0	0	0	0	0	0	0	**0**
Other Revaluations	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(2)	0	0	**(2)**
Accumulated depreciation at 31st March 2009	**0**	**541**	**5**	**0**	**11,282**	**1,412**	**171**	**13,411**
Net book value								
Purchased at 1st April 2008	4,365	38,958	420	1,640	4,524	1,733	95	**51,735**
Donated at 1st April 2008	0	120	0	0	69	0	7	**196**
Total as at 1st April 2008	**4,365**	**39,078**	**420**	**1,640**	**4,593**	**1,733**	**102**	**51,931**
Purchased at 31st March 2009	4,365	38,935	415	6,908	4,411	1,754	68	**56,856**
Donated at 31st March 2009	0	201	0	0	40	0	5	**246**
Total at 31st March 2009	**4,365**	**39,136**	**415**	**6,908**	**4,451**	**1,754**	**73**	**57,102**

Fixed Assets contd.

There are no restrictions on the use of donated assets.

11.3 The net book value of land, buildings, and dwellings at 31st March 2009 comprises:

	2008/09 £000	2007/08 £000
Freehold	**43,501**	43,443
Long Leasehold	**415**	420
Total	**43,916**	43,863

The assets are used in the provision of mandatory services and are therefore classified as protected

Stocks and Work in Progress

12.1 Stocks and work in progress comprise:

	2008/09 £000	2007/08 £000
Raw materials and consumables	**662**	491

Debtors

13.1 Debtors comprise:

	2008/09 £000	2007/08 £000
Amounts falling due within one year:		
NHS Debtors	**2,345**	2,127
Amounts recoverable on contracts	**100**	193
Provision for irrecoverable debts	**(300)**	(231)
Other Debtors	**1,310**	1,565
Other Prepayments and Accrued Income	**669**	159
TOTAL DEBTORS	**4,124**	3,813

Creditors

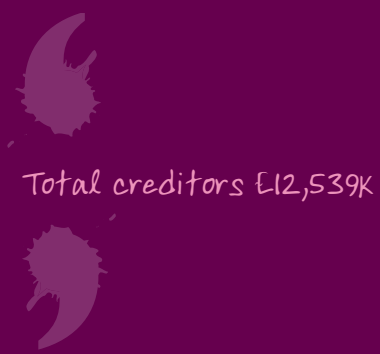
14.1 Creditors comprise:

	2008/09 £000	2007/08 £000
Amounts falling due within one year:		
NHS creditors	**2,552**	1,233
Tax and Social Security	**1,797**	1,460
Other creditors	**4,550**	4,760
Accruals and deferred income	**3,640**	2,484
TOTAL CREDITORS	**12,539**	9,937

Provisions for Liabilities and Charges

15.1 Provisions for liabilities and charges comprise:

	TOTAL £000	Pensions Other Staff £000	Other Legal Claims £000	Other £000	TOTAL 31st March 2008 £000
As at 1st April 2008	**2,185**	**1,075**	**79**	**1,031**	2,075
Arising during the year	**67**	54	13	0	236
Utilised during the year	**(76)**	(59)	(8)	(9)	(70)
Transfer to accruals	**0**	0	0	0	0
Reversed unused	**(132)**	(108)	(24)	0	(79)
Unwinding of discount	**20**	20	0	0	23
As at 31st March 2009	**2,064**	**982**	**60**	**1,022**	2,185
Expected timing of cashflows:					
- within one year	**120**	50	60	10	388
- between one and five years	**1,262**	250	0	1,012	997
- after five years	**682**	682	0	0	800



Provisions for Liabilities and Charges contd.

Pensions relating to other staff are for early retirements and reflect actuarial forecasts in respect of the duration of payments.

Other Legal Claims comprises amounts due as a result of third party and employee liability claims. The values are informed by information provided by the Trust's insurer, the NHS Litigation Authority.

Other provisions comprise amounts provided for legal claims for back pay from the implementation of Agenda for Change.

£60,874,868 is included within the provisions of the NHS Litigation Authority as at the 31st March 2009 in respect of the clinical negligence liabilities of the Trust (31st March 2008 £44,958,510).

15.2 Contingent Liability
The Trust has a contingent liability of £17,896 at the 31st March 2009 in respect of liabilities to third parties claims for which no provision has been made.

Movement on Reserves

16.1 Movements on reserves in the year comprise:

	Revaluation Reserve £000	Donated Asset Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	**TOTAL £000**
As at 1st April 2008	15,616	196	0	7,986	**23,798**
Transfer from the income and expenditure account	0	0	0	4,540	**4,540**
Surplus on other revaluations	0	0	0	0	**0**
Other transfers between reserves	(67)	67	0	0	**0**
Transfers to the Income and Expenditure Account for depreciation, impairment and disposal of donated assets	0	(17)	0	0	**(17)**
As at 31st March 2009	**15,549**	**246**	**0**	**12,526**	**28,321**

Prudential Borrowing Limit

17.1 The Liverpool Women's NHS Foundation Trust is required to comply and remain within a Prudential Borrowing Limit (PBL).
This is made up of two elements:

a) the maximum cumulative amount of long term borrowing, set by reference to five ratio tests set out in Monitor's Prudential Borrowing Code further details of which can be found on the website of Monitor;
b) the amount of any working capital facility approved by Monitor.

The Trust had a prudential borrowing limit (PBL) of £23.4 million (£22.2million in 2007/08) of which £18.4m (£17.2m) related to long-term borrowing and £5m (£5m) to a working capital facility. The Trust has not yet borrowed against this limit and thus the only ratio of relevance is that of the Minimum Dividend Cover. The table below confirms that the Trust was within the approved ratios.

	2008/09 Actual Ratio	**2008/09 Approved Ratio**	2007/08 Actual Ratio	2007/08 Approved Ratio
Maximum Debt/Capital Ratio	**-**	**25%**	-	25%
Minimum Dividend Cover	**4.5**	**1**	5.6	1
Minimum Interest Cover	**-**	**3**	-	3
Minimum Debt Service Cover	**-**	**2**	-	2
Maximum Debt Service to Revenue	**-**	**3%**	-	3%

On 31st March 2009 the Trust had in place an actual working capital facility of £5million.

On 31st March 2009 the Trust had in place an actual working capital facility of £5million.

Notes to the Cash Flow Statement

18.1 Reconciliation of operating surplus to net cash flow from operating activities

	2008/09 £000	2007/08 £000
Total Operating Surplus	**5,923**	6,985
Depreciation and amortisation	**2,352**	2,082
Fixed asset impairments	**0**	75
Transfer from donated asset reserve	**(17)**	(17)
Other Movements	**0**	0
(Increase)/Decrease in Stocks	**(171)**	(53)
(Increase)/Decrease in Debtors	**(360)**	(446)
Increase/(Decrease) in Creditors	**2,452**	(423)
Increase/(Decrease) in Provisions	**(141)**	87
Net Cash inflow from operating activities	**10,038**	8,290

18.2 Reconciliation of net cash flow to movement in cash and liquid resources

	2008/09 £000	2007/08 £000
Increase in cash in the year	**2,230**	6,263
Cash used to decrease liquid resources	**(1,000)**	0
Cash and Liquid resources 1st April 2008	**14,940**	8,677
Cash and Liquid Resources 31st March 2009	**16,170**	14,940

Cash and Liquid Resources
31st March 2009 £16,170K

Notes to the Cash Flow Statement contd.

18.3 Analysis of changes in cash and liquid resources

	As at 31st March 2009 £000	Cash Changes in Year £000	As at 31st March 2008 £000
Cash at bank and in hand	**14,670**	**2,230**	12,440
Liquid resources	**1,500**	**(1,000)**	2,500
Total	**16,170**	**1,230**	14,940

Capital Commitments

19.1 At the balance sheet date of 31st March 2009 the Trust had capital commitments of £3,035,474 (2007/08 £406,837).

Post Balance Sheet Events

20.1 There are no disclosable post balance sheet events.

Movements in Taxpayers Equity

21.1 Movement in taxpayers equity comprises.

	2008/09 £000
Taxpayers' equity at 1st April 2008	**59,131**
Surplus for the financial year	6,526
Public dividend capital dividends	(1,986)
Public dividend capital repaid in year	(123)
Gains from revaluation/indexation of purchased fixed assets	0
New public dividend capital received	0
Movement on Donated Asset reserve	(17)
Taxpayers' equity at 31st March 2009	**63,531**

21.2 Movement in Public dividend capital comprises.

	2008/09 £000
Public dividend capital at 1st April 2008	35,333
Public dividend capital repaid in year	(123)
Public dividend capital at 31st March 2009	**35,210**

Public dividend capital at 31st March 2009 £35,210K

Related Party Transactions

22.1 The Liverpool Women's NHS Foundation Trust is a public interest body authorised by Monitor, the Independent Regulator for NHS Foundation Trusts.

During the year the Trust has undertaken the following material transactions with North West Fertility Limited with whom senior clinical and scientific managers within the Trust hold directorships and shareholdings:

	Income £000	Expenditure £000
Provision of clinical support services to North West Fertility Limited	1,799	28

Non material transactions were also undertaken with the Liverpool John Moores University, and Mace and Jones Solicitors as part of the normal day to day running of the Trust with whom a non executive director of the Trust holds a directorship and chairmanship respectively.

During the year the Trust had a number of material transactions over £1 million with other NHS entities which are listed below:

	£000
Liverpool PCT	33,427
Western Cheshire PCT	13,005
Sefton PCT	9,039
Knowsley PCT	6,175
North West Strategic Health Authority	4,960
Halton & St Helens PCT	2,757
Warrington PCT	1,073

The Trust has also received a number of non material revenue payments reimbursing staff expenditure from a number of charitable funds for which the Trust acts as Corporate Trustee.

22.2 At the 31st March 2009 the following balances were held by the Trust in respect of related parties:

	Debtors £000	Creditors £000
North West Fertility Ltd.	49	5

The Trust has also received a number of non material revenue payments reimbursing staff expenditure from a number of charitable funds for which the Trust acts as Corporate Trustee.

Financial Instruments

23.1 FRS 25 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Liquidity Risk

The Liverpool Women's NHS Foundation Trust net operating costs are incurred under legally binding contracts with local Primary Care Trusts. The Trust receives regular monthly payments from PCTs based on an agreed contract value with adjustments made for actual services provided. The availability of a working capital facility with the Trust's bankers mitigates the risk arising from potential variations in income arising from delivery of patient care services.

The Trust finances its capital expenditure from internally generated funds or Public Dividend Capital made available by the Department of Health. The Trust is therefore not exposed to significant liquidity risks.

Interest Rate Risk

All of the Trust's financial assets carry nil or fixed rates of interest. The Trust is not exposed to significant interest rate risk.

Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

Price Risk

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

Credit Risk

The contracts form NHS commissioners in respect of healthcare services are agreed annually and take into account the commissioners' ability to pay and hence the credit risk is minimal.

23.2 Financial Assets

	TOTAL £000	Floating Rate £000	Fixed Rate £000	Non Interest Bearing £000	Fixed Rate	
					Weighted Average interest rate %	Weighted average period for which fixed
At 31st March 2009						
Sterling	**16,170**	16,111	0	59		
Gross financial Assets	**16,170**	**16,111**	**0**	**59**		
At 31st March 2008						
Sterling	**14,940**	14,691	0	249		
Gross financial Assets	**14,940**	**14,691**	**0**	**249**		

The Trust receives regular monthly payments from PCTs based on an agreed contract value with adjustments made for actual services provided.

Financial Instruments contd.

23.3 Financial Liabilities

	TOTAL £000	Floating Rate £000	Fixed Rate £000	Non Interest Bearing £000	Fixed Rate	
					Weighted Average interest rate %	Weighted average period for which fixed
At 31st March 2009						
Sterling	**(37,274)**	0	(2,064)	(35,210)	2.2%	indeterminate
Gross financial Liabilities	**(37,274)**	**0**	**(2,064)**	**(35,210)**	**2.2%**	
At 31st March 2008						
Sterling	**(36,408)**	0	(1,075)	(35,333)	2.2%	indeterminate
Gross financial Liabilities	**(36,408)**	**0**	**(1,075)**	**(35,333)**	**2.2%**	

The non-interest bearing financial liability relates to PDC and so is of unlimited term although the Secretary of State can require repayment of PDC at any time.

23.4 Fair values

	Book Value £000	Fair Value £000	Basis of fair valuation
Financial Assets			
Cash	14,670	14,670	
Investments	1,500	1,500	
Total	**16,170**	**16,170**	
Financial Liabilities			
Provisions under contract	(2,064)	(2,064)	a)
Public Dividend Capital	(35,210)	(35,210)	
Total	**(37,274)**	**(37,274)**	

a) Fair value is not significantly different from book value since in the calculation of book values the expected cashflows have been discounted by the treasury discount rate of 2.2%

Third Party Assets

24.1 The Trust held no cash or other assets on behalf of patients at 31st March 2009.

The Trust held no cash or other assets on behalf of patients at 31st March 2009.

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

We have audited the financial statements of Liverpool Women's NHS Foundation Trust, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes.

This report is made solely to the Council of Governors of Liverpool Women's NHS Foundation Trust ("the Trust"), as a body, in accordance with the National Health Service Act 2006. 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 it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not, in giving our opinion, accept or assume responsibility to anyone other than the Trust and the Trust's Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Accounting Officer's responsibilities for preparing the financial statements in accordance with directions issued by Monitor and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Accounting Officer's Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with directions issued under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006 and whether the accounts comply with the requirements of all other provisions contained in, or having an effect under, any enactments which are applicable to the accounts. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Trust has not kept proper accounting records, we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects compliance with Monitor's guidance issued in the NHS Foundation Trust Financial Reporting Manual. We report if it does not meet the requirements specified by Monitor or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Statement on Internal Control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chair's and Chief Executive's Statements, the Directors' Report, the sections on the Board of Directors, the Council of Governors, Membership and Public Interest Disclosures and the Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board and the Audit Code for NHS Foundation Trusts issued by Monitor. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the NHS Foundation Trust Financial Reporting Manual, of the state of Liverpool Women's NHS Foundation Trust's affairs as at 31 March 2009 and of its income and expenditure for the year then ended;
- the financial statements and the part of the Directors' Remuneration report to be audited have been properly prepared in accordance with the National Health Service Act 2006 and directions made thereunder by Monitor; and
- the information given in the Directors' report is consistent with the financial statements

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

5th June 2009

We certify that we have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

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