

LIVERPOOL WOMEN'S NHS FOUNDATION TRUST
ANNUAL REPORT & ACCOUNTS 2016 /17

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1. Foreword from the Chair & Chief Executive

Welcome to Liverpool Women's NHS Foundation Trust's annual report and accounts for the financial year 1st April 2016 to 31st March 2017.

Below we share with you some of the highlights of our work during the year and set out details of our performance, which can be found in the following reports.

2016/17 has been an extremely challenging year for Liverpool Women's but as always our people have remained firmly focused on providing safe and excellent healthcare, delivered in a friendly and caring environment.

Key highlights have been

- The clinical case for change for the future of Liverpool Women's services was submitted to NHS England by Liverpool CCG as a pre-consultation business case (PCBC) in draft format. Despite some questions being asked by NHS England about some of the detail contained within the document, this paves the way for a public consultation to take place hopefully during 2017-18.
- The trust was shortlisted for a number of top national awards including Health Service Journal (HSJ) and Royal College of Midwives (RCM) Awards. In a surgical first, the trust was the first UK healthcare provider to clinically trial and adopt an American electrosurgical device used in procedures such as hysterectomies and was therefore shortlisted for the HSJ Awards 2016. The fantastic Bereavement Service at the trust was also recognised for a number of awards, most recently winning a national Butterfly Award and an NHS Leadership Award, as well as being shortlisted for a Royal College of Midwives award. The team provides support and care to anyone suffering a baby loss.
- The trust became the first hospital in the UK to introduce bedside neonatal care for all births – even for babies that need resuscitation. Previously, newborn babies who needed help with breathing straight after birth had to be taken away from their mothers to a large resuscitation unit. The new LifeStart trolley, developed in Liverpool, allows the newborn to be looked after at the mother's bedside.
- The hugely popular Channel 4 series *One Born Every Minute* returned to Liverpool Women's Hospital to film in November 2016. The new series which was scheduled to air from April 2017 again shows the incredible care that staff provide to the many women who come through the trust's doors every day. There are many heart-warming stories across the 10 episodes that show a mix of wonderfully happy and also incredibly challenging journeys that mothers, babies, families, and friends go through. *One Born Every Minute* is consistently one of the most popular factual titles for the young (16-34) Channel 4 audience and since its launch in 2010 it has reached an incredible 40 million viewers (70% of the viewing population).

Financial position and performance: over the year we have delivered against all national performance targets and NHS Improvement has placed the trust in segment 3 of its new segmental analysis (see section 3v; Single Oversight Framework). Although we continue to deliver fantastic services to our patients and achieve all targets, our deteriorating finances meant that NHS Improvement, our regulator, was required to undertake an investigation into our financial governance arrangements and acknowledged that we had already taken steps

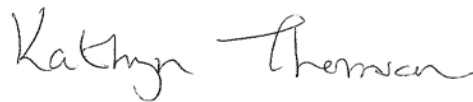
to address our financial challenges but had intervened to determine what additional support NHS Improvement could offer us as we sought to reduce our financial deficit and ensure its long term sustainability. For the year the trust delivered against its control total improving on the original plan by £2.3m, reporting a full year deficit of £4.7m against a deficit plan of £7m. This has been accomplished through the hard work and dedication of our staff over the year. 2017/18 will be another challenging year financially.

We would like to end our introduction with a series of thanks.

Firstly, thanks go to every single person who chooses to have care at Liverpool Women's and for giving the trust's staff the privilege of caring for them. Thanks also to the incredible staff who are at the forefront of providing an excellent quality of services to patients. Being excellent at all we do is the focus of the Trust each and every single day and it will always be so. Thanks also go to the trust's, Governors, members, volunteers and fundraisers who together make Liverpool Women's the great place it is.



Robert Clarke
Chair
26 May 2017



Kathryn Thomson
Chief Executive
26 May 2017

2. Performance Report

2i. Overview of performance

What is Liverpool Women's?

Liverpool Women's NHS Foundation Trust is a specialist trust providing maternity, gynaecology and genetics services in Liverpool and the North Mersey conurbation. It is also the recognised specialist provider in Cheshire and Merseyside of high risk maternity care including fetal medicine, the highest level of neonatal care, complex surgery for gynaecological cancer, reproductive medicine and laboratory and medical genetics.

The trust:

- Is the largest hospital in Europe to exclusively care for the health needs of women.
- In 2016/17 the trust:
 - Delivered 8891 (2015/16 8,648) babies – an average of 24 (2015/16, 24) babies born at Liverpool Women's every day;
 - Undertook gynaecological procedures on 5551 (2015/16, 5,821) women;
 - Cared for 1038 (2015/16, 1,091) babies in our neonatal intensive and high dependency care units;
 - Performed 1413 (2015/16, 1,615) cycles of *in vitro* fertilisation (IVF).

Our vision, aims and values are:

<i>Our vision:</i>	To be the recognised leader in healthcare for women, babies and their families
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<i>Our strategic aims – WE SEE:</i>	To develop a well led, capable, motivated and entrepreneurial <i>workforce</i> ;
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To be ambitious and *efficient* and make best use of available resources;

To deliver *safe* services;

To participate in high quality research in order to deliver the most *effective* outcomes;

To deliver the best possible *experience* for patients and staff.

<i>Our values – We CARE and</i>	<i>Caring</i> – we show we care about people;
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<i>we LEARN:</i>	<i>Ambition</i> – we want the best for people
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Respect – we value the differences and talents of people;

Engaging – we involve people in how we do things;

LEARN – we learn from people past, present and future.

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

Strategy and business model

The trust's strategy is to remain at the forefront of providing high quality clinical care to women, babies and families within a service model that achieves clinical excellence and is financially sustainable. The trust's business model is that of an NHS Foundation Trust. NHS Foundation Trusts are legal entities in the form of public benefit corporations and operate under a licence which is issued by NHS Improvement, the sector regulator for health services in England. The model has a framework of local accountability through a unitary Board of Directors, members and a Council of Governors, which replaced central control from the Secretary of State for Health.

The strategy for the future

The trust has a fabulous record of specialist women's services in the City and they have constantly evolved to meet the changing needs of women and babies. However, since the Crown Street site was designed over 20 years ago a lot has changed.

The health needs of the women and babies cared for has changed, for example the number of women over the age of 40 having babies at the hospital has doubled in the last 10 years and women with complex health problems are now also able to have babies.

Gynaecological cancers are increasing and more complex surgery is taking place, and babies that wouldn't have survived 20 years ago are now being cared for in our neonatal unit which requires more space to meet national standards.

As a result, trust doctors, nurses, midwives and other health specialists commenced a review of the trust's services in 2014, which continued through a Summer of Listening in 2015 with the people of Merseyside to also gain their views.

The main feedback from the Summer of Listening was:

- People value our staff and feeling safe the most;
- People feel that Liverpool Women's is a special place because of the way care is provided and because of our staff;
- Having all services under one roof and a range of specialist clinics are important to people in any future developments.

Following further work with trust staff and partners, the Future Generations Clinical Strategy 2016-2020 was produced and agreed by the trust board in November 2015. It involved:

- Identifying the clinical standards the trust wants to achieve in each of our services, now and in the future;
- Being clear about which services need to be provided together in order to manage clinical risks effectively;
- Exploring how the trust's services can be remodelled in order to provide care closer to patients' own homes;
- Thinking about which of the services need to grow and develop;
- Defining how the trust operationally organises its services – what happens where, when and for whom;
- Reviewing the options for operational changes in each service, including estates and Information Management and Technology;
- Listening and engaging with the public, patients, members, partners and staff to make the right choices for the trust's clinical services;
- Setting out clearly the clinical case for change from which to develop a business case.

In addition to the clinical reasons for change, the trust also has a series of financial challenges that are outside of its control, namely:

- The national efficiency requirement of generating 2% savings in 2016/17; and
- The annual clinical insurance premium paid by the trust being high as a result of a previous legal case.

The board of directors is committed to ensuring that the very special relationship and experience that women currently enjoy at the Crown Street site continues in whatever changes lay ahead. It is fully recognised that the trust's staff build those relationships and make that experience so positive - and those specialist staff is very much here to stay.

Despite being recognised as an efficient provider of services the trust does have a financial deficit and whatever solutions are found for the future of the services they need to be affordable. The trust clinicians however, have been clear that even without the financial challenges services would still need to change, as this is the right thing to ensure care for patients remains safe and of the very highest quality.

NHS Liverpool CCG review of women and neonatal services

NHS Liverpool Clinical Commissioning Group (CCG) (which pays for the majority of the trust's services) supports the trust's clinical case for change and its need to achieve financial sustainability in order to protect these services for the future. Consequently at the beginning of financial year 2016/17 they launched the Review of Women's and Neonatal Services in Liverpool.

The review is happening because the needs of patients have changed since Liverpool Women's opened more than 20 years ago at its Crown Street site. Women are living longer and having babies later in life, while advances in medicine mean more premature and unwell babies are surviving when they wouldn't have in the past. This means patients require more complex care which cannot be

provided at the trust have to be transferred to other NHS providers, before receiving appropriate care at the trust.

The review which has involved Liverpool CCG, trust clinicians and non-clinicians and clinicians and staff from local NHS organisations such as Alder Hey Children's Hospital, the Royal Liverpool and Broadgreen University Hospitals and Aintree University Hospital as well as the public. This involvement informed the four options.

The four options are:

- Relocate women's and neonatal services to a new hospital building on the same site as the new Royal Liverpool Hospital
- Relocate women's and neonatal services to a new hospital building on the same site as Alder Hey Children's Hospital
- Make major improvements to Liverpool Women's Hospital on the current Crown Street site
- Make smaller improvements to the current Crown Street site.

The preferred option identified in the review is to relocate women's and neonatal services to a new hospital building on the same site as the new Royal Liverpool Hospital. The trust is confident that the preferred option is best placed to enable it to address the clinical services it provides to its patients. Moving to a new purpose built building would mean that the trust can provide the very best care for future generations of people in Merseyside and surrounding areas.

The preferred option offers the most benefits for patients and provides solutions to the challenges set out in the trust's clinical case for change, including improved safety and patient experience, reduced transfers of patients and less separation of mothers and babies. This option also supports long term clinical and financial sustainability and best value for money.

The options are included in a draft pre-consultation business case (PCBC), which was presented to the trust board on 6 January 2017 and which is available to download on the [Healthy Liverpool website](#). The PCBC is a detailed document which explains how these options have been developed and how the preferred option was chosen.

All four options would require significant capital investment and NHS England and NHS Improvement, the regulators for the NHS, have asked that further work is done to develop detailed funding plans. This work will show how capital funding can be secured and demonstrate that it represents value for money. It is recognised that this presents a challenge in the current environment of constrained NHS resources. Once this additional work is completed a final version of the PCBC will be submitted by Liverpool Clinical Commissioning Group to NHS England for approval. If NHS regulators are assured that there is a sound case to invest, the options will go out to formal public consultation, giving the public opportunity to share their views on the detailed proposals in the PCBC.

Liverpool Clinical Commissioning Group's decision to publish the draft PCBC will help patients and the wider public understands more about what the trust is seeking to achieve in shaping its services for future generations. It is important to note that even when approval is obtained, any changes would take time to implement; a relocation to a new hospital building could take anywhere between 5 and 10 years following approval. The trust needs to make sure it does not stand still whilst remaining at

the Crown Street site and must continue to improve services for patients in the meantime. It is therefore important that it remains fit for future generations.

Fit for Future Generation

2016/17 was another year full of great achievements and significant challenges for the trust. As always the quality of care provided to patients was second to none, however the trust still has address and manage the clinical, financial and operational challenges identified in the draft PCBC and the trust's clinical case for change. The trust's clinical case for change identified clinical issues that require to be addressed in the immediate and long term. It is for this reason that the trust continues to invest in services at its Crown Street site whilst a decision is reached on how women's and neonatal services will be provided.

Keeping our services fit for the future

Regardless of the outcome of any decisions on the future of women's and neonatal services, the trust will be located at its current site for a number of years to come. Therefore investment and refurbishment of the current site is required to meet the clinical needs of patients. The trust is currently undertaking two main projects that will be completed in 2017/18: the Gynaecology Unit Refurbishment; and the Outpatients Facilities Improvement Programme.

Gynaecology Unit Refurbishment: the trust is upgrading two of its existing Gynaecology Wards to make a new Gynaecology Unit. The main aim of the project is to ensure that patients are looked after at the right time, in the right place and with the right clinical teams around them. The work involves modernising and remodeling the Gynaecology Unit, making for a better patient experience by providing more up to date facilities, as well as a more efficient clinical space for staff to work across.

The new Gynaecology Unit will provide a more modern, bright and easily accessible area which will include a new admission lounge, new consulting rooms, new patient changing facilities, and revised bed space.

Outpatients Facilities Improvement Programme: the trust is redeveloping its Outpatients facilities with a new layout, improved amenities and an interactive appointment check-in and reminder system that will provide a better experience for patients. The changes will include:

- A patient appointment self-check-in system
- A centralised reception area for ease of access for patients attending any outpatient appointment at the trust
- A redesigned centralised outpatient area which provides better facilities for patients
- An advanced patient call handling system with an integrated appointment reminder system consisting of text, email, and automated call messaging.

The introduction of the new self-check-in is scheduled for June 2017. The redevelopment of the Outpatients environment started in April 2017, with completion expected early June 2017.

Neonatal and other services: the trust's neonatal services also require additional investment to ensure that its most vulnerable babies are being cared for in the best environment possible. In 2016 the trust took the difficult decision to reduce the number of cots it had available in order to reduce the risk of infection to babies. In order to invest in the Neonatal estate the trust is actively working with NHS Improvement on a business case to support investment in this important and valued service.

Other clinical risks: To further mitigate clinical case for change risks identified, during 2017/18 the trust is planning to invest in the provision of senior clinical consultant cover across its services.

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

Care Quality Commission Inspection

The trust has been given an overall rating of 'good' by the Care Quality Commission (CQC), following a series of announced and unannounced inspections. The trust was described as caring, effective and well-led in a report issued by CQC in May 2015.

Some of our achievements against our strategic aims are outlined below.

We will develop a well led, capable, motivated and entrepreneurial workforce

We:

- Had seen local and national recognition for leaders in the trust including:
 - Angela Douglas, Scientific Director, Awarded MBE
- Had seen the Honeysuckle Team winning two top awards
 - 'Best Hospital Bereavement Service', Butterfly Awards
 - 'Excellence in Patient Experience', NHS Leadership Awards
- Had been shortlisted for two prestigious Health Service Journal Awards
 - 'Using Technology to Improve Efficiency' – A Voyant of Discovery
 - 'Patient Safety' – Triggering Excellence in IVF
- Has seen Una May, Deputy Head of Cyto Genetics, shortlisted in the NHS Leadership Awards category for 'Leading for Service Improvement and Innovation'.
- Have become the first pilot of NHS England's Maternity Choice and Personalisation Pioneers programme to launch Personal Maternity Care budgets.
- Have three staff successfully graduating from the National Leadership Academy - Nye Bevan Programme.
- Had seen the Gynaecology Emergency Department being awarded winners of Learner of the Year for the Emergency Nurse Practitioner Role.

We will be ambitious and efficient and make best use of available resources

We:

- Delivered the financial control total set for us by the regulator.
- Have remained as one of the highest performing trusts in the region for use of agency staff against capped financial limits.
- Have worked with commissioners and other local providers to develop plans to deliver long term financial benefits.

- Have been working with local partners (Royal Liverpool Hospitals and Aintree University Hospital) to implement an electronic patient record over the next two years that will provide significant benefits to patients and clinicians
- Achieved all our national patient access targets, ensuring patients receiving timely access to care.

We will deliver safe services

We:

- Have invested in upgrading our Gynaecology wards and outpatient area which is due for completion in 2017.
- Have been Working with NHSE , Manchester and Cumbria and Lancashire Neonatal transport teams to create a new single North West team to ensure the safe and timely transfer of neonates between hospitals.
- Have one of the largest advanced neonatal nurse practitioner (ANNP) groups in the country.
- Work in partnership with the North West Neonatal Operational Delivery Network to deliver bespoke training to all new neonatal nurses to ensure the same level of training across the Operational Delivery Network.
- Have introduced a life Start Resuscitaire which enables midwives and paediatricians to resuscitate the baby at the side of mum and allows for delayed cord clamping leading to better outcomes for newborns.
- Developed the role of Emergency Nurse Practitioners – enabling patients to be managed more effectively in the Emergency Room.
- Had zero C.difficile and MRSA occurrences in year.

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

We:

- Have two Consultant Neonatologists who lead on and are participating in both local and National Research, looking at nutrition in relation to preterm growth, and the a safe use of drugs and their formulations in the preterm, respectively.
- Have a nurse consultant and research nurse working with the North West Collaboration for Leadership in Applied Health Research and Care looking at the benefits of infants receiving phototherapy at home.
- Are actively looking to reduce perineal trauma through the use of the Oasi Care bundle.
- Are actively involved in a research study in the use of Antibiotics after Instrumental delivery.
- Are participating in the Phoenix Study looking at women with Pre-eclampsia to look at timing of delivery and the Parrot study looking at the use of PLGF testing in term pre-eclampsia.
- Are participating in UKMIDSS- Looking at women who have risk factors to birth in a MLU.

We will deliver the best possible experience for patients and staff

We:

- Have developed a new Serenity garden for patients and their families to spend quiet time to reflect .

- Opened a memorial garden and play area,.
- Have appointed Guardian of safe Working Hours for junior doctors
- Have recruited a team of Dignity at Work Advisors to support colleagues in the workplace
- Have provided our Community midwives with new technology that will enable them to record clinical information electronically and in real time that will reduce unnecessary journeys and delays in patient information.
- Have provided support to Liverpool eye hospital to use our facilities to help drive down waiting times for patients requiring eye procedures
- Have introduced real-time patient feedback to the neonatal intensive care unit to help improve future patients' experience
- Have developed an advanced patient call handling system with an integrated appointment reminder system
- Have started the roll out of a patient appointment self-check in system
- Have created an admission lounge to ensure that the admission process is as seamless as possible
- Saw that over 98% of our patients would recommend Liverpool Women's to their friends or family as a place to come for care

Key issues and risks that could affect the foundation trust in delivering its objectives

The trust continues to face risks to achieving its strategic objectives and has established and maintained a comprehensive Board Assurance Framework and supporting Corporate Risk Register to identify, understand and manage risk.

The Board Assurance Framework and Corporate Risk Register are subject to regular review and appraisal to ensure risks are managed proactively. Systems and controls have been established to manage the risks, which are monitored by the Board on a regular basis.

In accordance with the Risk Management Strategy the trust keeps under constant review all potential significant risk exposures in the future and makes an annual Risk Appetite Statement.

The principal risks and uncertainties facing the trust include:

- 1) The location, size, layout and accessibility of current services do not provide for sustainable integrated care or quality service provision. Associated risks include:
 - Deteriorating estate;
 - No on-site ITU or blood bank; and
 - No co-located diagnostic services or paediatric support.
- 2) Inability to achieve and maintain regulatory compliance, performance and assurance.
- 3) Ineffective understanding and learning following significant events.
- 4) Inability to deliver the best clinical outcomes for patients.
- 5) Poorly delivered positive experience for patients and women engaging with our services.
- 6) Staff are not engaged, motivated and effective in delivering the vision, values and aims of the trust.
- 7) The trust is not financially sustainable beyond the current year.
- 8) Failure to deliver the annual financial plan.

Going concern disclosure

These accounts have been prepared on a going concern basis.

Liverpool Women's NHS Foundation trust faces a significant financial challenge and is forecasting a deficit of £4m in 2017/18 with a £4m revenue cash shortfall. This will lead to an NHS Finance and Use of Resources rating of 3, with the position further deteriorating in 2018/19. The Board of Directors predicted this position in June 2014 when the five year plan indicated that the trust would no longer be financially sustainable in a 'do nothing' position, and commissioned a strategic options review that would address both the financial and clinical challenges ahead so as to develop plans for the continuity of its services. The outcomes of this review are currently being developed by the trust's lead commissioners.

The Board has taken comfort from internal and external audit regarding the financial controls within the trust and recognises the financial difficulties which are widespread across the provider sector.

The National Health Service has a process for managing organisations that are in financial distress which will enable the services provided by Liverpool Women's NHS Foundation Trust to continue and ensure that all staff and suppliers are paid. This will ensure that the financial stability issues are managed in a controlled manner which does not adversely impact on the services provided to patients. On this basis, the Directors have a reasonable expectation that the Liverpool Women's NHS Foundation Trust will continue in operational existence for the coming 12 month period and for this reason they continue to adopt the going concern basis in preparing the accounts.

2ii Performance analysis

Performance against key targets

The trust's performance against national targets has remained strong during the year. Details of the national targets that are required to achieve are set out below, together with our actual performance:

Indicator Name	Target	Performance 2016/17	
Referral to treatment time, 18 weeks in aggregate, incomplete pathways	92%	94.36%	Achieved
A&E Clinical Quality - Total Time in A&E under 4 hours (accumulated figure)	95%	98%	Achieved
Cancer 62 Day Waits for first treatment (from urgent GP referral) - post local breach re-allocation (accumulated figure)	85%	87%	Achieved
Cancer 62 Day Waits for first treatment (from NHS Cancer Screening Service referral) - post local breach re-allocation (accumulated figure)	90%	100%	Achieved
Cancer 31 day wait for second or subsequent treatment – surgery (accumulated figure)	94%	100%	Achieved
Cancer 31 day wait from diagnosis to first treatment (accumulated figure)	96%	99%	Achieved

Cancer 2 week (all cancers) (accumulated figure)	93%	97%	Achieved
Clostridium difficile due to lapses in care (accumulated figure)	0	0	Achieved
Incidence of MRSA bacterium	0	0	Achieved

The trust also reviews performance against other Key Performance Indicators. Details of the main targets the Board of Directors reviews on a monthly basis are set out below, together with our actual performance.

Indicator Name	Target	Performance 2016/17	
Safer Staffing Levels	≥90%	91.92%	Achieved
Friends and family Test	>75%	98.37%	Achieved
Maternity Triage within 30 minutes	95%	87.7%	Did not achieve
6 Week Diagnostic Waits	≥99%	98.59%	Did not achieve
Last minute cancellation for non-clinical reasons	≤0.8%	0.73%	Achieved
Last minute cancellation for non-clinical reasons, not readmitted in 28 days	≤5%	None	Achieved
One to one care in established labour	95%	96.39%	Achieved
To provide epidural pain relief to at least 95% of women requesting it, where possible and clinically appropriate	95%	93.1%	Did not achieve

How the trust checks performance against the targets can be found within the annual governance statement.

In respect of the targets the trust did not achieve:

To provide epidural pain relief to at least 95% of women requesting it, where possible and clinically appropriate: The provision of an epidural on patient request promotes a sense of safety and trust, if a women reports a less anxious less painful state, she is more likely to achieve the birth she has planned. The inability to provide an epidural for a non-clinical reason creates distress to women and families. The trust committed to the aim of providing epidural pain relief to at least 95% of women requesting it, where possible and clinically appropriate. There has been consistent improvement over the year; however, the trust has narrowly missed its target of 95% against this priority. This is not unexpected as the priority was selected after a deficit had been highlighted in 2013-14. The trust will monitor on a weekly basis the provision of all requested epidurals from women in both the high risk central delivery suite and the low risk midwifery led unit. Weekly reports of the non-provision of an epidural for a non-clinical reason will be provided to departmental managers, matrons and the Head of Midwifery to take action. Local clinicians will continue to monitor this priority, reporting regularly

on progress to the local quality meetings. This priority will not remain a standalone metric in the Quality Report in the future.

To provide maternity triage within 30 minutes: The trusts aims to see all women who present at the Maternity Assessment unit within 30 minutes this is a measure of safety and patient experience. The trust has achieved this target 87.3% of the time against a target of 95%. The service reviews each individual failure of the target to ensure that any breach of this timeframe did not result in any harm. The unit has reviewed how it telephone triages women and prioritises them to be seen based on risk factors to ensure that the higher risk women are seen immediately. This new system is designed to ensure that women are seen in order of need and this will result in a revised indicator for 2017/18 to monitor timely and appropriate access to the unit.

6 weeks diagnostic waits: This indicator measures the trusts ability to provide diagnostic services to patients within a six week timeframe as part of national targets. The trust marginally failed this indicator due to a very small number (0.41%) of non-urgent and non-life threatening diagnostic tests, however the trust recognises that this would have impacted on the experience for a small number of patients and is ensuring that capacity issues are resolved with this service to achieve the target in 2017/18.

The position of the trust at 31 March 2017

The trust ended the year with a deficit of £4.7m after all expenditure was accounted for. This reflects the structural financial issues being faced by the trust which are detailed elsewhere in this report.

	2016/17 £000's	2015/16 £000's
Income	109,557	102,192
Operating expenses	(112,229)	(107,706)
Financing and Public Dividend Capital	(2,072)	(1,692)
Retained deficit	(4,744)	(7,206)

During 2016/17 NHS England established a Sustainability and Transformation Fund (STF) to stabilise NHS operational performance. The trust received £4.5m of additional income in the year.

The trust also delivered an overall Use of Resources (UoR) rating of 3. In October 2016 NHS Improvement replaced the Risk Assessment Framework with the Single Oversight Framework and introduced a UoR rating to oversee a provider's financial efficiency and progress in meeting its financial control total. The UoR rating measures a provider's financial sustainability, financial efficiency and financial controls.

This rating replaces the Financial Sustainability Risk Rating (FSRR) which describes the risk of a provider ceasing to be a going concern and its overall financial efficiency.

The breakdown of our UoR and FSRR ratings for the last two years is provided below:

NHS Improvement / Monitor Ratings	2016/17 UoR	2015/16 FSRR
Under the Single Oversight Framework / Risk Assessment Framework		
Liquidity	4	2
Capital Service Cover	4	1
Income and Expenditure Margin	4	1
Income and Expenditure Variance from Plan	1	4
Agency	1	N/a
Overall Use of Resources Rating / Financial Sustainability Risk Rating	3	2

An overall UoR rating of 3 indicates a material level of financial risk. The lowest level of risk is represented by a score of 1, and the highest level is 4 indicating significant level of financial risk.

An overall FSRR rating of 2 indicates a material level of financial risk. The lowest level of risk is represented by a score of 4, and the highest level is 1 indicating significant level of financial risk.

Full details of the trust's financial performance in 2016/17 can be found in the annual accounts within this report.

Business overview

In 2016/17 the trust had in place two main contracts which represent the majority of income received for the services provided. These were with Liverpool Clinical Commissioning Group and Associates and NHS England (Specialised Commissioning) from whom we received £66,722k and £18,606k respectively. These contracts represent 78% of the trust's total income and 87% of the trust's clinical income. The majority of this income is in relation to maternity, gynaecology and neonatal services for the population of Liverpool and beyond.

In common with the majority of NHS organisations the trust continues to face significant financial challenges. The trust has delivered significant levels of cost savings in recent years and the need to deliver efficiency savings remains. Plans are in place to deliver £3.7m savings and improvements in 2017/18. The trust has a strong record of delivering these efficiencies whilst continuing to develop the standard of clinical care to our patients.

As part of the on-going 'Future Generations' review the trust continues to look at options which can deliver the required standard of services in the most cost effective way.

Capital

Details of capital expenditure for 2016/17 are given in the table below from which it can be seen that the trust continues to reinvest in its estate, medical equipment and information technology for the benefit of patients.

Capital expenditure	2016/17 £000s	2015/16 £000s
Buildings	1,641	1,017
Fixtures and fittings	72	114
Information Technology	1,718	1,469
Medical Equipment	1,592	2,015
Total	5,023	4,615

Cash

As a result of the on-going deficit it was necessary for the trust to apply for a Working Capital Loan from the Department of Health. This was converted into an Interim Revenue Support Facility of £7m during the year. This was approved following a detailed review of the trust's cashflow forecasts by the trust's regulator. There will be a further requirement for cash support in 2017/18.

Financial risk management

The key financial risk to the trust is maintaining financial sustainability and this is articulated in the Board Assurance Framework which also identifies mitigating actions. The Board Assurance Framework is reviewed regularly by the Board of Directors and its relevant Board assurance committees.

Environmental matters/climate change

The trust's collaboration continues with the partners in the Carbon Energy Fund (CEF), Aintree and the Walton centre and the trust is now seeing the successes of this initiative with energy consumption reducing.

The trust's combined heat and power unit is due to be commissioned and will be operational in 2017/18.

Utilities	Annual usage			Annual cost (£)		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
Gas (Kwh)	5,441,753	5,404,206	5,097,365	£196,902	£173,291	£111,811
Electricity (Kwh)	5,957,378	6,006,111	5,832,099	£753,389	£724,471	£637,521
TOTAL	11,399,131	11,410,317	10,929,464	£950,291	£ 897,763	£749,332
Water (m3)	32,776	34,335	33,571	£52,860	£57,663	£57,141
Clinical waste (Tonnes)	211	205	94	£108,613	£114,120	£52,585
Infectious waste (Tonnes)	Introduced in May 2016		25	Introduced in May 2016		£7,806
Offensive waste (Tonnes)	Introduced in May 2016		76	Introduced in May 2016		£17,615
Domestic waste (tonnes)	550	606	569	68,319	£71,207	£49,182

Following the deregulation of the water market the trust is working with government agencies to assess how it can reduce costs and focus on opportunities for reducing water usage in 2017/18.

One of the trust's waste reduction initiatives called "Cartsmart" or more commonly referred to as 'Bag to Bed' was introduced in May 2016. This system has resulted in a major reduction in our clinical waste which has reduced cost of clinical waste disposal. The trust's domestic waste contract has been retendered resulting in the waste being used in energy production 'energy from waste' initiative. Consequently none of the trusts domestic waste is disposed at landfill sites.

Partnerships, social, community and human rights issues

The trust's commitment to playing a positive role as a part of the communities we offer services to, and from which much of our workforce is drawn, continues. The Council of Governors plays an important part in linking the trust with its members and the public and is able to act as a conduit for information and views.

This year we also worked with:

- **Patients** – whose feedback about the care we offer drives our relentless efforts to excel. This feedback was provided through a variety of channels, one of the many channels was via the Patient Opinion portal (www.careopinion.org.uk/) that allows for honest and meaningful conversations between patients and health services. Much of the feedback is included in regular reports to our Board of Directors' Governance and Clinical Assurance Committee and Council of Governors, detailing complaints, compliments, concerns and Friends and Family feedback. The Board of Directors continues to hear a patient story at the beginning of each of its meetings, sometimes told by the patient themselves in person or through a video or audio recording, or by a clinical member of staff on their behalf and with their consent. The trust remains committed to learning from, and responding to, all feedback it receives from patients.

The Patient Advice and Liaison Service is a staffed office in the main reception area of the hospital building with information boards promoting the service installed around the trust. With the help of local community groups the trust has ensured the service is visible, accessible and user friendly to all patients and their families whatever their needs are.

Further details of our work in respect of patient experience and patient involvement, are included in our quality report.

- **Volunteers** – whose commitment, enthusiasm and passion continues to positively contribute to the experience of our patients and the work of the trust. Amongst many other things they talk to and befriend patients, and support a range of events and activities at the hospitals including PEAT assessments, fundraising, and surveys.

In 2016/17 our volunteers gave a total of 13,360 hours of their time to helping patients, relatives and staff at the hospital. On average, our wards, departments and M&G service have been supported by 64 volunteers on a weekly basis. This year the Volunteer Meet and Greet service expanded significantly, its 40+ strong volunteer workforce have welcomed and offered assistance to over 17,000 patients, their families and visitors.

- **Hotel Services:** G4S continued to provide the trust's cleaning, catering and portering services. Towards the end of 2016 the decision was taken to market test these services using the London Procurement Partnership Framework. Following a robust evaluation process the trust concluded that the contract for the provision of these services would be awarded to OCS Group UK Limited with a start date of 1st July 2017. The trust is looking forward to further developing our partnership with OCS, who presently provides the security services at the trust, and work with them to introduce some of their initiatives to enhance the patient experience at the hospital.

In the fourth year of the annual PLACE Assessment (Patient Led Assessment of the Care Environment) the trust scores were 99.96% for cleanliness (national average = 98.06%), 94.95% for quality of food (national average = 88.96%), 78.35% for privacy and dignity (national average = 84.16%), 94.90% for condition and appearance (national average = 93.37%) 83.48% for environment being able to support the care of those with dementia (national average 75.28%) and this year an additional category for disability was included – trust score 78.15% (national average = 78.84%).

- **Safeguarding** - The trust has continued to work in collaboration with other agencies to ensure the safety of women and children accessing our services. The Team has worked closely with stakeholders across Police, Commissioning and Social Care to progress and influence the standardisation of referrals to reduce delay in the referral processes. Considerable progress has been made with both to advance both the FGM and Honour Based Violence work streams.
- **Liverpool Clinical Commissioning Group (CCG)** – during the year the trust worked closely with the Liverpool CCG as a part of our strategic work to secure the future clinical and financial sustainability of the services the trust provides. This has proved challenging. However the trust has needed to seek support funding from a range of sources. Regular contract monitoring meetings were held in respect of the services the CCG purchases from the trust, including scrutiny of our quality performance. The CCG leads the Healthy Liverpool Programme in which the trust is actively engaged.
- **Healthy Liverpool Programme** – the trust has continued to be an active participant in this programme which is being led by Liverpool CCG. Its aim is to act as a vehicle to design, commission and secure a health service model for the people of Liverpool which is sustainable, ensures high quality and achieves value.
- **Liverpool City Council** – the trust continued to enjoy a very positive working relationship with Liverpool City Council, in particular by meeting with the Mayor and deputy Mayor to discuss the Mayor's Health Commission, the Healthy Liverpool Programme and the future strategic direction of the trust.
- **University of Liverpool** – with whom the trust continues to enjoy a strong partnership. The trust is proud that its Centre for Women's Health Research is located on the site of Liverpool Women's Hospital, bringing together in one location a number of research focused organisations and initiatives including the Centre for Better Births, the University Departments of Physiology and Women's and Children's Health, the Cochrane Pregnancy and Childbirth Group and the Sanyu Research Centre.

- **Edge Hill University** – throughout 2016-17, the trust continued to work in partnership with Edge Hill to provide expertise in to the provision of an MSc Clinical Reproductive Medicine and MSc Advanced Fertility Practice. A number of our own nursing and laboratory staff have directly benefitted from participation in these courses. Professor Charles Kingsland, Consultant Gynaecologist, who was in post with the trust until the end of March 2017, had a Chair at the University and Dr Stephen Troup, the Hewitt Fertility Centre's Scientific Director until April 2017, was a visiting Reader. There is a commitment between the two organisations for all participants already enrolled to be able to complete their studies. However as a consequence of the workforce changes the trust is reviewing how the right level of support from medical, embryology, nursing and ultrasonographer colleagues can be secured alongside service commitments to enable the collaboration to continue to be successful.
- **Liverpool Health Partners (LHP)** – is a collection of high quality research partners from across the Merseyside and Cheshire region. The trust is a founding partner of LHP whose vision is to create a leading national and global centre, where world-class research, teaching and clinical practice are brought together to improve the health of people across the region and beyond.

2015 saw the implementation of the national Workforce Race Equality Standard (WRES), with our baseline submission/assessment made in July 2016. This standard has been introduced in response to recent research which has shown that the treatment and experience of Black and Minority Ethnic (BME) staff within the NHS is significantly worse, on average than that of white staff. This research has shown that over recent years BME staff were treated less favourably by every measure, including promotion, grading, disciplinary processes, bullying and access to non-mandatory training. Following this initial baseline submission an action plan was developed to help us to better understand the opinions and experiences of the BME staff working in the trust. The 2016 submission showed great improvements on the majority of WRES indicators, in particular the number of BME staff being involved in formal disciplinary process was reduced from 6% to 0%. Work is continuing to improve the experiences of BME staff across the trust.

The 'Mindful Employer Charter' – involves a set of principles that an organisation aims to aspire to, many organisations are using the standard as a tangible display of their commitment to improving the working lives of their staff. The principles of the Charter encourages employers to recognise that people who have mental health issues may have experienced discrimination in recruitment and selection process which may discourage them from seeking employment but, given appropriate support the vast majority of people who have experienced ill mental health are able to work successfully, as do many with on-going issues. The trust became a signatory to this charter in 2016 and by doing so the trust is committed to showing positive and enabling attitude to employees and applicants for employment who have mental health issues.

All trust policies continue to be subject to an Equality Impact Assessment as part of a stringent policy assurance process. The aim of the assessment is to identify any areas of potential discrimination and take appropriate measures to reduce this risk prior to the policy being released for use by our staff. Based on the procedures in place the trust is confident that it is taking all practicable measures to prevent discriminatory practices within all of its policies. In addition to policies, Equality Impact Assessments are carried out on all Cost Improvement and Transformation plans to ensure discrimination can be identified and eliminated at the earliest opportunity. These assessments are

Quality Assured prior to any cost saving initiatives being initiated, and recommendations for full consultation with affected patients and staff are made where required.

During 2016 the trust trained a cohort of 8 Dignity at Work Advisors from all areas across the trust. The advisors have a more extensive role than the previous 'Anti Bullying Buddies', and are able to take action to support staff to take action at the earliest possible opportunity following the breakdown in working relationships. This early intervention is aimed at preventing the escalation of issues between members of staff before they get to the stage where they can no longer work together. These interventions could include helping the employee identifying the root cause of any issues, facilitating a conversation between the affected members of staff, recommending a formal mediation session for affected staff or as a last resort signposting staff to the formal Dignity at Work Policy and Procedure.

In August 2016 the trust migrated from the 'Two Ticks, Positive about Disability' symbol user scheme to the new 'Disability Confident' scheme. This scheme comprises two sections, the first section is around 'Getting the Right People for your Business' and the second section is around 'Keeping Employees in Work' and greatly expands the support that trusts can offer people with a disability both during recruitment and selection process and beyond ensuring that once a person is in employment they receive the necessary support to remain in work. The trust is now at Level 2 of this accreditation, so are Disability Confident Employers, and work is now in progress to demonstrate compliance with all of the core actions and activities needed to reach Level 3, which will give the trust accreditation as a 'Disability Expert Employer' which can be achieved in 2018.

Likely future developments

In 2017/18 the trust will continue to support Liverpool CCG who are considering the strategic options aimed at ensuring services for women, babies and families remain clinically and financially viable.

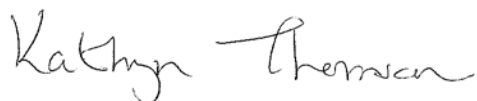
Our plans can be found on the trust's website at www.liverpoolwomens.nhs.uk.

Important events since the end of the financial year

There have been no important events since the end of the financial year.

Overseas Operations

Liverpool Women's NHS Foundation Trust had no branches in operation outside the UK in 2016/17.



Kathryn Thomson

Chief Executive

26 May 2017

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3. Accountability Report

3i(a) Directors' report

The board of directors

During the period 1 April 2016 to 31 March 2017, the following were members of the trust's board of directors:

Non-Executive Directors		
Robert Clarke	Chair	
Ian Haythornthwaite	Non-Executive Director & Vice Chair	
Tony Okotie	Non-Executive Director & Senior Independent Director	
Phil Huggon	Non-Executive Director	From 4 April 2016
Jo Moore	Non-Executive Director	From 4 April 2016
Ian Knight	Non-Executive Director	From 4 April 2016
David Astley	Non-Executive Director	From 4 April 2016
Susan Milner	Non-Executive Director	From 1 June 2016
Executive Directors		
Kathryn Thomson	Chief Executive	
Dianne Brown	Director of Nursing & Midwifery	To 31 March 2017
Vanessa Harris ⁽³⁾	Director of Finance	
Michelle Turner	Director of Workforce and Marketing	
Jeff Johnson	Director of Operations	
Andrew Loughney ⁽¹⁾	Medical Director	From 18 April 2016
Doug Charlton ⁽²⁾	Director of Nursing & Midwifery	From 3 April 2017

Note:

- (1) Joanne Topping was appointed interim Medical Director from 13 February 2015 until 17 April 2016 when Andrew Loughney took up the permanent post of Medical Director on 18 April 2016.
- (2) Doug Charlton was appointed the Director of Nursing and Midwifery from 3 April 2017 in the place of Dianne Brown.
- (3) Vanessa Harris has resigned from the trust and is required to give 12 months' notice. She is due to leave the trust on 3 April 2018.

Directors' responsibility for preparing the financial statements

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

Statement of disclosure to auditors

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

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

For the purposes of this declaration:

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

Compliance with the code of governance

Liverpool Women's NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012. The board of directors is committed to achieving the highest standards of governance within the trust and has established processes to enable it to comply with the Code of Governance. The code requires foundation trusts to make a full disclosure on their governance arrangements for the financial year 2016-17. The code also requires the board to explain how the main principles and supporting principles of the code have been applied. The information satisfying this requirement can be found throughout the Annual Report and Accounts. Furthermore the trust is required to provide a statement either confirming compliance with the provisions of the code or where appropriate, an explanation in each case why the trust has departed from the code. The trust's response to this requirement can be found in section 3iv Disclosures set out in the NHS Foundation Trust Code of Governance.

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

Board meetings and attendance

During 2016/17 the board met 13 times. Attendance at the board meetings and Committee meetings is included in the table below. The board also held formal development days during the year and shorter development workshops on the day of the board meetings.

	BOARD OF DIRECTORS	AUDIT COMMITTEE	GOVERNANCE AND CLINICAL ASSURANCE COMMITTEE	PUTTING PEOPLE FIRST COMMITTEE	FINANCE PERFORMANCE AND BUSINESS DEVELOPMENT COMMITTEE
Robert Clarke	13 of 13				
Tony Okotie	12 of 13		3 of 3	5 of 5	
Ian Haythornthwaite	12 of 13	5 of 5			9 of 9
David Astley	10 of 12	3 of 5	5 of 6	3 of 5	
Phil Huggon	9 of 12		4 of 6		7 of 9
Ian Knight	12 of 12	5 of 5		4 of 5	
Jo Moore	9 of 12				8 of 9
Susan Milner	9 of 10		5 of 6		

Kathryn Thomson	13 of 13				3 of 9
Dianne Brown	9 of 13		4 of 6	3 of 5	
Vanessa Harris	13 of 13		2 of 6		8 of 9
Joanne Topping	1 of 1				
Michelle Turner	12 of 13		3 of 6	5 of 5	
Andrew Loughney	13 of 13		6 of 6		
Jeff Johnson	10 of 13		4 of 6	2 of 5	8 of 9

How the board operates

During the year under review the board comprised of the eight independent non-executive directors including the chairman and senior independent director, six voting executive directors including the Chief Executive. The trust is committed to having a diverse board in terms of gender and diversity of experience, skill, knowledge and background. The biographical details of the directors together with details of the vice chair and senior independent director can be found in section 3i(c) Board of Directors pen portraits. During the year the structure and composition of the board changed, with the appointment of five non-executive directors. All board and board committee meetings held during the year had been quorate and all decisions made by the board and its committees had been approved unanimously. The governor Nominations Committee considered, on behalf of the council of governors, the appointment of the replacement non-executive directors over the period recognising the need to refresh the composition of the non-executive team taking into account the requirements of the trust, the skill mix of the board and the current NHS landscape and challenges faced by the trust. The non-executive directors bring a wealth of experience at board level and complemented the non-executive representation on the board in the provision of challenge and scrutiny on operational and strategic matters. Further details on the appointment of executive and non-executive directors can be found in section 3ii Remuneration Committee.

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

The unitary nature of the board means that non-executive directors and executive directors share the same liability and the same responsibility to challenge board decisions and development of the trust

operations and strategy. The board delegates operational management and the execution of strategy to the executive team and has established an integrated governance committee structure to provide it with assurances that it is discharging its responsibilities. The formal schedule of matters reserved also includes the responsibilities of the council of governors as set out in statute and within the trust's constitution.

All directors have full and timely access to relevant information to enable them to discharge their responsibilities. The board met thirteen times during the year and at each meeting reviews the trust's key performance information, including reports on quality and safety, patient experience and care, operational activity, financial analyses and strategic matters.

The board monitors compliance with objectives and is responsible for approving major capital investment and any borrowing. It meets with the council of governors, senior clinicians and divisional managers, and uses external advisors when necessary.

The proceedings at all board and committee meetings are fully recorded through a process that allows any director's concerns to be recorded in the minutes and assurances provided. The board meetings are held in public and minutes of these meetings and papers are published on the trust's public website.

Directors are able to seek individual professional advice or training at the trust's expense in the furtherance of their duties. The directors and governors have direct access to advice from the trust secretary who ensures that the board meetings, council of governors meetings and committee meetings procedures are followed and applicable regulations are complied with. The appointment or removal of the trust secretary is a matter for the board and the council of governors.

Balance, completeness and appropriateness

There is a clear division of responsibilities between the chair and chief executive, which has been agreed by both parties and the board. The chair is responsible for the leadership of the board and council of governors, ensuring their effectiveness individually, collectively and mutually. The chair is also responsible for ensuring that members of the board and council receive accurate, timely and clear information appropriate for their respective duties and for effective communication with patients, members, clients, staff and other stakeholders. It is the chair's role to facilitate the effective contribution of all directors, ensuring that constructive relationships exist between them and the council of governors. The chief executive is responsible for the performance of the executive directors, the day to day running of the trust and implementing and delivery of the trust's approved strategy and policies.

In accordance with the code of governance, all non-executive directors are considered to be independent, including the chair.

The directors' biographical details set out in section 3i(c) Board of Directors pen portraits, demonstrates the wide range of skills and experience that they bring to the board. The trust's non-executive directors have each signed a letter of appointment to formalise their terms of appointment. All board level appointments are conducted to meet the requirements of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

Following the appointment of the non-executive directors the board believes it has a good balance of skills, experience and length of service, however it recognises the value of succession planning for board members. The trust has a programme of board appraisal, individual appraisal and appointment or re-appointment to ensure the stability, succession, effectiveness and improve performance of the board.

Evaluation of board and committees

Performance evaluation of the board, its committees and individual directors is undertaken in a number of ways:

- The board of directors seeks to review its performance each year. In 2014/15 this review was conducted independently for the trust by Deloitte LLP and was based on NHS Improvement then published well-led framework for governance reviews. In 2016/17 a follow up effectiveness review was conducted independently by Deloitte LLP. As a part of the process Deloitte's officers observed a number of board meetings, met with all directors and a number of key staff and interviewed key stakeholder organisations. Feedback from the review has been received by the board and an action plan is being developed to address any key weaknesses in the board's effectiveness and performance.
- At the conclusion of each meeting the board and its committees assesses the effectiveness of the meeting.
- The board receives monthly updates and an annual report of achievements from each of its committees.
- All directors undergo an annual appraisal during which there is an evaluation of their performance against objectives as set at the beginning of the year:
 - The chair appraises all non-executive directors save for the senior independent director. The senior independent director appraises the chair and invites the views of other directors and members of the council of governors as a part of the process. The vice chair appraises the senior independent director. The outcomes from the appraisals of the chair and non-executive directors are presented to the nomination and remuneration committee of the council of governors.
 - The chief executive appraises executive directors and the chair appraises the chief executive. A report on the outcome of these appraisals is presented each year to the remuneration committee of the board of directors.

The chair's other significant commitments are detailed section 3i(c) Board of Directors pen portraits and within the board of directors' register of interests. Members of the public can find the register of interests at www.liverpoolwomens.nhs.uk.

Directors can be contacted by email via the 'contact' link on the trust's website at [www.liverpoolwomens.nhs.uk/Contact Us/](http://www.liverpoolwomens.nhs.uk/Contact_Us/) or via the Corporate Personal Assistant to the Chair and Chief Executive, Sacha Keating, at sacha.keating@lwh.nhs.uk or on 0151 702 4038.

Understanding the views of the governors, members and the public

The board recognises the value and importance of engaging with governors in order that the governors may properly fulfil their role as a conduit between the board and the trust's members, the public and stakeholders.

The board and council of governors meet regularly and enjoy a good working relationship. Each is kept advised of the other's progress through the chair and includes standing items at both the board meeting and council of governors meeting for the chair to share any views or issues raised by directors, governors and members. Members of the board attend the council of governors meetings.

All governors (and members of the public) are able to observe the meeting of the board held in public in order to understand the issues raised at the trust board. Governors are encouraged to attend the board meetings in order to observe the non-executive directors performance at the meetings in challenging and scrutinising reports presented by the executive directors. This helps the governors to discharge their duty in holding the non-executive directors, individually and collectively, to account for the performance of the board. Non-executive directors attend the council of governor meetings to report on matters discussed at the board of directors and board committees; this provides the governors with additional opportunity to address any concerns they may have with non-executive directors that may have arisen during a board meeting or within the trust. Governors have access to copies of board meeting agenda and minutes.

At the council of governors meetings there is opportunity for public and staff governors to feedback any issues from constituency members.

Independent advice of the trust secretary is available to all directors and governors in relation to all matters associated with the business of the board or council of governors. In line with the requirements of the Provider Licence all directors have met the 'fit and proper' person test.

Register of interests

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

Board committees

The board has three statutory committees; the Charitable Funds committee and the Audit committee, both chaired by an independent non-executive director; and the Nominations and Remuneration committee, chaired by the trust chair. There are three additional committees; the Governance and Clinical Assurance committee; the Putting People First committee; and the Finance Performance and Business Development committee. Each works closely with the Audit committee but report directly to the board by way of committee chair reporting. Copies of all committee minutes are available to all directors. Urgent matters are escalated by the committee chair to the board as deemed appropriate. Each committee is chaired by an independent non-executive director.

For further details on the work of the committees can be found at: Audit Committee see section 3i(b) Audit Committee; Nominations Committee and Remuneration Committee see section 3ii Remuneration report; Governance and Clinical Assurance committee, the Putting People First

committee and the Finance Performance and Business Development committee see section 3vii Annual Governance Statement.

Research and Development

Research and development continues to be a key activity for the trust. Details of our research activity can be found in section 4; quality report.

Quality governance reporting

Arrangements are in place to govern the quality of services provided at the trust. These are supported by the trust's Quality Strategy and its Quality Report, the latter of which can be found from section 4; quality report having regard to NHS Improvements Governance Quality Framework.

The trust became an NHS Foundation Trust on 1 April 2005. Foundation Trusts have a duty to engage with local communities, encourage local people to become members and ensure that the membership is representative of the communities they serve. For further details on membership and public engagement see section 3(i)d; Council of Governors and members.

The board provides leadership on the overall quality governance agenda. The Governance and Clinical Assurance Committee is the board committee that oversees the delivery of this. The committee is chaired by a non-executive director and its core membership includes two additional non-executive directors, executive directors, deputy director of nursing & midwifery and the head of governance.

The board committees are supported in their role by their reporting committees and groups. For quality governance this revolves around the Safety Senate, Effectiveness Senate and Experience Senate. The senates have responsibility for quality and clinical governance and were formed following a review of the trust's overall approach to quality governance during 2015. The changes to the meeting structure were mirrored by changes to the integrated governance staffing structure.

The trust has kept under review and updated its Risk Management Strategy, the last revision taking place in January 2017. The Risk Management Strategy provides a framework for managing risk across the trust in line with best practice from the Good Governance Institute and Department of Health guidance. The strategy clearly describes the process for managing risks and the roles and responsibilities of the board of directors, its committees, and that of all staff. It provides a clear, structured and systematic approach to the management of risk to ensure that risk assessment is an integral part of clinical, managerial and financial processes across the trust. Risk Management requires participation, commitment and collaboration from all staff and there is strong focus on training and support given to staff to enable them to fulfil their responsibilities.

The trust continues to face risks to achieving its strategic objectives and has established and maintained a comprehensive Board Assurance Framework and supporting Corporate Risk Register to identify, understand and manage risk. The Board Assurance Framework and Corporate Risk Register are subject to regular review and appraisal to ensure risks are managed proactively. Systems and controls have been established to manage the risks, which are monitored by the Board on a regular basis.

The Board Assurance Framework and Corporate Risk Register are supported through the population by all services and departments of local risk registers. By monitoring and maintaining these locally this

enables risk management decision-making to occur as near as practicable to the risk source. For those risks that cannot be managed locally these are escalated for a decision corporately as to the appropriate risk treatment method.

The trust encourages external participation in quality governance, driven through the Patient Experience Senate. This forum has seen patients, their families, governors and external partners discussing issues important to them and identifying solutions. Regular walkabouts by members of the Board of Directors focus on safety and are supported by targeted walkabouts as part of the Nursing & Midwifery Board.

The trust uses the Ulysses system to ensure that risk management is embedded within the organisation and to register all incidents, complaints, claims and contacts with our Patient Advice and Liaison Service. The system creates regular reports for key staff and for the committees responsible for governance and quality. The trust has appropriate policies and procedures in place to support quality governance. Appropriate training is provided both upon induction and at regular, planned intervals depending on assessment of need and in a targeted manner.

All methods of feedback, whether they be incidents, complaints, claims, inquests, formal reviews or informal patient feedback are closely analysed thematically by the trust. This enables the trust to identify lessons that can be learnt, change practice where necessary and to improve controls that are in place. This process is enhanced by benchmarking externally and participating in peer review.

Care Quality Commission

Liverpool Women's NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is "registered without conditions". The Care Quality Commission has not taken enforcement action against the trust during 2016-17. The trust has not participated in special reviews or investigations by the Care Quality Commission during the reporting period.

The trust was last formally inspected, in 2015. The Care Quality Commission looked at whether our services are:

- Safe
- Effective
- Caring
- Responsive to people's needs
- Well-led.

These key lines of enquiry were investigated using pre-visit information, the onsite inspection and local information and intelligence. The CQC provided an overall rating for the trust from the inspection of 'Good'.

Liverpool Women's agreed an Action Plan with the CQC to address those areas that they felt could be further enhanced. This Action Plan was subsequently signed off as complete by the CQC. The full methodology used by CQC was adopted by the trust in preparation for the inspection and has continued since to ensure all services run in accordance with both the Key Lines of Enquiry and the Fundamental Standards, which set in law the minimum requirements acceptable by the regulatory bodies.

Better payment practice code

The Better Payment Practice Code requires that 95% of undisputed invoices relating to trade creditors are paid within 30 days of receipt. The trust's performance during 2016/17 and 2015/16 is shown below:

Better Payment Practice Code	2016/17	2015/16
Value of invoices paid within 30 days	89%	85%
Number of invoices paid within 30 days	87%	85%

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

Cost Allocation and Charging Guidance issued by HM Treasury

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

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

During the year Liverpool Women's NHS Foundation Trust generated income due to the provision of private patient services in a number of areas but most significantly in that of fertility services. The income received from this source in 2016/17 was £2,979k (2015/16, £3,682k), 3% (2015/16, 4%) of all trust income.

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

Any profits arising from the provision of private patient services are reinvested into patient care at the hospital.

Health and Safety

During the year the trust's Health and Safety function has transferred into the Estates & Facilities directorate. This has assisted the Health & Safety Manager in developing, reviewing and implementing the trust's health and safety policies and in meeting both internal and external requirements set to keep the trust's patients, staff and visitors safe. In addition to classroom-based health and safety training sessions a cohort of staff will receive IOSH accreditation imminently to cascade knowledge into departments. Monitoring of health and safety related non-clinical incidents was carried out throughout the year and identifiable trends and RIDDORs investigated and acted upon.

Emergency preparedness, resilience and response (EPRR)

Under the terms of the Civil Contingencies Act 2012 the trust must be resilient in the event of emergency situations/major incidents and have robust plans in place to enable an effective response to a range of potentially disruptive challenges. Responsibility for this requirement rests with the trust's Director of Operations who is the Accountable Emergency Officer for the organisation. The trust's major incident plan and business continuity plans were tested during the year in both live

incidents and 'table top' exercises. Lessons learned from each test are captured, shared across the organisation and are instrumental in strengthening the plans that are in place.

Local Security Management Specialist

The overall objective of the trust's Local Security Management Specialist is to deliver an environment that is safe and secure so that the highest standards of clinical care can be made available to patients. This is achieved by providing a security management service for the trust, continuing to work towards the creation of a pro-security culture and ensuring security activity in respect of NHS Protect's four areas of priority. These are tackling violence and aggression against staff; protecting paediatric and maternity unit; protection of drugs, prescription forms and hazardous materials, and; protecting trust property and assets.

Countering fraud and corruption

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

There is clear strategic support for anti-fraud and bribery work at the trust. The Local Counter Fraud Service (LCFS) is actively supported by the Deputy Director of Finance and the Audit Committee. A counter fraud work plan is agreed with the Deputy Director of Finance at the start of each year and provided to the Audit Committee for approval. The work plan outlines the core LCFS activities to be undertaken during the financial year and allocates resource against each NHS Protect standard for providers which enable all activities to be delivered.

Counter fraud policies are set out in the trust's Standing Financial Instructions which form a part of our corporate governance manual, reviewed annually. The trust also has in place a whistle-blowing policy. The trust's accountable officer for fraud is the Director of Finance.

Information management and technology

During 2016/17 Information management and technology (IM&T) worked on several digital transformation programmes, building upon the work started in previous years. This included a full enhancement of our server and compute environments to enable high speed compute, essential for the digital future. These enhancements, along with our investments in security and assurance resulted in full re-accreditation with BS9001, ISO 22301 and ISO 270001 along with full achieving level 2 or above in every element of our Information Governance Toolkit assessment. The trust has also been selected to host the pro-active audit system on behalf of the North Mersey local delivery system with services now being provided to the LCL pathology service and all GP surgeries in the region, this has enabled cross organisational sharing of pathology results across providers, which will improve the quality of care provided to our patients.

From a patient record perspective the trust awarded a contract for a new integrated electronic patient record (EPR) system in partnership with Aintree University Hospitals NHS Foundation Trust and Royal Liverpool and Broadgreen University Hospitals for a single adult electronic record across the 3 trusts, which will account for around 75% of adult activity in the city and enable real time sharing of results and records.

Finally following the successful deployment of the new neonatology electronic record system (badgernet) and the establishment of the 100,000 genomes cancer referral system in 2015/16 the department has further helped develop these to enable both services to increase assurance of records recorded, and in the case of the genomics project begin to collect meaningful clinical data for future research.

Consultations

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

Additional reporting information

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

- The trust has not made any political donations during the year
- A statement that accounting policies for pensions and other retirement benefits are set out in note 6 to the accounts and details of senior employees' remuneration can be found in the section 3ii Remuneration Report.
- trust policies on employment and training of disabled persons can be found in the Staff Report section 3iii.
- Details of Sickness absence data can be found in the Staff Report section 3iii.
- Details of the trust's approach to communications with its employees can be found in the Staff Report section 3iii.
- Details of the trust's financial risk management objectives and policies and exposure to price, credit, liquidity and cash flow risk can be found in note 24.1 of the annual accounts.

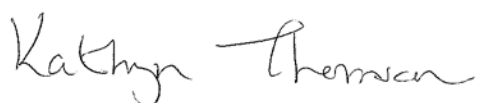
Related Party Transactions

The trust has a number of significant contractual relationships with other NHS organisations which are essential to business. A list of the organisations with which the trust holds the largest contracts is included in note 27 to the accounts.

Appointment of External Auditors

During the year the Council of Governors approved the re-appointment of PricewaterhouseCoopers LLP as its external auditor for financial year 2016/17.

For the external audit for financial year 2017/18 onwards, the council of governors following a recommendation of the Audit Committee agreed to undertake a tender exercise for the provision of external audit services.



Kathryn Thomson

Chief Executive

26 May 2017

3i(b) Audit committee report

The audit committee comprises solely of independent non-executive directors. The chair of the committee was Ian Haythornthwaite from 1 April 2016 to 31 December 2016. Ian Knight was appointed Chair of the Committee from 1 January 2017. The other members of the committee during the year under review were Ian Haythornthwaite and David Astley. Attendance at meetings held during 2016/17 is shown in 3i(a) Directors Report.

The director of finance, deputy director of finance, financial controller and external and internal auditors are usually in attendance at meetings of the committee. Executive directors and other managers are required to attend for specific items, as is the local counter fraud specialist. Copies of the terms of reference of the audit committee can be obtained from the trust secretary.

The work of the committee in 2016/17 has been to review the effectiveness of the organisation and its systems of governance, risk management and internal control through a programme of work involving the challenge and scrutiny of assurances provided by internal audit, external audit, local counter fraud officer and trust managers. The committee follows a work programme that includes the agreed work plans for external audit, internal audit and counter fraud.

Principal Review Areas in 2016/17

The narrative below sets out the principal areas of review and significant issues considered by the committee during 2016/17 reflecting the key objectives set out in its terms of reference.

Internal Control and Risk Management

The committee has reviewed relevant disclosure statements for 2016/17 in particular the annual governance statement, internal audit board assurance framework opinion which when combined together with receipt of the head of internal audit opinion, external audit opinion and other appropriate independent assurances provides assurances on the trusts internal control and risk management processes.

Internal Audit

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

The committee reviewed and approved the detailed programme of work for 2016/17 at its March 2016 meeting. This included a range of key risks identified through a review of the Board Assurance Framework and in discussion with Management and Executive Directors. Reviews were identified across a range of areas, and focused on business critical systems using a risk based approach.

The committee has considered the findings of internal audit and where appropriate has sought management assurance that remedial action had been taken. In instances where 'limited assurance' is assigned to a review, the committee would request the responsible executive/manager attendance at a meeting of the committee to provide assurance that the management actions would be carried out. This strengthens the committee's response to audit findings and ensures that any control weaknesses are understood by the committee and the board through the integrated governance structure and that these weaknesses are addressed in a timely manner.

The committee has given considerable attention to the importance of follow up of reviews in respect of internal audit work in order to gain assurance that appropriate management action had been implemented.

Counter Fraud

The committee reviewed and approved the counter fraud work plan for 2016/17 at its meeting in March 2016. During the course of the year, the committee also regularly reviewed updates on proactive counter fraud work and had received additional assurances from work that had been commissioned at the request of the board that had not formed part of the work plan.

During the year under review the committee considered it appropriate to review the provision of internal audit and counter fraud services and agreed to proceed to a tender exercise for the provision of these services. Following the tender exercise the trust appointed Mersey Internal Audit Agency as the service provider for internal audit and counter fraud services. The appointment was effective from 1 April 2017.

External Audit

The committee routinely received progress reports from the external auditor, including an annual accounts audit timetable and programme of work, updates on key emerging national issues and developments which may be of interest to committee members alongside a number of challenge questions in respect of emerging issues which the committee may wish to consider. The committee also reviewed the trust's annual report and accounts 2015/16 including its directors report, remuneration report, annual governance statement, quality report, external audit findings and external audit management letter (ISA260). In addition it also reviewed the trust's compliance with NHSI's Code of Governance which formed part of the requirements for the production of the annual report.

At the January 2017 committee meeting, the committee received a report from the external auditor on the external audit plan for the annual report and accounts 2016/17. This included an analysis of the external auditor's assessment of significant audit risks, the proposed audit strategy, audit and reporting timetable and other matters. The committee discussed and approved the proposed plan recognising that the approach would be responsive to the many changes affecting the trust.

The value of external audit services including assurance on the quality report for the year was £58,800 (2015/16, £57,300).

During the year the council of governors approved, following recommendation from the committee, the re-appointment of PricewaterhouseCoopers LLP as its external auditor for financial year 2016/17. For the external audit for financial year 2017/18 onwards, the council of governors, following a recommendation of the committee, agreed to undertake a tender exercise for the provision of external audit services. The tender exercise will take place during 2017/18.

Going concern statement 2016/17

The going concern statement was presented to audit committee at the committee meeting on 19 May 2017 where it was discussed and approved for recommendation to the Board of Directors.

Materiality in planning and performing the audit 2016/17

The overall materiality to assist the external auditor in planning of the overall audit strategy and to assess the impact of any adjustments identified had been set at 2% (£2.191m) of forecast income for the year ended 31 March 2017. All misstatements less than £109k were classed as the de minimis threshold.

Financial Assurance

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

Other Assurance

The committee routinely received reports during 2016/17 on Losses and Special Payments and Single Source Tender Waivers, changes to the trust's standing financial instruments and Scheme of Delegation, Corporate Governance Manual and declarations of interest of the directors and governors.

The committee receives reports from the chair of each of the board committees on any areas of concern that may need to be addressed by the board.

During the year the committee met privately with the internal and external auditors, without the presence of a trust officer.

There is a policy in place for the provision of non-audit services by the external auditor, in recognition of the need to safeguard auditor objectivity and independence. During 2016/17, the external auditor had been engaged in non-audit activity relating to future generations and fertility. The value of this non audit work was £77,000 (2015/16, £177,000).

The committee reviews its effectiveness through use of a discussion between members of the committee at the end of each meeting, following which the chair of the committee reports any areas of concern that may need to be addressed on the effectiveness of the committee.

Ian Knight

Chair

Audit Committee

3i(c) Board of directors - pen portraits

Non-Executive Directors

Robert Clarke – Chair

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

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

Ian Haythornthwaite – Non-Executive Director and Vice Chair

Ian joined the trust in May 2011 and is a fellow member of the Chartered Institute of Management Accountants, with extensive public sector management experience.

Ian is currently Director of Finance for the BBC, controlling a budget of £4bn per annum. Previously he was Finance Director for BBC North based at Media City which opened in May 2011. Prior to the BBC, Ian was Deputy Chief Executive at the North West Development Agency which led on the economic regeneration of the North West of England. And prior to this he was the Finance Director and then Pro Vice Chancellor at the University of Central Lancashire. As an Executive Director of the group he was responsible for the regional strategy, business interaction, commercial and intellectual property exploitation and innovation. In addition he was responsible for executive management of the University estate and facilities including all trading and service provisions.

Tony Okotie – Non-Executive Director & Senior Independent Director

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

Jo Moore - Non-Executive Director

Jo joined Liverpool Women's in April 2016. She is a qualified FCMA and has a breadth of experience within Finance and Change Management. Jo has previously held senior level roles within the financial services sector, including Global CFO (technology & operations) at JPMorgan and COO for a Hedge Fund.

Jo is currently Managing Partner at Optimus 5, which is a consulting firm specialising in transformation, regulation and remediation. She also works with a number of local organisations dedicated to improving the lives of children, these include AYFA sports and the Rotund charity. Jo is a qualified executive coach and a Lean Reengineering Master Black Belt.

David Astley OBE - Non-Executive Director

David joined the Board of Liverpool Women's Hospital in April 2016. He has over 40 years' experience of healthcare management mostly in the NHS and recently as Chief -Tertiary Hospitals Group of the Hamad Medical Corporation in Qatar. His NHS experience included five years as General Manager of Addenbrooke's Hospital, Cambridge from 1986. He was also Chief Executive Officer of East Kent Hospitals between 1999 and 2006 and of St George's Hospital, London from 2006 to 2011. Awarded an O.B.E in 2006 in recognition of his contribution to the N.H.S. He was born in Walton, Liverpool and attended Alsop School prior to University.

Ian Knight - Non-Executive Director

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

Ian was a Member and subsequently a Fellow of the Association of Corporate Treasurers, from 1981 to 2003. He has a BA (Hon) in Business Studies. He has undertaken Non-Executive Director training courses with the Institute of Directors, NED Forum and PWC, and attended the Wharton Business School's Negotiation Program, and both the M & A Programme and the Strategic Management Programme at Ashridge Business School.

Since retiring from Yorkshire Water Ian has spent much time doing voluntary work with his local Methodist Church, and with two local amateur dramatic societies, acting as treasurer and chief fund raiser for all three organisations. He is also a volunteer at Bradford Science and Media Museum, managing the weekly Senior Screenings group, which provides refreshments before the film and a discussion group afterwards.

Phillip Huggon - Non-Executive Director

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

Susan Milner - Non-Executive Director

Susan joined the Board of Liverpool Women's in June 2016. She has held senior roles in the NHS, academia and local government for the past 20 years. She lives in Liverpool, and has worked within commissioning of health services in Liverpool & Halton. Susan has until recently been interim Director of Public Health (DPH) at London Borough of Havering. Whilst working at Liverpool PCT, Susan had responsibility for commissioning services for women and babies.

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

Executive Directors

Kathryn Thomson MCIPD – Chief Executive

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

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

Dianne Brown – Director of Nursing & Midwifery (from June 2014 to March 2017)

Dianne joined the trust in 2007 and has held a variety of leadership and managerial roles prior to her successful appointment as the trust's Director of Nursing and Midwifery.

Dianne has worked throughout her long career in the NHS in all aspects of women's health and is passionate about providing safe, effective and compassionate care for women, babies and their families at Liverpool Women's.

Vanessa Harris BSc, ACA, MBA – Director of Finance and Deputy Chief Executive

Vanessa joined the trust in September 2009 as Director of Finance. She has held a number of senior posts in the health service and the independent sector, including previous Director of Finance posts. Vanessa has experience of leading and managing organisations through periods of change and improving financial performance.

Michelle Turner MCIPD – Director of Workforce and Marketing

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

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

Andrew Loughney - Medical Director

Andrew joined the trust in April 2016 as Medical Director. Andrew was born and raised in Liverpool. His medical degree was awarded at Newcastle University in 1989 and he has been practising in Obstetrics and Gynaecology in the north east of England since 1990. His first Consultant post was at Newcastle upon Tyne where he was lead clinician for the delivery suite between 2000 and 2008 and

practiced in maternal medicine up until 2012. He then moved to Sunderland where he continued as a Consultant in the specialty but was also appointed Associate Medical Director for Clinical Governance, with a remit to improve safety across all specialties in the trust.

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

Doug Charlton – Director of Nursing & Midwifery (from April 2017)

Doug was appointed Director of Nursing & Midwifery and joined the trust in April 2017. He is a registered Nurse and Midwife with over 30 years' experience. He was one of the first male midwives in the country and has continued to practice throughout his career; holding a number of senior clinical and managerial posts across the country, joining us from Whittington Health where he was Deputy Director of Nursing & Patient Experience

Jeff Johnston FCCA, Director of Operations

Jeff joined the trust in December 2005 as the Assistant Director of Finance. He moved into operational management in 2009 and held a number of senior management roles including Divisional Manager, managing all the divisional services within the trust. Jeff became the Director of Operations in 2016. Prior to joining the trust Jeff held a number of senior positions in both the NHS and other public sector organisations.

3i(d) Council of governors & members

Council of Governors

The council of governors (council) ensures that the interests of the community served by the trust are appropriately represented.

The council is made up of the following representative constituencies:

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

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

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

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

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

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

The Governors names and the constituencies they represent are set out below. A biography for each governor is available on the trust website. The term of office of governors begin and end at the annual general meeting of the trust held in October each year. In cases where a governor is elected part way through a year a bi election is called. The terms of office have been rounded to the nearest year.

Council of Governors Meetings

Each year the Council of Governors meets on at least three occasions, in public. Between April 2016 and March 2017 the Council met on seven occasions, four quarterly meetings in public and three additional extraordinary meetings. Details of governor attendance at the meetings are set out in the table below.

Public Governor (Elected)	Term in Office	From	To	Council of Governors meetings attended, April 2016 - March 2017
Central Liverpool				
Rochelle Ralph	2 years	2015	2017	2 of 4
Sarah Carroll	2 years	2015	2017	2 of 4
Terri Anne Green	3 years	2015	2018	0 of 4
Saad Al-Shukri	3 years	2015	2018	2 of 4
North Liverpool				
Elizabeth Williams	3 years	2015	2018	3 of 4
Adrian O'Hara	2 years	2015	2017	4 of 4
South Liverpool				
Sheila Gwynne-Adams	3 years	2015	2018	4 of 4
Richard Roberts	3 years	2016	2019	2 of 2
Emily Fallows	1 year	2015	2016	-
Sefton				
Pat Speed	4 years	2014	2018	3 of 4
Carole McBride	3 years	2015	2018	3 of 4
Knowsley				
Sheila Phillips	4 years	2013	2017	2 of 4
Vacant	-	-	-	-
Cheryl Barber	3 Years	2015	2016	2 of 2
Rest of England and Wales				
Helen White	3 years	2014	2017	1 of 4
Dr Aminu Musa Audu	2 years	2017	2019	-
Mark Walker	1 year	2016	2016	1 of 1
Geoffrey Tattersall	3 years	2013	2016	0 of 3

Staff Governor (Elected)	Term in Office	From	To	Council of Governors meetings attended, April 2016 - March 2017
Doctors				
Dr Adel Soltan	6 years	2013	2019	4 of 4
Nurses				
Sharon Owen	2 years	2015	2017	2 of 4
Midwives				
Pauline Kennedy	3 years	2016	2019	1 of 2
Gillian Walker	2 year	2014	2016	2 of 2

Scientists, technicians and allied health professionals				
Gail Mannion	3 years	2014	2017	3 of 4
Administrative, clerical, managers, ancillary and other support staff				
John Foley	3 years	2014	2017	3 of 4

Appointed Governor (Elected)	Organisation	Council of Governors meetings attended, April 2016 - March 2017
Cllr Tim Beaumont	Liverpool City Council	2 of 2
Cllr Helen Castles	Liverpool City Council	1 of 2
Cllr Linda Cluskey	Sefton Borough Council	Appointed April 2017
Cllr Paula Spencer	Sefton Borough Council	0 of 2
Cllr Kay Moorhead	Knowsley Borough Council	0 of 2
Dr Ana Alfirovic	University of Liverpool	2 of 4
Rev. Cynthia Dowdle	Faith Organisations	4 of 4
Mary McDonald	Community & Voluntary Organisations	4 of 4
Prof. Raphaela Kane	Education Institutions	1 of 3
Professor Anne Scott	Education Institutions	1 of 1

Governor elections in year

The trust governor elections are carried out by Electoral Reform Services and the returning officer was Ciara Norris. The close of polls for the elections was 7 October 2016. An in-year bi-election was carried out by Electoral Reform Services and the returning officer was Ciara Norris. The close of polls for the elections was 20 February 2017. None of the governor seats in both elections were contested and candidates were elected unopposed. One constituency seat remains vacant. Elections for this constituency seat will be undertaken during the summer 2017.

Lead governor

The lead governor is Sheila Gwynn Adams who was elected to the post by the Council of Governors and is the point of contact between NHS Improvement and the council, in circumstances only where it would be inappropriate for NHS Improvement to contact the trust chair.

Role of the Council of Governors

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

- holding the non-executive directors to account individually and collectively for the performance of the board;
- the appointment and, if appropriate, removal the chair;
- the appointment and, if appropriate, remove the other non-executive directors;
- approve the remuneration and allowances, and other terms and conditions of office of the chair and other non-executive directors;
- approve the appointment of the chief executive on recommendation from the board nominations and remuneration committee;

- appoint, re-appoint and, if appropriate, remove the auditor;
- receive the annual report and accounts and any report on these provided by the auditor;
- approve any 'significant transactions' as defined within the trust's constitution;
- approve an application by the trust to enter into a merger, acquisition, separation or dissolution;
- decide whether the trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions; and
- approve amendments to the trust's constitution.

Council of Governors Committees

During the year under review the council had three committees: Membership Strategy Committee (now renamed the Patient Experience and Engagement Committee); Nomination Committee; and Remuneration Committee. The Patient Experience and Engagement Committee leads preparation of the trust's membership strategy, oversees all membership activities and seeks assurance on the quality of services provided by the trust (see members section below on the work of the committee and council through its engagement with the membership and public). The work of its Nomination and Remuneration Committees are outlined in section 3ii Remuneration Report. Each of the Council's committees reported to the council and makes recommendations for its consideration appropriate to their terms of reference.

Other meetings and involvement

Alongside the formal meetings and committees, a range of briefing sessions and workshops have taken place to both inform the governors of trust initiatives and work programs and gain their views and support, in particular the development of the future generations strategy which sets out the clinical case and financial case for change in relation to the services provided by the trust.

There continues to be a positive and constructive working relationship between the council and the board of directors. Governors effectively fulfill their statutory duties and the council provides both constructive challenge and support to the board. Executive and non-executive directors regularly attend meetings and workshops of the council in order to understand governors' views and concerns and all directors receive agenda for the council's meetings. The chief executive has a standing invitation to attend all meetings of the council.

Governors' attendance at organised and supported events

The governors' continue to support the trust and engage with both the membership and the public across the trust's catchment areas attending events organised by the trust and external organisation. Governors have actively sought to engage with patients and contribute to a process of improving services.

Governors are not remunerated but they are entitled to claim expenses in connection with their duties. A Governors' register of interests is maintained. Members of the public can find the register of interests at www.liverpoolwomens.nhs.uk.

Directors' invited to attend at meetings of the Council of Governors held during 2016/17 is set out below:

		Quarterly Meetings attended April 2016 to March 2017
Non-Executive Directors		
Robert Clarke	Chair*	4 of 4
Ian Haythornthwaite	Non-Executive Director & Vice Chair	2 of 4
Tony Okotie	Non-Executive Director & Senior Independent Director	2 of 4
Phil Huggon	Non-Executive Director	2 of 4
Ian Knight	Non-Executive Director	1 of 4
David Astley	Non-Executive Director	1 of 4
Susan Milner	Non-Executive Director	0 of 3
Jo Moore	Non-Executive Director	1 of 4
Executive Directors		
Kathryn Thomson	Chief Executive	4 of 4
Dianne Brown	Director of Nursing & Midwifery	4 of 4
Vanessa Harris	Director of Finance	4 of 4
Michelle Turner	Director of Workforce and Marketing	3 of 4
Andrew Loughney	Medical Director	4 of 4
Jeff Johnson	Director of Operations	3 of 4

**the chair is chair of both the Board of Directors and the Council of Governors and attends the Council of Governors as a member with full voting rights*

Members

Any member of the public over the age of 12 years who lives in England and Wales are able to be a member of the trust. Most members come from the areas where the trust provides clinical services: the local authority areas of Central Liverpool, North Liverpool, South Liverpool, Knowsley and Sefton. Circa 1396 of members come from outside these areas, the constituency known as Rest of England and Wales.

Membership of the trust is made available to all trust staff automatically where they have a permanent contract of employment or have worked for the trust for at least 12 months.

As at 31 March 2017 the trust had 11,220 members:

Public	2017 Number	2016 Number
Central Liverpool	2,817	2,861
North Liverpool	1,609	1,650
South Liverpool	1,355	1,388
Knowsley	1,137	1,167
Sefton	1,260	1,280
Rest of England and Wales	1,396	1,400
Total public membership	9,634	9,746

Staff		
Doctors	86	84
Nurses	388	386
Midwives	333	341
Scientists, technicians and allied healthcare professionals	360	369
Administrative, clerical, managers, ancillary and other support staff	328	344
Total staff membership	1,495	1,524

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

A key component of our membership work seeks to improve the understanding of and involvement in patient experience, patient and public involvement, corporate social responsibility, equality, diversity and human rights and marketing and communication. Its focus is on improving what the trust knows about its members including what their interests are and how they would like to be involved with the trust. In this way we aim to improve the level and range of member engagement. Throughout the year governors sought to engage with as many people across the city to support the trust's Future Generations Strategy. Governors attended public events co-ordinated by Liverpool Clinical Commissioning Group, set up to engage with the public on its review of women's and neonatal services. Governors also undertook a review of the trust public and member engagement literature which is geared towards the future needs of the trust.

Engagement with members and the public take a number of forms, via direct email to member, or through social media such as Facebook and Twitter.

Members can contact Governors and Directors at the trust by:

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

3ii Remuneration report

Chair's annual statement on remuneration

This report includes details of the activity of the Board of Directors Nominations and Remuneration Committee and the Council of Governors Nominations Committee and Remunerations Committee.

For the purposes of the remuneration report the term senior managers relates to those persons in senior positions having authority or responsibility for directing or controlling the major activities of the trust and covers the chair, the executive and non-executive directors of the trust.

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

The committee made a number of decisions during the year relating the executive directors including: the appointment of the trust's substantive post of medical director (reported in 2015/16) and Director of Nursing and Midwifery; and the review of performance of executive directors and their remuneration.

An open and competitive process was held for the appointment of the trust's Director of Nursing and Midwifery following the resignation of the incumbent. This was undertaken by the trust with no support from external recruitment consultants. Following short-listing and interview the Committee agreed to appoint Dr Doug Charlton to the role of Director of Nursing and Midwifery, with effect from 3 April 2017.

Senior Managers' Remuneration Policy

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

Components of Remuneration Package of Executive and Non-Executive Directors	Basic pay in accordance with their contract of employment (executive) and letters of appointment (non-executive)
Components of Remuneration that is relevance to the short and long term Strategic Objectives of the trust	The directors do not receive any remuneration tailored towards the achievement of Strategic Objectives.
Explanation of how the Components of Remuneration operate	Basic pay of the executive directors is determined by the Board nominations and remuneration committee, taking into account past performance, future objectives, market conditions and comparable remuneration information from trusts within the locality. Basic pay of the non-executive directors is determined by the Governor nominations and

	remuneration committee.
Maximum amount that could be paid in respect of the component	Maximum payable is the director's annual salaries as determined by the relevant nominations and remuneration committees taking into account agreed pay ranges for executive directors.
Explanation of any provisions for recovery	If an individual is overpaid in error, there is a contracted right to recover overpayment.

The trust's executive directors are not employed under fixed term contractual arrangements and are required to give and receive twelve months' notice under the terms of their contract of employment. Compensation payments payable to executive directors are in accordance with their contract, which entitles them to twelve months' pay on termination by the trust. Both the employee and employer contribute to the NHS pension scheme and note 1.3 of the annual accounts provides an explanation of how pension liabilities are treated in the accounts.

The chair and non-executive directors are appointed by the council of governors for fixed terms of office, usually for an initial term of office of three years, following which they may be appointed for an additional term of three years. The chair and non-executive directors have a notice period of three months and are not entitled to compensation for loss of office.

The term of office of the current chair and non-executive directors are listed below:

	Commencement date	Term of Office expiry date
Robert Clarke	1 March 2016	28 February 2019
Ian Haythornthwaite	01 May 2011	30 April 2018*
Tony Okotie	1 July 2015	30 June 2018
Phil Huggon	4 April 2016	31 March 2019
Jo Moore	4 April 2016	31 March 2019
Ian Knight	4 April 2016	31 March 2019
David Astley	4 April 2016	31 March 2019
Susan Milner	1 June 2016	31 May 2019

*The Council of Governors approved the re-appointment of Ian Haythornthwaite for an additional period of 12 months from 1 May 2017 to 30 April 2018 at its meeting in January 2017.

Ministerial and Parliamentary Remuneration Threshold

The trust is required to report on those executive directors whose pay exceeded the Prime Minister's ministerial and parliamentary salary. In 2016/17 and 2015/16 financial years two executive directors were paid more than the £142,500 threshold. The trust has satisfied itself that this level of remuneration is reasonable by comparison to remuneration in previous years and benchmarking against executive pay in other Foundation Trusts and the wider NHS. Details of the payments can be found in the tables below.

Annual report on remuneration

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

Each executive director has objectives set at the beginning of the financial year which are drawn from the trust's agreed corporate objectives. Performance against these objectives is reviewed annually by the chief executive and details shared with the board's Nomination and Remuneration Committee. The chair appraises the chief executive who in turn appraises executive directors and the trust secretary.

The membership of the board's nomination and remuneration Committee comprised the trust's Chair and the Non-Executive Directors. The trust secretary was secretary to the committee. At the committee's invitation and in accordance with its terms of reference, the chief executive (for the remuneration part of the meeting) and director of workforce and marketing attended the meeting. The committee met four during the year as follows:

Robert Clarke, Chair	3 of 3
Ian Haythornthwaite, Non-Executive Director	2 of 3
Tony Okotie, Non-Executive Director	3 of 3
David Astley, Non-Executive Director	3 of 3
Phil Huggon, Non-Executive Director	3 of 3
Susan Milner, Non-Executive Director	2 of 3
Jo Moore, Non-Executive Director	3 of 3
Ian Knight, Non-Executive Director	3 of 3
Kathryn Thomson, Chief Executive	3 of 3

During the year under review the committee met to discuss the composition and remuneration packages of the executive team. The Committee received a recommendation from the Chief Executive to create an additional executive director position on the board of directors; director of operations who would have full voting rights on the Board of Directors and the subsequent appointment of Jeff Johnston to the position. The committee supported the need for the position of director of operations given the areas of responsibility afforded to the position. The committee further supported the proposal to appoint Jeff Johnson to the position in recognition of his performance in his role as associate director of operations and recognition that promotion to the post would aid the retention of an experienced operational director. The agreed remuneration of the director of operations was commensurate with the role and experience. The committee considered a proposal from the Chief Executive that a formal position of deputy chief executive is created. This position would take on additional duties on behalf of the chief executive and would include deputising for the chief executive. The position would receive a remuneration of £5000 per annum. The committee agreed to the proposal and appointed the director of finance to the position.

The committee considered the remuneration of the executive directors and noted that there had been no increase in remuneration of executive directors since 2012/13 at which the committee had agreed point pay ranges for each executive director role. The pay ranges had been subject to scrutiny by an external specialist pay review organisation who had confirmed that the ranges were appropriate based on market rates at 2012/13. In late 2015/16, the committee commissioned the director of workforce and marketing to undertake a benchmarking exercise the outcome of which demonstrated that the executive directors' remuneration was falling behind that of other NHS providers¹ creating a potential risk to stability. There was recognition that remuneration for mixed portfolios, in certain cases, could not easily be quantified.

The committee recognised the need to retain stability within the executive team in the short to medium term and approved a 4% uplift on current salary levels from 1 April 2016 with an additional 4% uplift to be offered from 1 October 2016 linked to extending the notice period of individual executive directors from 6 months to 12 months. Pay ranges were also updated based on the benchmarking information. The committee committed to a formal external review of the trust's approach to executive remuneration to be undertaken in 2018/19 to inform any future remuneration strategy.

Council of Governors Nomination and Remuneration Committee

The remuneration committee of the trust's Council of Governors determines the remuneration and terms and conditions of the chair and non-executive directors of the board. It does so by using benchmarking data provided by the Foundation Trust Network which is drawn from information provided by all NHS Foundation Trusts. The results of non-executive directors' appraisals are also taken into account by the council.

Objectives for the chair and non-executive directors are set at the beginning of each financial year. Performance against those objectives is reviewed annually and shared with the council of governors' Remuneration Committee. The chair assesses non-executive directors' performance and undertakes their annual appraisal. The senior independent director (SID) undertakes the chair's appraisal, with input from members of the board and the council of governors. The SID's appraisal is conducted by the vice chair. This arrangement ensures that there is proper segregation between the person being appraised and the person undertaking the appraisal.

Membership of the Council's remuneration committee comprised of the trust chair, elected and appointed governors. The Committee met once during the year to: review the performance of the chair and non-executive directors; and consider a proposal from the chair to extend the appointment period of Ian Haythornthwaite for an additional period of 12 months from 1 May 2017. Present at the meeting were Elizabeth Williams (public governor) and Chair of the committee, Sheila Gwynn Adams (public governor and lead governor), Sheila Phillips (public governor), Dr Ana Alfirevic, (appointed governor) and John Foley (staff governor).

¹ Benchmarked against small and medium sized acute & specialist NHS & Foundation Trusts, and excluding large Trusts (as defined by NHS Provider Remuneration Survey) and London based NHS & Foundation Trusts, and any clear outliers.

The committee supported the Chair's recommendation to appoint Ian Haythornthwaite for an additional 12 months from 1 May 2017 recognising his knowledge, performance and contribution to the trust over the last 6 years. The committee also recognised the need to provide stability and continuity at board level following the changes that had taken place during 2015/16 and 2016/17 and in consideration of the financial climate and operational pressures the trust was operating under. The council of governors approved the recommendation from the committee.

Council of Governors Nomination Committee

The Nominations Committee of the Council of Governors oversees the appointment of the non-executive chair and non-executive directors to the Board. The committee is chaired by the trust's chair. The committee's other members during the year were: public – Mary McDonald, Sheila Gwynn-Adams; Staff – Gail Mannion, Gill Walker; and appointed - Cllr Helen Castles.

During the year the Committee met on four occasions and considered succession planning for the Board, including the appointment of five new Non-executive directors, to succeed outgoing Non-executive directors during the 2015/16. Appropriate competitive processes were undertaken including the use of executive search agents Harvey Nash to support the recruitment to the Board positions. All appointments were subject to open advertisement via the national and regional press and online recruitment sites. In considering these new appointments the Committee gave particular consideration to diversity and the fit and proper person test for Board members.

The appointment of four non-executive directors: Phil Huggon, Ian Knight, David Astley and Jo Moore were ratified by the Council of Governors from 4 April 2016 for a term of three years each. The fifth appointment, Dr Susan Milner was appointed by the council of governors from 1 June 2016.

On 25 January 2017 the Council agreed to the merging of the nominations committee with the remuneration committee to form the nominations and remuneration committee.

Senior Managers Remuneration and Pension

The audited remuneration and pension benefits of senior managers are disclosed in this report and can be found below. Accounting policies for pensions are set out in note 1.3. There are no entries in respect of pensions for Non-Executive Directors as they do not receive pensionable remuneration. Additionally there were no contributions to Stakeholder Pensions on behalf of any of the Directors of the trust.

In 2015/16 the All Pension Related Benefits for Michelle Turner (Director of Human Resources & Organisational Development) were disclosed as a negative value. The Annual Reporting Manual for Foundation Trusts 2015/16 has stipulated that negative values in the table 'Salary Entitlements for Senior Managers' be disclosed as a £nil value. Therefore to be compliant with Manual the trust has disclosed the negative All Pension Related Benefits as £nil and adjusted the total accordingly.

Salary Entitlements of Senior Managers 2016/17								
		Salary and Fees	All Taxable Benefits	Annual Performance Related Bonuses	Long Term Performance Related Bonuses	All Pension-Related Benefits	Total	Expenses
Name	Position Held	(in bands of £5,000)	(total to the nearest £100)	(in bands of £5,000)	(in bands of £5,000)	(in bands of £2,500)	(in bands of £5,000)	(in bands of £100)
Kathryn Thomson	Chief Executive	155 - 160	-	-	-	105 - 107.5	260 - 265	2 - 3
Joanne Topping	Acting Medical Director ⁽¹⁾ <i>In post to 17 April 2016</i>	5 - 10	-	0 - 5	-	12.5 - 15	20 - 25	-
Andrew Loughney	Medical Director ⁽²⁾ <i>In post from 18 April 2016</i>	120 - 125	-	5 - 10	-	1,020 – 1,022.5	1,150 – 1,155	2 - 3
Vanessa Harris	Director of Finance	120 - 125	-	-	-	25 - 27.5	145 - 150	-
Dianne Brown	Director of Nursing & Midwifery	105 - 110	-	-	-	2.5 - 5	110 - 115	7 - 8
Michelle Turner	Director of Human Resources & Organisational Development	110 - 115	-	-	-	75 - 77.5	185 - 190	1 - 2
Jeff Johnston	Associate Director of Operations	105-110	-	-	-	132.5 - 135	250 - 255	0 - 1
Ian Haythornthwaite	Vice Chair & Non-Executive Director <i>In post from 1 April 2015 until 31 January 2016 & from 1 March 2016 until 31 March 2017</i>	10 - 15	-	-	-	-	10 - 15	21 - 22
Robert Clarke	Chair <i>In post from 1 March 2016</i>	35 - 40	-	-	-	-	35 - 40	18 - 19
Ian Knight	Non-Executive Director <i>In post from 4 April 2016</i>	10 - 15	-	-	-	-	10 - 15	16 - 17
Tony Okotie	Non-Executive Director <i>In post from 1 July 2015</i>	10 - 15	-	-	-	-	10 - 15	1 - 2
David Astley	Non-Executive Director <i>In post from 4 April 2016</i>	10 - 15	-	-	-	-	10 - 15	24 - 25

Phil Huggon	Non-Executive Director <i>In post from 4 April 2016</i>	10 - 15	-	-	-	-	10 - 15	9 - 10
Susan Milner	Non-Executive Director <i>In post from 1 June 2016</i>	5 - 10	-	-	-	-	5 - 10	-
Joanne Moore	Non-Executive Director <i>In post from 4 April 2016</i>	10 - 15	-	-	-	-	10 - 15	14 - 15

(1) Included within the salary and fees of Joanne Topping the (Acting Medical Director) is £2,891 (0.45 WTE) in relation to her work in a clinical role.

(2) Included within the salary and fees of Andrew Loughney (Medical Director) is £49,558 (0.40 WTE) in relation to his work in a clinical role. In 2016/17 the All Pension Related Benefits for Andrew Loughney (Medical Director) are disclosed in the band 1,020 - 1,022.5 because this is the first year that he has been a Senior Manager and therefore the movement is from a £nil value in the prior year.

Band of Highest Paid Director's Remuneration (in band of £5,000)	155 - 160
Median Total Remuneration (£)	£31,221
Ratio	5.04

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

Salary Entitlements of Senior Managers 2015/16								
		Salary and Fees	All Taxable Benefits	Annual Performance Related Bonuses	Long Term Performance Related Bonuses	All Pension-Related Benefits	Total	Expenses
Name	Position Held	(in bands of £5,000)	(total to the nearest £100)	(in bands of £5,000)	(in bands of £5,000)	(in bands of £2,500)	(in bands of £5,000)	(in bands of £100)
Kathryn Thomson	Chief Executive	145 - 150	-	-	-	5 - 7.5	145 - 150	1 - 2
Joanne Topping ⁽³⁾	Interim Medical Director	135 - 140	-	10 - 15	-	185 - 187.5	150 - 155	4 - 5
Vanessa Harris	Director of Finance	115 - 120	-	-	-	2.5 - 5	115 - 120	1 - 2
Dianne Brown	Director of Nursing & Midwifery <i>In post from 1 June 2014</i>	100 - 105	-	-	-	100 - 102.5	100 - 105	4 - 5
Michelle Turner	Director of Workforce & Marketing	105 - 110	-	-	-	-	105 - 110	1 - 2
Jeffrey Johnston	Associate Director of Operations <i>In post from 1 June 2014</i>	95 - 100	-	-	-	157.5 - 160	95 - 100	-

Edna Robinson	Chair <i>In post to 5th October 2015</i>	20 - 25	-	-	-	-	20 - 25	2 - 3
Liz Cross	Acting Chair <i>In post from 6th October 2015 to 31st January 2016</i>	10 - 15	-	-	-	-	10 - 15	-
Liz Cross	Non-Executive Director <i>In post to 5th October 2015</i>	5 - 10	-	-	-	-	5 - 10	-
Ian Haythornthwaite	Acting Chair <i>In post from 1st February 2016 to 29th February 2016</i>	0 - 5	-	-	-	-	0 - 5	-
Ian Haythornthwaite	Non-Executive Director <i>(In post from 1st April 2015 to 31st January 2016) & (1st March 2016 to 31st March 2016)</i>	10 - 15	-	-	-	-	10 - 15	17 - 18
Robert Clarke	Chair <i>In post from 1st March 2016</i>	0 - 5	-	-	-	-	0 - 5	-
Pauleen Lane	Non-Executive Director Left 31 March 2016	10 - 15	-	-	-	-	10 - 15	13 - 14
Steve Burnett	Non-Executive Director Left 13 November 2015	5 - 10	-	-	-	-	5 - 10	22 - 23
George Kissen	Non-Executive Director Left 2 December 2015	5 - 10	-	-	-	-	5 - 10	-
Tony Okotie	Non-Executive Director In post from 1 July 2015	5 - 10	-	-	-	-	5 - 10	-

Note (3) included within the salary and fees of Joanne Topping the interim Medical Director is £61,938 (0.45 WTE) in relation to her work in a clinical role.

Band of Highest Paid Director's Remuneration (in band of £5,000)	150 - 155
Median Total Remuneration (£)	£30,074
Ratio	5.07

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

Pension Benefits

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

Name	Position Held	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at age 60 at 31 March 2017 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2017 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2016	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2017
		£000	£000	£000	£000	£000	£000	£000
Kathryn Thomson	Chief Executive	5 - 7.5	15 - 17.5	65 - 70	195 - 200	1,108	139	1,247
Joanne Topping	Interim Medical Director <i>In post until 17 April 2016 CETV is zero at 31 March 2017 because the member is a pensioner</i>	0 - 2.5	0 - 2.5	45 - 50	135 - 140	927	- 43	-
Andrew Loughney	Medical Director <i>In post from 18 April 2016 CETV is zero at 1 April 2016 as this is the member's first year as a senior manager</i>	42.5 - 45	127.5 - 130	45 - 50	135 - 140	-	803	842
Dianne Brown	Director of Nursing & Midwifery	0 - 2.5	2.5 - 5	20 - 25	65 - 70	339	24	362
Vanessa Harris	Director of Finance	0 - 2.5	5 - 7.5	30 - 35	95 - 100	554	50	605
Jeffrey Johnston	Associate Director of Operations	5 - 7.5	17.5 - 20	45 - 50	135 - 140	729	141	870
Michelle Turner	Director of Workforce & Marketing	2.5 - 5	10 - 12.5	40 - 45	130 - 135	728	93	821

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

Real increase in CETV reflects the increase in CETV effectively funded by the employer and uses movements in the Consumer Prices Index for the start and end of the period. The rate of inflation for 2016/17 is 0%.

Fair pay multiples

The following fair play multiples disclosures have been subject to audit. Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Liverpool Women's NHS Foundation Trust in the financial year 2016/17 was £157,500 (2015/16, £152,500). This was 5.04 times (2015/16, 5.07) the median remuneration of the workforce, which was £31,221 (2015/16, £30,074). In 2016/17, 6 (2015/16, 10) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £168,182 to £190,564 (2015/16, £155,190 to £208,936).

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

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

Payments for loss of office

The following payments for loss of office disclosures have been subject to audit. No individual who was a senior manager received a payment for loss of office during the financial year (2015/16, £Nil).

Payments to past managers

The following payments to past managers disclosures have been subject to audit. No individual had received any payments of money or other assets who had not been a senior manager during the financial year but had previously been a senior manager at the trust (2015/16, £nil).

Governors' expenses

In the year 2016/17 expenses of £98 was claimed by Governors, (2015/16, £nil)



Kathryn Thomson

Chief Executive

26 May 2017

3iii Staff report

Analysis of Average Staff Numbers and Costs

Our people are the most valuable asset we have to deliver services that are safe, effective and efficient and achieve the best possible experience for patients and their families. The table below details the average number of staff engaged with the trust for the period 2016/17, as per the categories listed in the FTC template; for clarity, there are no staff engaged overseas. As at 31st March 2017, there were 17 staff on inward secondments, broken down as follows:

50.26%	Maternity, Neonatal and Clinical Support Services
23.24%	Gynaecology, Anaesthesia and Theatres and Genetics
15.14%	Corporate Support Services
7.11%	Hewitt Fertility Centre

The following chart shows the average number of employees on a whole time equivalent basis. The chart has been subject to audit.

	Permanent Number	Other Number	2016/17 Total Number	2015/16 Total Number
Medical and dental *	127	2	128	118
Administration and estates	282	-	282	288
Healthcare assistants and other support staff	169	-	169	169
Nursing, midwifery and health visiting staff	614	-	614	620
Scientific, therapeutic and technical staff	131	-	131	129
Agency and contract staff	-	53	53	66
Bank staff	-	42	42	42
Total average numbers	1,322	96	1,418	1,432
Of which:				
Number of employees (WTE) engaged on capital projects	9	7	15	14

*restated

Breakdown of year end numbers of male/female staff

The trust workforce profile as at 31st March 2017 shows that 90% of staff employed at the trust is female and the remainder 10% is male. This gender split is broken down as below:

Group	Female	Male	Total
Executive Directors	4	2	6
Senior Managers	19	9	28
Staff	1328	139	1467
Total	1351	150	1501

Staff Costs

The staff costs has been subject to audit.

	Permanent	Other	2016/17 Total	2015/16 Total
	£000	£000	£000	£000
Salaries and wages	52,620	2,331	54,951	53,353
Social security costs	4,485	-	4,485	3,568
Employer's contributions to NHS pensions	5,584	-	5,584	5,550
Pension cost - other	5	-	5	3
Termination benefits	222	-	222	105
Temporary staff	-	1,252	1,252	1,535
Total staff costs	62,916	3,583	66,499	64,114
Of which				
Costs capitalised as part of assets	326	252	578	583

Sickness Absence Data

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

% Abs Rate (FTE)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Cumulative % Abs Rate (FTE)
2014	5.06%	4.81%	4.66%	4.42%	4.33%	4.26%	4.56%	4.64%	5.27%	5.71%	6.00%	5.87%	4.98%
2015	5.70%	4.86%	4.39%	3.65%	3.96%	4.12%	4.17%	3.86%	3.72%	4.39%	4.50%	4.63%	4.33%
2016	4.70%	4.85%	4.88%	4.42%	3.83%	3.68%	3.88%	4.59%	4.92%	5.02%	5.71%	6.18%	4.72%

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

Financial Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Cum Year End
14 - 15 Sickness	3.73%	3.27%	4.63%	4.90%	4.49%	5.50%	5.97%	6.04%	6.64%	5.96%	3.88%	4.16%	4.99%
15 - 16 Sickness	3.98%	3.75%	4.16%	4.08%	3.29%	3.09%	3.45%	4.44%	4.74%	4.08%	4.24%	4.86%	4.28%
16 - 17 Sickness	4.42%	3.51%	3.05%	3.09%	4.61%	5.03%	5.16%	5.88%	6.32%	5.92%	5.56%	5.71%	4.96%

The above shows that in 2016/17 the cumulative year end figure has increased from 2015/16 to 4.96%. Sickness levels were lower in the first quarter and July, with the 3.5% target being achieved on 2 occasions (in addition to achieving 3.51% in May 16). From September onwards, sickness levels have been significantly above target, following the broad annual trend of peaking in the winter months.

Sickness continues to be proactively managed and line managers receive ongoing support and training from the HR team. Peaks of sickness in departments are correlated against other indicators such as staffing levels, complaints and incidents to identify any areas requiring further intervention. In July 2016 two "Caring for the Professional Carer" sessions were carried out for staff working in the Neonatal Department, with a view to these sessions being rolled out to areas where a need is identified

The 3 main reasons for sickness absence in 2016/17 were stress, musculoskeletal and 'other known causes'.

	2014	2015	2016
Stress / Depression / Anxiety	26.2%	20.3%	20.99%

The results above demonstrate no increase in the number of staff suffering with stress from 2015/16 to 2016/17, however the NHS Staff Survey results for 2016 identified that 33% of staff had suffered work related stress in the last 12 months, compared to 31% in 2015. Stress resilience training is widely provided and offered to all staff, however there will be more targeted interventions relating to stress management and health and wellbeing more widely to specific departments and staff groups. The trust continues to provide a fast track access to Staff Counselling Service which includes access to specialist CBT.

Staff Policies & Actions Applied During the Financial Year

During the last financial year there have been 23 ratified new or revised policies. This has included updating the 'Supporting Staff Following Incidents Complaints and Claims Policy, to ensure that managers are aware of the support mechanisms available to staff who have been involved in traumatic incidents. There is currently a HR Policy Audit Schedule in place to ensure full audits of all policy KPI's are measured and met within an annual cycle. A policy review group with staff side partners has been established to discuss and develop new policies.

The Freedom to Speak-up Guardian (FTSUG) role is now fully established and she is a visible presence in the organisation. In the year 2016/17, 7 formal concerns have been raised and investigated where appropriate.

A Guardian of Safe Working was also appointed as part of the implementation of the new junior doctor national terms and conditions of service. Since October 2016, 4 exception reports have been raised where a doctor works over their agreed hours or misses a training opportunity. All 4 reports were resolved locally between the doctor(s) and educational supervisor by allocating time in lieu. The root cause of these issues related to theatre over-runs which is being addressed at an operational level.

The trust has an over-arching Equality, Diversity and Human Rights policy which sets out our commitment to becoming an inclusive organisation in all aspects of employment and all aspects of service delivery.

In relation to supporting staff with disabilities, the trust is a 'Disability Confident Employer' and is committed to supporting staff to gain access to employment and maintain employment. The trust are currently in discussions with the Job Centre to establish a pre-employment programme for local residents with a disability to provide training and job placements to aid them in securing a permanent role. The trust is also a 'Mindful Employer' and has signed up to the charter to ensure that people with mental health conditions find or remain in employment.

To support staff with disabilities in continuing their employment with the trust, the Attendance Management Policy and the Flexible Working Policy provide for adjustments to be made to enable employees becoming disabled to remain in employment. To support the Attendance Management policy a more structured approach has been developed to carrying out work risk assessments for staff

returning to work following a period of sickness absence. Both generic and stress based risk assessments are carried out to ensure that staff are supported to safely return to work. Temporary and permanent adjustments and modifications to duties are regularly employed to ensure that staff with a disability are supported to fulfil their potential in the workplace.

The Recruitment & Selection policy supports all staff, including disabled employees in relation to promotion opportunities. In relation to career development and training the PDR policy and Study Leave policy also ensure that staff with a disability are not discriminated against.

There are a number of trust policies in place that provide employees with information on matters of concern. These include; Grievance Policy, Whistleblowing Policy, Dignity at Work Policy, Duty of Candour Policy and Disciplinary Policy. There is a training programme available to line managers, which covers the application of these policies and there is regular communication sent to all staff on policy updates. The FTSUG has a visible presence in the trust and has held a number of awareness events.

The trust continues to engage more formally with its staff and its recognised staff side organisations through the Partnership Forum and the Joint Local Negotiating Committee (JLNC). The trust is proud of its excellent working relationships with its staff side organisations. In 2017 a new Staff Side Chair was elected, a midwife, and this is expected to contribute to improved engagement amongst our largest staff group.

Regular briefings have continued in relation to the future strategic direction of the trust. As part of cost improvement targets, a 'Fit for Future Generations' project was launched which challenged staff to identify areas of cost saving or efficiency improvements in their own departments.

Staff have been fully involved in the redesign of the gynaecology inpatient service, which involves merging and redesigning the ward environment, staff have fed in their views about the design, layout and patient flow of the new ward.

In encouraging employees to be involved in and take responsibility for the trust's performance, monthly workforce KPI reports are produced (sickness, turnover, mandatory training and performance development reviews) and circulated to all managers, senior managers, the Putting People First Board assurance committee and the Partnership Forum. Department KPI reports are placed on the staff notice boards and there is regular communication on these performance areas during "In The Loop", the trust's monthly communication meetings presented by the directors to managers and staff for further dissemination. Heads of Service are also held to account for delivery of these KPI's, as well as for agency / temporary staffing spend and workforce cost improvement plans through the Senior Management Team (SMT). Each service within the trust is also asked to present a workforce assurance paper to the PPF Committee on an annual basis and again managers are held to account for performance and potential areas of concern are discussed and action plans requested to provide assurance to the Committee.

During the year, the trust's Health and Safety Manager has developed, reviewed and implemented health and safety policies and procedures to meet both internal and external requirements in order to keep our patients, staff and visitors safe. Monitoring of health and safety related non-clinical incidents was carried out throughout the year and identifiable trends and RIDDORs investigated and

acted upon. There has been provision of training for DSE Assessors, COSHH Assessors and H&S Awareness Training to deliver Health and Safety Representatives in all areas. The Estates and Facilities Team including Health and Safety have invested in a Safety Software System to provide an overarching health and safety dashboard, highlighting key performance indicators for compliance, performance and gaps in health and safety arrangements.

In relation to occupational health, the flu campaign was successfully completed with 77.2% of clinical staff vaccinated. Work is continuing to embed the Health and Wellbeing Strategy and a Health & Wellbeing Group has been established to encourage staff engagement in and ownership of their own wellbeing.

There are a number of staff policies which support Fraud Prevention, including Disciplinary, Job Planning for Consultant Medical Staff, Job Planning for SAS Doctors, Recruitment & Selection policy. In 2016/17 there was an audit undertaken on Secondary Employment and Sickness Absence by the trust auditors RSM. This audit provided assurance that declarations on secondary employment were being completed by employees and recommended this was repeated at appraisal which is now done. The recommendations from the audit included making specific references to the Fraud Act 2006 within the Attendance Management Policy and this has been incorporated.

The Whistleblowing Policy also references mechanisms whereby staff can raise concerns around fraud issues both internally and externally. The trust's counter-fraud team also contribute to the trust Induction programme to ensure all new starters are aware of their responsibilities and how to raise such concerns. One investigation had been undertaken by the anti-fraud team in 2016/17. The anti-fraud team found there was no case to answer.

Staff Survey Results 2016

The trust is committed to listening to the views of our staff and recognising their achievements on a regular basis. We believe that motivated and engaged staff deliver better outcomes for our patients and our on-going aspiration is to improve levels of staff engagement on a year on year basis, as measured by the NHS Staff Survey.

The NHS Staff Survey is a core tool for the trust to engage consistently with our staff each year to identify what is important to them and then take action to address identified issues. In 2016, we continued to opt for a full survey of all our staff and received a positive response rate of 60%.

The Staff Engagement Score is made up of three key findings: staff motivation, ability to suggest improvements and recommending the trust as a place to have care or treatment. The staff engagement score in 2016 was 3.77 compared to 3.86 in 2015 which represented the first decline in the score for five years. This is detailed in the table below;

Key Finding 1. Staff recommendation of the organisation as a place to work or receive treatment	3.79
Key Finding 4. Staff motivation at work	3.87
Key Finding 7. Percentage of staff able to contribute towards improvements at work	67%
Overall Staff Engagement Score	3.77

The 2016 survey reported minimal changes compared to 2015. There have been no statistically significant areas of improvement and the only area of statistically significant decline was a decrease in staff motivation from 3.98 to 3.87. The results highlighted areas for focus in 17/18, one priority area being increasing the opportunities for staff to contribute to improvements at work. Our results are on a par with other acute trusts but compare less well with specialist trusts. We recognise that there is more work to do to fully engage our workforce and we will increase our two way communication with staff about the future strategic direction of the organisation.

For the second year, we again included additional ‘values’ questions to test how well our values are embedded:

- Only 3% of staff said that they were not aware of the values and behaviours of the trust (compared to 5% in 2015)
- 59% of staff said that managers demonstrate the values at work “always or often”, with 35% saying managers demonstrate these values “sometimes”, 7% “rarely” and 1% “never”.
- 65% of staff said that other colleagues demonstrate the values at work “always or often”, with 32% saying colleagues only demonstrate these values “sometimes” and 3% “rarely”.

The table below shows response rates, and the trust’s top four and bottom four ranking scores, with a comparison to the previous year’s figures.

Top Five Ranking Scores	National Average	Trust 2016	Trust 2015	Trust improvement or deterioration
KF16. % working extra hours	74%	65%	65%	0%
KF11. % appraised in last 12 mths	87%	93%	95%	-2%
KF22. % experiencing physical violence from patients, relatives or the public in last 12 mths	7%	3%	4%	-1%
KF20. % experiencing discrimination at work in last 12 mths	9%	7%	7%	0%
KF21. % believing the organisation provides equal opportunities for career progression / promotion	86%	89%	86%	2%

Bottom Five Ranking Scores	National Average	Trust 2016	Trust 2015	Trust improvement or deterioration
KF24. % reporting most recent experience of violence	67%	54%	41%	13%
KF31. Staff confidence and security in reporting unsafe clinical practice	3.73%	3.57%	3.63%	-0.06%
KF7. % able to contribute towards improvements at work	73%	67%	69%	-2%
KF2. Staff satisfaction with the quality of work and care they are able to deliver	4.04%	3.97%	3.92%	0.05%
KF29. % reporting errors, near misses or incidents witnessed in last mth	92%	90%	89%	1%

We recognise that the Staff Survey is one opportunity of many to hear the views of our staff. We have been running a PULSE survey since April 2013 which provides all staff with the opportunity to answer 10 questions every month which mirror the themes in the staff survey and include the staff friends and family test. Themes coming from the survey are discussed by managers with their staff via team meetings and communications briefings and “you said, we did” updates are provided to staff. Internal

communications mechanisms are continually reviewed to ensure that staff working shift patterns have access to two way communications.

Key areas of focus from the staff survey are detailed below. These actions will be monitored through the Putting People First Committee and the quarterly performance Review Process.

Investing in our leaders

- Review attendance at leadership training and make some modules mandatory for some people
- Audit of PDRs across the trust, review objectives and provide support to managers in setting objectives. Instigate the use of team objectives across the trust.
- Ensure managers are confident to use the talent mapping framework and provide support to ensure succession planning for key roles (eg. Ward Manager).
- Empower managers to manage, ensure training in key skills such as rota management, workforce planning and budgetary management

Effective communication and management support

- Improve the visibility of all managers from executives to middle managers. Avoid perception that managers only visit teams to give negative feedback.
- Walkabouts with executive team members in partnership with the staff side chair
- Increase frequency of communication on the future strategic direction of the trust.
- Reiterate our objectives and vision and ensure that organisational goals are aligned with the objectives of managers, teams and individuals to achieve shared accountability.
- Implement large and small scale 'listening events' to identify improvement priorities for the next 2 years.

Reward and recognition

- Review our reward and recognition structures
- Ensure that compliments and positive feedback are reported formally in the same way as complaints
- Implement simple schemes such as 'thank you' postcards on every reception desk for patients / staff to write the name of someone who has delivered exemplary service.
- Investigate other ways to recognise teams such as the ward accreditation scheme.

Health and Wellbeing

- Re-invigorate the existing health and wellbeing group to implement the health and wellbeing action plan produced in 2016.
- Assess the success of resilience training and implement further measures around stress management.

Team Working

- Develop understanding of the roles of colleagues in other departments to break down silos (the rotation of shift leaders in maternity is an example of how this will be implemented.)

Learning from incidents and reporting

- Review existing de-briefing and feedback structures to ensure fit for purpose
- Analyse the success of previous initiatives around psychological supervision and re-introduce if applicable

Expenditure of Consultancy

Consultancy costs for the financial year 2016/17 were £472K (2015/16, £615K).

Off-Payroll Arrangements

The use of off-payroll arrangements is covered by the trust's Temporary Staffing Policy which details the controls that the trust has in place. These controls include that all bookings must be made via the temporary staffing team, based in the HR Department, and agency requests can only be taken forward using the trust's list of approved suppliers.

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

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

Off-payroll engagements as of 31 March 2017, for more than £220 per day and that last for longer than six months:

	2016/17 Number of engagements
Number of existing engagements as at 31 March 2017	13
Of which:	
Number that have existed for less than one year at the time of reporting	10
Number that have existed for between one and two years at the time of reporting	2
Number that have existed for between two and three years at the time of reporting	-
Number that have existed for between three and four years at the time of reporting	-
Number that have existed for four or more years at the time of reporting	1

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

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months:

	2016/17 Number of engagements
Number of new engagements, or those that reached six months in duration between 01 April 2016 and 31 March 2017	18

Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national insurance obligations	18
Number for whom assurance has been requested	5
Of which:	
Number for whom assurance has been received	4
Number for whom assurance has not been received	1
Number that have been terminated as a result of assurance not being received	-

The one for whom assurance has been requested but not received relates to an individual who has left the trust after assurance was requested but before assurance was received.

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017:

	Number of engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	14

Reporting of compensation schemes - exit packages 2016/17

The following disclosures for exit packages have been subject to audit.

In the 2016/17 financial year, there have been 14 other departures under the Mutually Agreed Resignation Scheme (MARS) totalling £222k. The table below discloses the compulsory redundancies and other departures, highlighting the staff numbers that fall within the differing cost ranges in the 2016/17 financial year.

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	-	8	8
£10,001 - £25,000	-	3	3
£25,001 - 50,000	-	2	2
£50,001 - £100,000	-	1	1
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	-	14	14
Total resource cost (£)	£0	£222,000	£222,000

Reporting of compensation schemes - exit packages 2015/16

In the 2015/16 financial year, there was 1 compulsory redundancy totalling £105k. The table below discloses the compulsory redundancies and other departures, highlighting the staff numbers that fall within the differing cost ranges in the 2015/16 financial year.

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	-	-	-
£10,001 - £25,000	-	-	-
£25,001 - 50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	1	-	1
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	1	-	1
Total resource cost (£)	£105,000	£0	£105,000

Exit packages: other (non-compulsory) departure payments

	2016/17		2015/16	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Mutually agreed resignations (MARS) contractual costs	14	222	-	-
Total	14	222	-	-

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

Meeting the code of governance

The board continues to seek to comply with the new code and has reviewed compliance against the provisions of the code.

Further details of how the trust has applied the Code principles and complied with its provisions are set out within this section and throughout this annual report. The table below sets out NHS Improvement's Code of Governance where the trust is required to provide supporting explanations.

For the year 2016/17 the trust can confirm that it complies with the provisions of the Code

Code provision	Trust position	Comply or explain?
A.1.1 The Board of Directors (Board) should meet sufficiently regularly to discharge its duties effectively. There should be a schedule of matters specifically reserved for its decision. The schedule should include a clear statement detailing the roles and responsibilities of the Council of Governors (Council). This statement should also describe how any disagreements between the Council and Board will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board and Council operate, including a summary of the types of decisions to be taken by each and which are delegated to the executive management of the Board. These arrangements should be kept under review at least annually.	<p>In 2016/17 the BoD met formally on 13 occasions. Matters reserved for the Board, including the types of decisions it takes and which are delegated to committees and executive management, are included in the trust's Corporate Governance Manual and summarised in the 3i Director's report and 3vii Annual Governance Statement.</p> <p>The general duties of governors are stated in the trust's constitution. Matters for which the Council of Governors is responsible and makes decisions on is outlined in the section of this report in respect of the Council.</p> <p>A general statement on the handling of disputes is contained in the trust's constitution.</p>	Comply
A.1.2 The annual report should identify the Chair, deputy Chair, Chief Executive, Senior Independent Director (SID) and the Chair and members of the Nominations, Audit and Remuneration Committees. It should also set out the number of meetings of the Board and those committees and individual attendance by directors.	This information is provided in the following sections: 3i(a) Director's report 3i(b) Audit Committee report 3i(c) Board of Directors pen portraits 3ii Remuneration report 3vii Annual Governance Statement.	Comply
A.5.3 The annual report should identify the members of the Council, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual	<p>Full details of Governors and their terms of appointment is given in section 3i(d) Council of Governors & Members.</p> <p>The trust's Lead Governor was public Governor: Sheila Gwynn Adams from December 2015 to date</p>	Comply

Code provision	Trust position	Comply or explain?
report should also identify the nominated lead governor. A record should be kept of the number of meetings of the Council and the attendance of individual Governors and it should be made available to members on request.		
B.1.1 The Board should identify in the annual report each Non-Executive Director (NED) it considers to be independent. The Board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The Board should state its reasons if it determines that a director is independent despite the existence of relationships or circumstances which may appear relevant to its determination.	Non-Executive Directors are asked each year to confirm their independence or otherwise as per the criteria outlined in the Code of Governance.	Comply
B.1.4 The Board should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the Board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the Trust. Both statements should also be available on the Trust's website.	Section 3i(c) Board of Directors pen portraits	Comply
B.2.10 A separate section of the annual report should describe the work of the nominations committee/s, including the process it has used in relation to Board appointments. The main role and responsibilities of the nominations committee should be set out in publicly available, written terms of reference.	Section 3ii Remuneration report The committees' terms of reference are available on request from Corporate Support Manager Louise Florensa at louise.florensa@lwh.nhs.uk .	Comply
B.3.1 For the appointment of a Chair, the nominations committee should prepare a job specification defining the role and capabilities required including an assessment of the time commitment	The trust's constitution provides for the job description and person specification of the Chair to be set by the Board. The significant commitments of those recommended for appointment as Chair are disclosed to the Council before	Comply

Code provision	Trust position	Comply or explain?
expected, recognising the need for availability in the event of emergencies. A Chair's other significant commitments should be disclosed to the Council before appointment and included in the annual report. Changes to such commitments should be reported to the Council as they arise, and included in the next annual report. No individual, simultaneously whilst being a Chair of a Foundation Trust, should be the substantive Chair of another Foundation Trust.	<p>appointment.</p> <p>The Chair's other significant commitments are included Section 3i(c) Board of Directors pen portraits</p> <p>Changes to the Chair's commitments are reported to the Council of Governors as they arise.</p> <p>The trust's Chair has not been the substantive Chair of another Foundation trust during his tenure.</p>	
B.5.6 Governors should canvass the opinion of the Trust's members and the public, and for appointed governors the body they represent, on the Trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the Board. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Section 3i (d) Council of Governors & Members.	Comply
B.6.1 The Board should state in the annual report how performance evaluation of the Board, its committees, and its directors, including the Chair, has been conducted, bearing in mind the desirability for independent assessment, and the reason why the Trust adopted a particular method of performance evaluation.	<p>3i(a) Director's report</p> <p>3i(b) Audit Committee report</p> <p>3ii Remuneration report</p> <p>3vii Annual Governance Statement.</p>	Comply
B.6.2 Evaluation of the Board should be externally facilitated at least every three years. The evaluation needs to be carried out against the Board leadership and governance framework set out by Monitor. The external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the Trust.	Evaluation of the Board was undertaken during 2014/15 based on Monitor's 'Well-led' framework. Deloitte LLP was commissioned as external facilitators for this work. Addition work on the well led review to be undertaken in 2016/7 relating to the effectiveness of the Board of Directors. Deloitte's LLP have no other connection with the trust.	Comply
C.1.1 The directors should explain in the annual report their responsibility for preparing the annual report and accounts,	<p>3i(a) Director's report</p> <p>3vii Annual Governance Statement</p> <p>5. Auditors report</p>	Comply

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

Code provision	Trust position	Comply or explain?
statement of whether or not the director will retain such earnings.		
E.1.4 The Board should ensure that the Trust provides effective mechanisms for communication between Governors and members from its constituencies. Contact procedures for members who wish to communicate with Governors and/or Directors should be made clearly available to members on the Trust's website and in the annual report.	Section 3i(d) Council of Governors & Members.	Comply
E.1.5 The Board should state in the annual report the steps they have taken to ensure that the members of the Board, and in particular the NEDs, develop an understanding of the views of governors and members about the Trust.	Section 3i(a) Director's report Section 3i (d) Council of Governors & Members.	Comply
E.1.6 The Board should monitor how representative the Trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Information about the trust's membership is reviewed by the Council's Patient Experience and Membership Engagement Committee and is available to the Board. Section 3i (d) Council of Governors & Members.	Comply

3v Single Oversight Framework

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

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

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

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's *Risk Assessment Framework* (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

Segmentation

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

This segmentation information is the trust's position as at 31 March 2017. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

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

Area	Metric	2016/17 Q3 score	2016/17 Q4 score
Financial sustainability	1. Capital service capacity	4	4
	2. Liquidity	4	4
Financial efficiency	3. I&E margin	4	4

Financial controls	4. Distance from financial plan	1	1
	5. Agency spend	1	1
Overall scoring		3	3

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

3vi Statement of the accounting officer's responsibilities

Statement of the chief executive's responsibilities as the accounting officer of Liverpool Women's NHS Foundation Trust

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

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

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

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

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

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



Kathryn Thomson
Chief Executive
26 May 2017

3vii Annual Governance Statement

Annual governance statement

Scope of responsibility

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

The purpose of the system of internal control

A system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. A system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Liverpool Women's NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. A system of internal control has been in place in Liverpool Women's NHS Foundation Trust for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

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

The trust's clinical divisional structure comprises a division which incorporates maternity, gynaecology, surgical services, neonates, genetics and clinical support services led by the Director of Operations who reports directly to the Chief Executive. A division comprising reproductive medicine and private medical care came under the executive leadership of the Director of Operations from February 2017. Previously this was placed with the Medical Director and prior to him the Director of Finance.

A framework for managing risks across the trust is provided through the risk management strategy. It provides a clear, structured and systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, managerial and financial processes at all levels across the organisation.

A committee structure supports the trust's integrated governance processes and facilitates the appropriate identification of risk ensuring it is properly mitigated, monitored and reported. As Chief Executive, I chair the Corporate Risk Committee which coordinates and prioritises all categories of risk management. In fulfilling its role the Committee meets bi-monthly to review all significant corporate risks and considers whether any risks need to be escalated to its parent committee and/or entered onto the Board Assurance Framework (BAF). The Committee is also responsible for ensuring that where lessons learned from risks need to be communicated across the trust, this is done so effectively. The Corporate Risk Committee reports to the Governance and Clinical Assurance Committee of the Board of Directors.

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

Details of all known adverse incidents are captured within the trust using a centralised system (ULYSSES, SAFEGUARD). Data from this system informs trend reports to the Board, Board committees and to subordinate committees and services. Reports focus on the performance management of actions and recommendations and thus eliminate any risk of false assurance. During the year a number of 'deep dives' was undertaken to test how well embedded actions had been implemented following the investigation of a serious untoward incident. This process will continue in respect of a small, random selection of incidents to ensure that actions planned following their investigation are properly and fully embedded within the organisation.

The Audit Committee has overarching responsibility for the management of risk systems and processes within the organisation. The trust's other assurance committees: Governance and Clinical Assurance Committee; Finance, Performance and Business Development Committee; and Putting People First Committee monitor the trust's BAF and have oversight of progress against action plans prepared in respect of key strategic risks. Each committee reports directly to the board. The Board reviews the BAF as a minimum bi-monthly and receives escalated reporting of changes to the risks from its assurance committees as required.

The BAF has been reviewed and considered by its internal auditors in preparing their Head of Internal Audit Opinion and Annual Report for 2016/17. In this Opinion significant assurance was provided that

the trust has a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are being applied consistently.

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

The risk and control framework

The trust's BAF is the principal mechanism through which the organisation identifies, quantifies, prioritises and monitors the trust's most significant risks to the achievement of its strategic objectives. The significant operational risks, both in-year and on-going, are contained within the trust's corporate risk register. The register drives a dynamic process that changes in response to the changing profile and status of the risks it contains.

Significant risks to the organisation are identified through risk reporting and through the work of committees which are informed by the trust's risk management and quality improvement functions. The board agrees and reviews the risks outlined in the BAF and makes informed decisions about risk treatments and interventions based on the best intelligence available. In this way the Board is able to determine its risk appetite. Decisions relating to the organisation's response to individual identified risks are therefore determined by the trust's appetite.

During the year the trust's biggest risks, as described in the BAF, were that in order to be clinically and financially sustainable the trust would need to undertake major change over an extended time period, ensuring the best clinical outcomes for patients, maintaining a well-led motivated and engaged workforce, delivering the trust's financial plans, delivering a positive patient experience and learning from significant events.

During 2016/17 the trust continued to operate a model of integrated governance. This best practice model is defined by having in place effective systems, processes and behaviours governing quality assurance and operating within a transparent dynamic that encourages challenge. There are defined clinical and patient safety performance metrics within the trust's broad governance work-streams which are monitored through the trust's internal control systems (clinical governance) and external assurance(s), accreditation and regulation including NHS Improvement, the Care Quality Commission and the Human fertility and Embryology Authority (HfEA).

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

Committee; Governance and Clinical Assurance Committee and Putting People First Committee and ultimately by the board of directors.

The trust operates a principle whereby risks are identified early and are resolved as close as possible to where the risk originated. The dynamic risk register in place is actively monitored by senior managers within clinical and corporate departments and serious risks and/or risks that have remained unresolved for a period of time are escalated for action as appropriate. The risk register operates as part of a coordinated process within the trust's BAF.

The reporting of incidents, including serious incidents, is actively encouraged. Reporting is via Ulysses, the trust's web-based incident reporting system. During the year the number of incidents reported, and learning from reported incidents, has increased. The most recent national report places the trust in the top quarter of reporters, a desirable position given the recognition that 'Organisations that report more incidents usually have a better and more effective safety culture'. Any decline in quality would be detected via a triangulation of intelligence from a number of valid sources including incidents, complaints, contact with our Patient Advice and Liaison Service, dialogue with patient representative organisations, input from our primary care stakeholders and feedback from GPs, alongside clinical performance benchmarking data. During the year the trust held a series 'raising concerns' drop-in sessions for staff to escalate any safety concerns that they might have.

Quality and equality impact assessments are integrated into the core business of the trust and has been adopted as a prerequisite for all significant cost improvement programmes with sign-off provided by the Medical Director and the Director of Nursing and Midwifery.

All trust policy documents go through a streamlined and robust approvals process which ensures appropriate standardisation of documentation, including completion of equality impact assessments.

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

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

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

The trust has in place a governance structure to support compliance with the NHS Foundation trust condition 4 (Foundation Trust governance). The trust's Board of Directors comprises of eight Non-Executive Directors including the Chair and six Executive Directors including the Chief Executive.

Details of the composition of the Board and changes made during the year can be found in section 3i – Accountability Report; Directors Report.

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

Assurance committees:

- The Audit Committee is responsible for providing assurance to the Board of Directors in respect of the process for the trust's system of internal control by means of independence and objective review of corporate governance and risk management arrangements, including compliance with laws, guidance and regulations governing the NHS. In addition it has responsibility to maintain an oversight of the trust's general risk management structures, processes and responsibilities, including the production and issue of any risk and control related disclosure statements;
- The Finance, Performance and Business Development Committee is responsible for providing information and making recommendations to the Board of Directors in respect of financial and operational performance issues and for providing assurance that these are being managed safely. The Committee maintains an overview of the strategic business environment in which the trust is operating and identifies strategic business and financial risks and opportunities. The Committee considers any relevant risks within the BAF and corporate risk register as they relate to the remit of the Committee, as part of the reporting requirements. It reports any areas of significant concern to the Audit Committee or the Board of Directors as appropriate;
- The Governance and Clinical Assurance Committee is responsible for providing the Board of Directors with assurance on all aspects of quality in respect of clinical care, governance systems including risks for clinical, corporate, workforce, information and research and development issues, and for regulatory standards of quality and safety. The Committee considers any relevant risks within the BAF and corporate risk register as they relate to the remit of the Committee, as part of the reporting requirements. It reports any areas of significant concern to the Audit Committee or the Board of Directors as appropriate;
- The Putting People First Committee is responsible for providing the Board of Directors with assurance on all aspects of governance systems and risks related to the trust's workforce, and regulatory standards for human resources. The Committee considers any relevant risks within the BAF and corporate risk register as they relate to the remit of the Committee, as part of the reporting requirements. It reports any areas of significant concern to the Audit Committee or the Board of Directors as appropriate;
- The Nomination and Remuneration Committee has two responsibilities it: oversees the recruitment and selection of the Chief Executive and Executive Directors and reviews the structure, size and composition of the executive management team on the Board of Directors; and determines the remuneration, terms of service and other contractual arrangements relating to the Chief Executive and Executive Directors. The Committee also responsible for succession planning in respect of executive appointments and for any disciplinary or termination matters relating to the executive management team;

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

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

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

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

The Chief Executive is responsible for leading the strategy development process and delivery of the strategy. I act as Accountable Officer and establish effective performance management arrangements and controls. As Chief Executive I seek to provide visible leadership in developing a healthy culture for the organisation, and ensure that this is reflected in my own and the executive directors' behaviour and decision making. The executive directors take a lead role in developing strategic proposals, leading the implementation of strategy within functional areas and managing performance within their areas of responsibility. They seek to actively support and promote a positive culture for the organisation and reflect this in their own behaviours. Executive directors seek to nurture good leadership at all levels.

All directors operate as members of the unitary Board.

To assure itself of the validity of its annual governance statement required under NHS FT Condition 4 the board of directors receives the annual assurance statement and associated evidence. In addition, during the first half of the year under review the trust submitted a report to NHS Improvement on a quarterly basis that provided accurate information in respect of compliance with the trust's licence and any associated risks to compliance. The report detailed the trust's financial and operational performance for each quarter, including quality performance. It is reviewed by the trust's executive team prior to consideration and approval by the board of director's Finance, Performance and Business Development Committee on behalf of the Board. In the latter half of the year the trust continued to provide NHS Improvement with the necessary financial and performance assurance through monthly reporting requirements. A review of the effectiveness of the Board of Directors was undertaken in 2014 and a further review is planned for 2017/18.

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

The trust is able to assure itself of the validity of its Annual Governance Statement by referring to the Board's review of effectiveness, the annual reports of assurance committees, reports of its internal and external auditors and reviews of the trust's performance and compliance against national and local standards.

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

The trust's Cost Improvement Programme (CIP) includes a process of quality impact assessment (QIA) and equality impact assessment (EIA). These assessments must be approved by the Medical Director and Director of Nursing and Midwifery with a confirmation that the CIP scheme will not impact negatively on patient safety and quality. The trust also performs post-implementation reviews of CIP schemes in accordance with best practice, the results of which are reported to Finance, Performance and Business Development Committee.

During the year the trust held a series of 'raising concerns' drop-in sessions where staff could meet and speak in confidence with an Executive Director and/or senior manager. The sessions aimed to promote and encourage the reporting of concerns and incidents and to explain how the trust's systems operated. The trust has progressed from being in the lowest quartile of incident reporters in 2015 to being the 2nd highest incident reporter nationally in the most recently released NHS England data. The incident reporting profile has also shifted towards greater recognition of no or low harm incidents.

Public stakeholders are involved in managing risks which impact on them in a number of ways. Liverpool Clinical Commissioning Group (CCG) is involved through the monthly clinical performance and quality review meeting held with them and which is chaired by the CCG. This meeting is used to discuss the trust's contract and quality performance and to identify any concerns which may become risks. The trust also makes the CCG aware of risks during this meeting. Our local Healthwatch is involved by alerting the trust to issues of concern put to them by their members relating to our services, which we consider and define as risks where appropriate. Other local NHS providers are also involved through a mutual exchange of intelligence and a commitment to addressing risks, for example through the development of patient pathways. Our Council of Governors play a role in representing the interests of those the trust serves and holding the non-executive directors and therefore the board to account for the services provided by the trust.

The trust is fully compliant with the registration requirements of the Care Quality Commission. Assurance is obtained on compliance with CQC registration requirements. This is reviewed by members of the executive team and via the Board's Governance and Clinical Assurance Committee.

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

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

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

The trust follows NHS England's guidance in reporting never events, serious incidents and carrying out investigations. Both the local commissioners and the regulators are informed of the trust's never events and serious incidents and monitor the outcomes. Never events and serious incidents are managed operationally through the Safety Senate and through the Governance and Clinical Assurance Committee (GACA). The trust reported 3 Never Events during 2016-17. The trust has responded quickly and thoroughly to the operational issues raised in each incident, informing both commissioners and regulators at each stage and monitoring closely the ensuing changes in practice. In addition the trust has this year strengthened oversight and support via GACA to ensure that both it, and the Board, are well sighted on never events and serious incidents. Both GACA and the Board see challenging the assurance given in relation to this and ensuring never events and serious incident investigations are making a difference and leading to improvement as a fundamental part of their purpose.

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

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

Each year the trust prepares an operational plan which details the trust's plans, its budget and efficiency targets and is approved by the board of directors. The trust's Council of Governors contribute to the development of the plan. Reports on performance against the plan are presented to the Board of Directors and Council of Governors during the year.

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

The Board reviews the financial position of the trust through its financial performance report. This provides integrated information on financial performance, including the achievement of efficiency targets and other performance measures.

There is a scheme of delegation in place and the key governance committees of the Board are a part of this process, principally the Audit Committee, Finance, Performance and Business Development Committee and the Governance and Clinical Assurance Committee.

Information governance

During the 2016/2017 financial year, there was one confidentiality breach. This was as a result of an employee removing confidential information from the premises for a different purpose than it was originally intended. The employee has since left employment with the trust. The incident was reported internally and to the Information Commissioner's Office (ICO). A decision on whether this constitutes a Section 55 breach of the Data Protection Act has not yet been taken by the ICO.

Annual Quality Report

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

The Quality Report is contained within this annual report. Key controls are in place to prepare and publish the Quality Report, responsibility for which is discharged through the trust's Medical Director who provides leadership. Each of the trust's clinical functions has a designated effectiveness lead who is a consultant clinician. Effectiveness leads are responsible for operationally managing delivery of the Quality Report which focuses on patient safety, clinical effectiveness and patient experience. Clinical Directors and senior managers are accountable for delivering all aspects of the Quality Report.

A key role is played by the trust's Effectiveness Senate in preparing the trust's Quality Report. Chaired by the Medical Director, this Committee provides a forum for discussion and challenge in respect of quality indicators and enables a balanced view to be presented in the published Quality Report. Our quality metrics are identified by key stakeholders and the report available to them in draft form to allow comment. The Medical Director, Director of Nursing and Midwifery, Deputy Director of Nursing and Midwifery and the Quality Improvement Lead have also attended events hosted by a number of Local Authorities to whom we relate, to present our annual quality report and address comments and questions from these stakeholders. The input of our stakeholders adds further to the balanced view presented in the quality report.

A performance report and dashboard is in place in order to review and report on quality metrics. This is updated monthly and is reviewed across the trust's integrated governance structure and ultimately by the board. The trust is currently finalising its quality strategy for 2017-20.

Delivery of the Quality Report is also supported by the trust's Head of Clinical Audit, Deputy Director of Nursing and Midwifery, Head of Information for Governance and the officers of the Information Department who combined, provide the skills necessary to compile, analyse and audit the accuracy of data which informs the quality metrics. Data sources used include the trust's Nursing and Midwifery indicators, data reported under CQUINS (Commissioning for Quality and Innovation payment framework), Inpatient Commissioning Dataset, trust activity data drawn largely from Meditech, IDEAS reproductive medicine database, clinical audit data, Ulysses incident reporting system, CHKS and SUS data, inpatient and day case survey results and our staff survey results. There is also a series of

policies in place at the trust which underpin the quality of care provided and include clinical guidelines and standard operating procedures.

The trust employs the services of Pricewaterhouse Coopers LLP as external auditors to provide a limited assurance report in relation to compliance with the requirements of the National Health Service (Quality Accounts) Regulations and to the quality and accuracy of the report through audit of three representative measures (two of three mandated by NHS Improvement and a third selected by the trust's Council of Governors) and a consistency check of the contents of the report with a range of internal trust documents and records.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the trust that have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board; the Audit Committee; the Governance and Clinical Assurance Committee; the clinical governance senates (safety Senate, Effectiveness Senate and Experience Senate) and the Corporate Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system of internal control is in place.

The Head of Internal Audit has provided me with a positive opinion on the overall adequacy and effectiveness of the organisation's system of internal control. The assurance framework in place provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives has been reviewed. The Head of Internal Audit has stated that in her opinion, that *"the organisation had adequate and effective framework for risk management, governance and internal control. However, our work had identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective"*.

The work of the internal auditor did not identify any significant internal control weaknesses that would require specific inclusion in the annual governance statement. However it did identify specific internal control compliance weaknesses, in respect of Framework for Maintaining Medical Equipment, IT Cyber Security and NHS Patient Safety Alerts.

Framework for Maintaining Medical Equipment: The internal auditor confirmed that overall the trust had a framework in place which was being complied with, which was demonstrated through our review of reporting arrangements, device and equipment storage and disposal requirements. However, the internal auditor considered there to be some areas where the trust could enhance the control framework in respect of the maintenance of medical equipment.

IT Cyber Security: The internal auditor was able to confirm that appropriate policies and processes are in place to protect the trust's computer systems and data. However, the technical controls and information risk management processes relating to cyber security require further attention. This will be given high priority following the cyber-attack that occurred in May 2017.

NHS Patient Safety Alerts (NPSA): Through sample testing, the internal auditor identified a number of areas of non-compliance with the trust's Central Alerting System (CAS) Policy and Procedure, resulting in four 'high' priority actions and three 'medium' priority actions. In all instances the actions raised were agreed to by management. Implementation of the agreed actions are being tracked through the action tracking system.

Procurement: The internal auditor testing identified that the Procurement control framework required strengthening in the areas of both obtaining quotations and tendering processes. Guidance is available on procurement processes within the Trust Corporate Governance Manual and Standard Operating Procedure (SOP001), however some inconsistencies between the processes and thresholds detailed in the two documents had been identified and these are being addressed.

All recommendations from internal audit, external audit and the Local Counter Fraud Service are monitored by the Audit Committee using tracking software, to ensure recommendations are followed through to implementation. It is noted that the Head of Internal Audit did not consider the matters identified in her Opinion to be of sufficient concern to cause her overall opinion to be negative.

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

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

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

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

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

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

During the year, specific management reviews were undertaken as a result of risks to performance identified from the performance management system. These included:

- Following an investigation in November 2015, NHS Improvement acknowledged that the trust had taken steps to address its financial challenges however they wished to determine what additional support they could offer the trust as it seeks to reduce its financial deficit and ensure long term sustainability. On 8 April 2016 NHS Improvement took action, under the license for providers, and the trust entered into an enforcement undertaking which requires specific actions to be taken in order that the trust can return to a sustainable position. The trust will comply with the requirements of the enforcement undertaking and report compliance through the governance structure.
- The trust was formally inspected by the CQC, in February and March 2015. The CQC provided and an overall 'Good' rating for the trust from the inspection. The Trust agreed an action plan with the CQC to address those areas that they felt could be further enhanced. This action plan was subsequently signed off as complete by the CQC. The full methodology used by CQC was adopted by the trust in preparation for the inspection and has continued since to ensure all services run in accordance with both the Key Lines of Enquiry and the Fundamental Standards, which set in law the minimum requirements acceptable by the regulatory bodies.
- In previous annual reports I had reported that to ensure that the trust continues to meet its statutory and regulatory obligations, and in response to the findings of an external review by Deloitte, the trust conducted a review of its governance function. This has been followed up by an assessment of the new systems' maturity during 2016-17 which identified significant improvements. This progress is instrumental in ensuring the trust meets guidance from regulators and follows best practice and embeds.
- In previous annual reports I have reported that the trust had cause to review the surgical practices of one of its consultants during 2008/09. This review 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. All of these patients were signposted to further treatment or they were discharged, whichever was most appropriate for them. An independent review of governance arrangements was commissioned by the trust to determine the lessons that could be learned and identify any areas for further improvement. The outcome of this review was considered by the Board of Directors in January 2010. It concluded that the trust's governance arrangements were generally strong and that the issues that triggered the review were not systemic. An action plan was developed based on the report's recommendations and which was implemented and monitored through the trust's governance structure from 2010/11 onwards. An independent review of its implementation was also commissioned and undertaken during 2010/11, to provide robust assurance that all required actions had been satisfactorily completed or were on target for completion, and the report of this review was considered by the Board of Directors in April 2011.


The trust then commissioned its internal audit service in 2012/13 to provide some external assurance that the organisation had adopted, embedded and learned from the recommendations made in the independent review of governance. This review led to a finding of limited assurance

and indicated that further work was required in respect of two of the recommendations. This further work was undertaken during 2013/14 when the Board's Putting People First Committee developed a comprehensive medical workforce recruitment and development strategy, and the Clinical Governance Committee oversaw the collection, collation and reporting of outcome measures in the trust's urogynaecology service by ensuring all of its clinicians collected BSUG (British Society of Urogynaecologists) audit data.

The Board of Directors is committed to continuous improvement and the development of systems of internal control.

Conclusion

There have been no significant control issues identified during 2016/17 and up to the date of approval of the annual report and accounts.

A handwritten signature in black ink, reading 'Kathryn Thomson'. The signature is written in a cursive, flowing style.

Kathryn Thomson

Chief Executive

26 May 2017

Dedicated to you



Quality Report Liverpool Women's NHS Foundation Trust 2016-17

Why publish a Quality Report?

The purpose of a Quality Report is to inform you, the public, about the quality of services delivered by Liverpool Women's NHS Foundation Trust. All providers of NHS Services in England are required to report annually on quality; the Quality Report enables us to demonstrate our commitment to continuous, evidence based quality improvement and to explaining our progress to the public. The Quality Report forms an important part of the Trust's Annual Report. This is the Trust's 8th Quality Report.

Statement from the Chief Executive

Welcome to Liverpool Women's NHS Foundation Trust's 8th annual Quality Report. This provides an opportunity for us to report on the quality of healthcare provided during 2016-17, celebrate our achievements and to share with you the Trust's key priorities for quality in 2017-18. This is a critically important document for us as it highlights our commitment to putting quality at the heart of everything we do.



At Liverpool Women's our 3-year Quality Strategy sets our long-term quality objectives; encouraging projects that will reduce harm and mortality, improve patient experience and ensure the care that we give to our patients is reliable and grounded in the foundations of evidence based care. We believe our strategy will ensure the services we provide are safe, effective and provide a positive patient experience.

By reporting to you annually through our Quality Report we demonstrate how the Trust has performed against the ambitious, specific targets we set ourselves each year. It is through striving to deliver each of these individual targets that we will be able to achieve the long-term objectives in our Quality Strategy. As well as reporting on performance, the Quality Report also

identifies our priorities for the coming year. These priorities range from nationally published measures through to our own locally selected issues.

I would like to take this opportunity to discuss some of my "quality highlights" this year. Each of them is an initiative we have been involved with over the past 12 months that will change the lives of patients and their families for the better.

Liverpool has a long history of focusing on women's health and to ensure this continues the Trust has been working hard during the year on its Future Generations Strategy. Healthcare should never stand still and we are unwavering in our desire to protect and enhance those aspects of Liverpool Women's that are most valued by our patients and our staff. This is what makes for a unique care experience for the women and families who use our services and is what instils quality in our delivery of the services. Through every stage of the work it has proceeded to develop options for the future based on strong clinical evidence and the most rigorous standards of quality. We will continue to speak to our patients and our wider communities to ensure they help shape the women's services of the future in Liverpool and that these services deliver quality care they can be proud of.

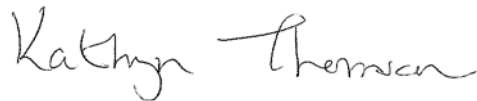
The experience patients and families have while on their journey with us is central to everyone at Liverpool Women's. To improve the opportunities for the patient voice to be heard we reported in last year's Quality Report on the on-going transformation of our Patient Advice and Liaison Service (PALS). Efforts to increase accessibility continued into this year.

In October 2016, over 400 women and their families attended a Service of Remembrance, held at the Isla Gladstone Conservatory in Stanley Park, as part of Baby Loss Awareness Week. This event is just one of the ways the Trust supports those who have suffered a loss through miscarriage, stillbirth or early neonatal death, in some cases many years after their loss.

This report contains many indicators as to the quality of the care and service provided by all of the staff here at Liverpool Women's. I encourage you to read the

report and to see the range of measures that are in place to improve and sustain quality by reducing harm, reducing mortality and improving patient experience.

In making this statement I can confirm that, to the best of my knowledge, the information contained in this Quality Report is accurate and there are no concerns regarding the quality of relevant health services that we provide or sub-contract.

A handwritten signature in black ink that reads "Kathryn Thomson". The script is fluid and cursive, with the first letters of each name being capitalized and prominent.

Kathryn Thomson
Chief Executive

Part 2

Priorities for improvement and statements of assurance from the board

Priorities for Improvement

The section of the report looks at the Trust's quality priorities, how we have performed against them during 2016-17 and how we plan to monitor progress during the coming year.

These priorities are a combination of national and local issues and wherever possible are identified by as wide a range of stakeholders as possible; this includes patients, their families, the wider public, our staff and commissioners. The Trust's priorities can be summarised by our 3 goals: to

reduce harm, reduce mortality and provide the best patient experience. The Trust priorities ensure that Safety, Effectiveness and Experience, set out by the Department of Health as the 3 central principles of quality healthcare, remain at the core of all activity at Liverpool Women's.



Reduce Harm

Safety is of paramount importance to our patients and is the bottom line for Liverpool Women's when it comes to what our services must be delivering.



Reduce Mortality

Effectiveness is providing the highest quality care, with world class outcomes whilst also being efficient and cost effective.



Provide the best Patient Experience

Our patients tell us that the **experience** they have of the treatment and care they receive on their journey through the NHS can be even more important to them than how clinically effective care has been.

Key

- ✓ Goal achieved
- ✓ Improvement made compared to last year
- ✗ Goal not achieved

Quality and Safety Improvement Priority	Target	Status
Reducing Harm	To reduce the number of elective surgical site infections in gynaecology to an average of 3 per calendar month	✓
	To work to cleanse data for emergency patients and determine underlying infection complication rates	✓
	To achieve zero MRSA infections	✓
	To achieve zero Clostridium-difficile (C-diff) infections	✓
	To achieve a rate of late-on-set bloodstream infections in preterm infants below 0.5 infections per 100 very low birth weight intensive care and high dependency days	✓
	To achieve a proportion of preterm babies who develop a late-onset bloodstream infection below the median benchmarked against the Vermont Oxford Network (VON)-UK	✓
	To reduce the incidents of babies born with grade 2/3 Hypoxic Ischaemic Encephalopathy by 50% over 3 years	✗
	To reduce the number of very low birth weight babies who have ultrasound evidence of periventricular haemorrhage (grade 3 or 4) or periventricular leukomalacia to be in the lowest quartile of benchmarking peers	✓
	To increase reporting of all medication error incidents by 10% quarter on quarter (~16% in year), to enable identification and resolution of causal factors	✓
	To ensure that all medication incidents rated at 10 or above are subject to a Root Cause Analysis	✓
	To ensure that no more than 10% of live births as a result of assisted conception treatment are multiples	✓
Reducing Mortality	To deliver our risk adjusted neonatal mortality within 1% of the national Neonatal Mortality Rate	✓
	No non-cancer related deaths in gynaecology	✗
	Zero direct maternal deaths	✓
	To reduce the incidence of stillbirths attributed to Small for Gestational Age (SGA) by 20%	✓
	Introduce the national 'safety thermometer' for maternity services	✓
Providing the Best Patient Experience	1:1 care in established labour provided to at least 95% of women	✓
	To provide epidural pain relief to at least 95% of women requesting it, where possible and clinically appropriate	✗
	To be in the upper quartile of Patient Survey across all pathways	✓

Reducing Harm

This section of the report looks at how the Trust ensures Safety through the use of its first quality goal, “to reduce harm”. Despite the best efforts of every healthcare professional, harm occurs every day to patients in every hospital. Catastrophic events are rare but we acknowledge that unintentionally a significant number of patients experience some harm in the course of their care. Given the nature of the services we provide, harm can sometimes result in lifelong consequences for women, babies and families.

As a specialist Trust, Liverpool Women’s has thought carefully about the types of harm that are particularly relevant to the services we provide and the patients we care for. The priorities that have been selected are therefore specific to us and to the issues most relevant to you, our patients and families, and your safety. They give the best overview of how we are tackling harm and working hard to reduce it.

Our Priority	To reduce the number of elective surgical site infections in gynaecology to an average of 3 per calendar month
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What we said we’d do	Surgical site infection and its reduction is an important part of national guidance and national programmes to improve patient care. Post-operative infections are important both to the individual patients involved, but also to the hospital as they can provide a marker as to the effectiveness of our care of patients before during and after operations.
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Monitoring the number of elective surgical site infections allows us to continue our progress in reducing this important avoidable harm.

What the data shows	In the past 12 months there was an average of 0.68 surgical site infections recorded per month as a result of elective gynaecological surgery. Initiatives such as the WHO surgical checklist and our Enhanced Recovery Programme have helped us to ensure the surgical site infection rate remains significantly below the 3 per month stated as the upper limit in this priority.
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Our upper limit for infections each month



2015-16 infections each month



2016-17 infections each month

Data Source: Hospital Episodes Submission

What happens next? The Trust's Governance and Clinical Assurance Committee, and ultimately the Board, have an overview of the delivery of the work streams in respect of this indicator. Infection data is also reviewed twice monthly within the Matron's report to the Infection Prevention and Control Committee.

This indicator has assisted in reducing surgical site infections for our patients, ensuring it is discussed and monitored throughout the year and has led to the trust putting in place robust audits of theatres with several checklists audit carried out daily. The Trust will no longer monitor this priority in its Quality Report. We will however continue to monitor this indicator through performance metrics and contract reporting. If any deterioration is identified we would consider reinstating it into the Quality Report.

Our Priority To work to cleanse data for emergency patients and determine underlying infection complication rates

What we said we'd do In October 2014, the Trust's Infection Prevention and Control department re-invigorated its wound surveillance programme. The team receive regular coding reports and use them, along with ward referrals and infection and tissue viability reports, to validate surgical site infection coding by reviewing selected cases. If the infection cannot be confirmed the coding is reviewed and where necessary amended.

What the data shows The Infection Prevention and Control Team now validate all surgical site infections for Gynaecology and Caesarean Sections with the Coding Department. This provides assurance that coded surgical site infection data is accurate for all patients

Data Source: Infection Control Department

What is data cleansing?

Data cleansing means checking our records to make sure that everything recorded in them is correct. With infection, this means checking that all of our patients who have had an infection have this recorded in their notes. It also means making sure anyone who didn't have an infection doesn't have it recorded in their notes. High quality information leads to better patient care and better patient safety.



What happens next? The indicator is reviewed by the Trust's Infection Prevention and Control Committee, with updates received by the Governance and Clinical Assurance Committee. As this priority has been achieved this will now be monitored through the Trust's monthly performance dashboard.

Our Priority	To achieve zero MRSA infections
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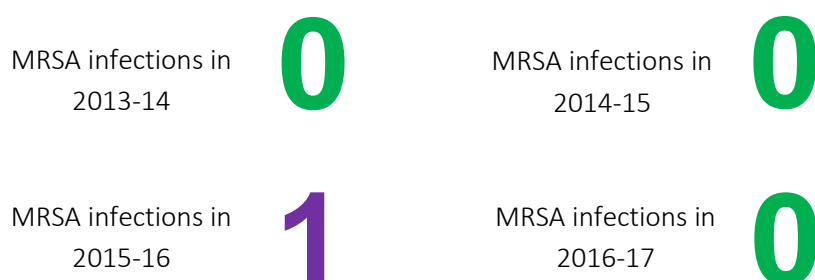
What we said we'd do

MRSA is Meticillin-Resistant Staphylococcus aureus. Staphylococcus aureus is a bacterium (germ) and is often found on the skin or in the nose of healthy people. Most S. aureus infections can be treated with commonly used antibiotics. However, MRSA infections are resistant to the antibiotic meticillin and also to many other types of antibiotics.

Infections with MRSA are usually associated with high fevers and signs of infection. Most commonly these are infections of the skin (like boils and abscesses). Less commonly, MRSA can cause pneumonia and urine infections. The Trust takes extremely seriously its duty to prevent infection and provide care in a safe environment and having achieved zero instances of MRSA bacteraemias for four consecutive years wished to monitor and maintain this record this year.

What the data shows

The Trust is pleased to have achieved the target of zero cases of MRSA. Each MRSA bacteraemia case is investigated with all staff involved using detailed Root Cause Analysis identifying areas for improvement.



Data Source: Infection Control Department

What happens next?

As this priority has been achieved this will now be monitored through the Trust's monthly performance dashboard.

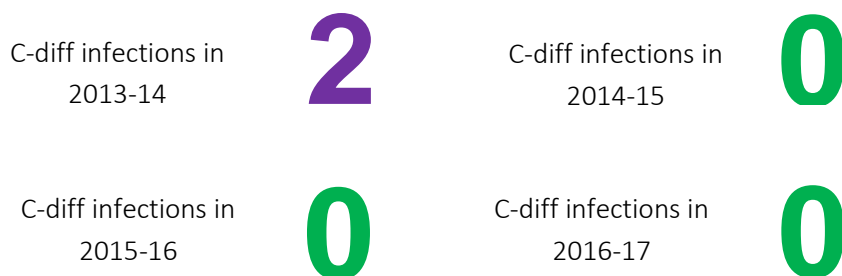
Our Priority	To achieve zero Clostridium-difficile (C-diff) infections
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What we said we'd do

Clostridium difficile are bacteria that are present naturally in the gut of around two-thirds of children and 3% of adults. C.difficile does not cause any problems in healthy people. However, some antibiotics that are used to treat other health conditions can interfere with the balance of 'good' bacteria in the gut. When this happens, C.difficile bacteria can multiply and produce toxins (poisons), which cause illness such as diarrhoea and fever. C.difficile infection is the commonest cause of healthcare associated diarrhoea. Having achieved zero instances of Clostridium difficile infection during 2015-16 the Trust wished to monitor and maintain this record.

What the data shows

There were no reported instances of Trust apportioned *Clostridium difficile* infection in persons aged 2 or over in 2016-17.



Data Source: Infection Control Department

What happens next?

Having successfully maintained zero instances of C-diff in consecutive years this priority has been achieved and will now be monitored through the Trust's monthly performance dashboard.

Our Priority

To achieve a rate of late-onset bloodstream infections in preterm infants below 0.5 infections per 100 very low birth weight intensive care and high dependency days

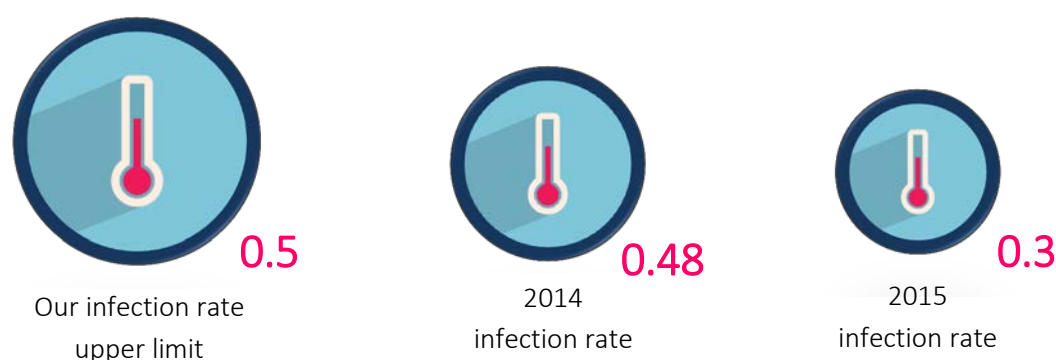
What we said we'd do

Late-onset neonatal infection is an important, but potentially avoidable, complication of preterm birth. Premature babies below 30 weeks are the most vulnerable to bloodstream infections and in whom infection has the potential to cause significant morbidity and mortality.

By limiting the number of babies who acquire these infections we are also able to impact on the associated short and long-term clinical outcomes which can include chronic lung disease.

What the data shows

The most recent data available to us is from the calendar year 2015. Although the trust 2016 data is available and shows positive progress there is a process of verification through the national network before formal standardisation is complete. The infection rate was 0.29 infections per 100 very low birth weight intensive care and high dependency days. This is below our target of 0.5 and similar to the rate of 0.30 in 2015.



Data Source: Vermont Oxford Network

What happens next?

The data for this priority will continue to be calculated and reported as one of the items monitored by the Neonatal Unit. As this priority has been achieved this will now be monitored through the Trust's monthly performance dashboard.

Our Priority To achieve a proportion of preterm babies who develop a late-onset bloodstream infection below the median benchmarked against the Vermont Oxford Network (VON)-UK.

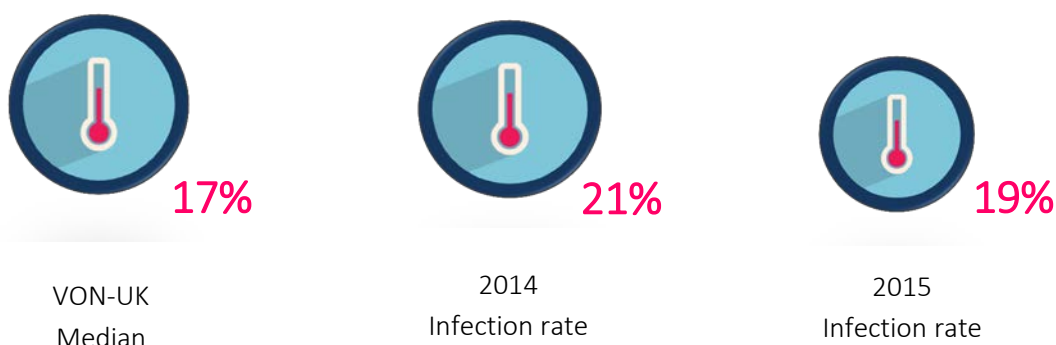
What we said we'd do As described in the previous priority, late-onset neonatal infection is an important, but potentially avoidable, complication of preterm birth. By benchmarking our rates with VON-UK we are able to make sure babies in our unit receive treatment comparable with the best available.

What is VON?

The Vermont Oxford Network (VON) is comprised of teams of health professionals representing neonatal intensive care units around the world. These teams look to improve the quality and safety of medical care for newborn infants and their families through a coordinated program of research, education, and quality improvement projects.



What the data shows The most recent data available to us is from the calendar year 2015 there has been a national delay in reporting 2016 figures. The infection rate was 19%, lower than in 2014 but above the median value for VON units in the UK. This may, in part at least, be explained by differences in complex case-mix and survival of babies admitted to Liverpool Women's compared with other units.



Data Source: Vermont Oxford Network

What happens next? The Trust will no longer monitor this priority in its Quality Report. The data for this priority will continue to be reported locally by the Neonatal Unit however. It is felt by clinicians that next year's indicators of reducing avoidable neonatal deaths and reducing avoidable admissions will provide a better benchmark of the quality of service provided.

Our Priority	To reduce the incidents of babies born with Grade 2/3 Hypoxic Ischaemic Encephalopathy by 50% over 3 years
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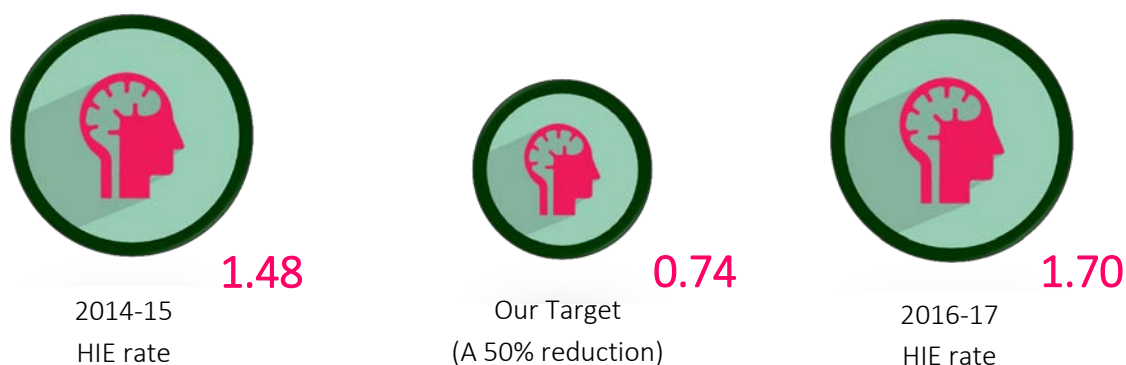
What we said we'd do

Hypoxic Ischaemic Encephalopathy (HIE) is an acute disturbance of brain function caused by impaired oxygen delivery and perfusion of the brain. The prognosis for babies born with HIE can be severe and lead to life-long care needs; improving care to prevent it occurring is of benefit to the families using our services. The Trust will also reduce the number of unexpected admissions to the neonatal unit and the number of serious incidents requiring investigation related to these scenarios.

The Trust identified this as a priority with potential for improvement and has included it in its 'Sign up to Safety' plan, setting a target of reducing the incidence of this grade 2/3 HIE by 50% in three years.

What the data shows

In the past 12 months 15 babies have been born with Grade 2/3 Hypoxic Ischaemic Encephalopathy. The HIE rate has therefore been 1.70. This compares to 1.48 at the start of this target.



Data Source: LWH Badger System

What happens next?

In line with "Each Baby Counts", all babies treated with therapeutic hypothermia will continue to have multidisciplinary reviews in conjunction with external peers. Themes identified and lessons learned will continue to be shared across the organisation and Strategic Clinical Network. Review reports will be uploaded to the Each Baby Counts data portal for evaluation. Data for HIE will continue to be reported monthly on the performance dashboard with concerns escalated to the Effectiveness Senate and onwards as required.

The previous indicator was truly aspirational, we now have pregnant ladies with significant health conditions and an older age range that are now having babies that previously would not have been able to. The matter is complex with a variety of issues that could occur before the patient arrives to have the baby. This will be monitored through 2 new indicators reducing stillbirths and reducing avoidable neonatal deaths

The Trust will retire this metric and instead monitor the number of term babies unexpectedly admitted to the neonatal unit. This ties in closely with HIE but is deemed to be a better way to measure the quality of Trust efforts to reduce avoidable harm.

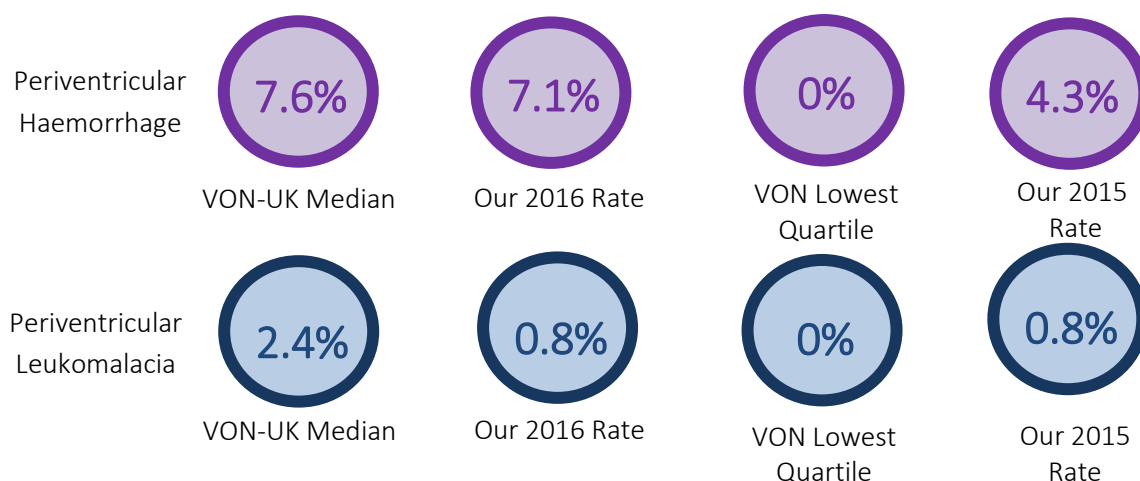
Our Priority	To reduce the number of very low birth weight babies who have ultrasound evidence of periventricular haemorrhage (grade 3 or 4) or periventricular leukomalacia to be in the lowest quartile of benchmarking peers
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What we said we'd do Neurological disability as a consequence of perinatal brain injury is an important adverse outcome in babies who survive preterm birth. It has implications for the individual and the family as well as health and educational services. The quality of care provided in the perinatal period may impact on the incidence of these injuries. Monitoring and benchmarking these outcomes for our babies allows us to ensure that the high quality of care that we provide is being maintained.

By benchmarking our rates with VON and aspiring to the lowest quartile we aim to make sure babies in our unit receive treatment comparable with the best available.

What the data shows The rate of both major periventricular haemorrhage and periventricular leukomalacia in babies born with very low birth weight and cared for at Liverpool Women's is below the median for the 38 neonatal units across the UK that benchmark using the VON system in the most recently published data.

The proportion of very low birth weight babies with ultrasound evidence of perinatal brain injury at LWH continues to be lower than the average rate seen across other neonatal units in UK.



Data Source: Vermont Oxford Network

What happens next? The Trust will no longer monitor this priority in its Quality Report. Outcomes will instead be monitored under the other indicators allowing for a more robust focus on neonatal outcomes. The Trust will however continue to benchmark against VON and endeavour to be in the lowest quartile. We will monitor and implement any new evidence based interventions to prevent or reduce preterm perinatal brain injury as they become available.

Our Priority	To increase reporting of all medication error incidents by 10% quarter on quarter (~16% in year), to enable identification and resolution of causal factors
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What we said we'd do The administration of medication is the most frequent medical intervention a patient receives in hospital. The EQUIP² study, a large multi-centre study on prescribing errors shows an 8.9% prescribing error rate. We committed to this priority because improving the reporting culture around medication errors and having the right processes to review and learn from them can have a positive impact on patient safety.

What is a medication error?

A medication error is any preventable event that either causes or leads to inappropriate medication being used or a patient being harmed. This could be due to a variety of issues such as prescribing, poor communication, product labelling, dispensing or training.



What the data shows There were 732 medication error incidents reported during 2016-17. This represents an increase of 215% in reporting compared to the previous 12 months 2015-16 335 reported medication error incidents report and therefore met our annual target of a 16% increase to improve reporting rates of medication errors.



Data Source: Ulysses Risk Management System

What happens next? Promotion of reporting across the multi-disciplinary team and robust systems to review medication errors have been implemented and have increased our reporting levels greatly. As a result the Trust intend to retire this metric but will continue to monitor reporting rates through Medicines Management Committee and the Safety Senate with a particular focus on incidents causing harm.

The individual service areas are responsible for managing medication related incidents. Medication errors are reported monthly to local forums with oversight of all medication incidents provided by where cross divisional trends can be identified and action taken.

Our Priority	To ensure that all medication incidents rated at 10 or above are subject to a Root Cause Analysis
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What we said we'd do As the previous priority outlines, monitoring the reporting of medication incidents can reduce harm and increase patient safety significantly. All incidents are given a score based on their severity and likelihood up to a maximum of 25. This priority committed the Trust to ensuring that any incident scoring 10 or more got enhanced scrutiny using a root cause analysis. This allows the best opportunity for the Trust to capture and implement learning and reduce the number of serious medication error incidents.

² Dornan, T, Ashcroft, D, Heathfield, H, Lewis, P, Miles, J, Taylor, D, Tully, M, Wass, V. An in depth investigation into causes of prescribing errors by foundation trainees in relation to their medical education. EQUIP study. General Medical Council: 3 December 2009.

What the data shows

There were 0 medication error incidents scoring 10 or more during 2016-17.

Data Source: Ulysses Risk Management System

What happens next?

As this priority has been achieved this will now be retired. Medication errors are reported monthly to local forums with oversight of all medication incidents provided by Medicines Management Committee where cross divisional trends can be identified and action taken.

Our Priority

To ensure that no more than 10% of live births as a result of assisted conception treatment are multiples

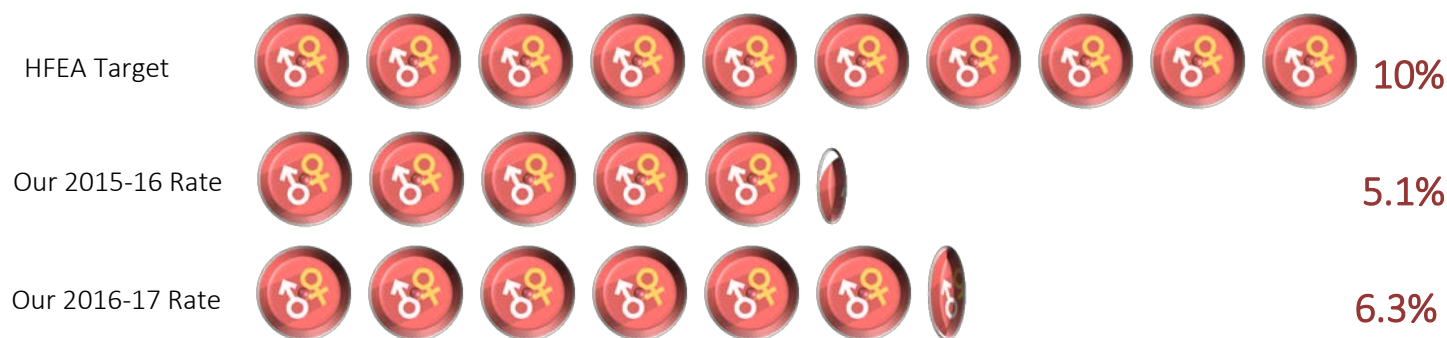
What we said we'd do

As assisted conception treatment improves, replacing more than one embryo at a time now more frequently results in a multiple birth. This means a more complicated pregnancy with a much higher incidence of preterm birth. As preterm birth is well recognised to be associated with physical and development problems, reducing the incidence of multiple births was selected as a priority for us and will be a key contributing factor in reducing harm.

The Human Fertilisation & Embryology Authority (HFEA), the UK fertility regulator, sets a target of 10% for fertility centres to meet in its drive to reduce the number of multiple pregnancies arising from fertility treatments.

What the data shows

The Trust has continued to be significantly below its target for this metric despite a slight increase compared to the previous year. The Trust has been told by the HFEA that it has one of the lowest multiple live birth rates in the country.



Data Source: Human Fertilisation & Embryology Authority (HFEA)

What happens next?

Monitoring of multiple pregnancies and births and the review of the multiple birth minimisation strategy will continue and is also a requirement of the HFEA. Clinical and laboratory methodologies and strategies are constantly reviewed and strive to provide every patient with a successful outcome, a healthy singleton live birth.

As this priority has been achieved this will now be monitored through the Trust's monthly performance dashboard.



Liverpool Women's delivers services from locations
across the North West

Reducing Mortality

This section of the report considers how the Trust seeks “to reduce mortality”, ensuring the effectiveness of our services and the best outcomes for our patients. Given the nature of the services we provide at Liverpool Women’s, such as looking after the very premature babies born or transferred here and providing end of life care for cancer patients, we do see deaths, many of which are expected. However, our quality goal is to reduce mortality wherever possible.

As is explained on the right, the use of HSMR is not appropriate for this organisation; as it excludes a large number of our deaths using it may give false concern or reassurance. This has been considered very carefully by the Trust and we have committed to monitoring our mortality by focussing on each clinical area separately. We will record our mortality rates in those areas and benchmark against national standards. To ensure effectiveness in the Trust is at the absolute forefront of practice, the Trust goes a step further than most other hospitals by ensuring that every case in which there is a death is reviewed individually so that any lessons regarding failures of care may be learned.

Do you use the Hospital Standardised Mortality Rate (HSMR)?

The government uses a standardised measurement to calculate mortality across the NHS. This ratio, HSMR, compares a hospital’s actual mortality rate to the mortality rate that would be expected given the characteristics of the patients treated. This is not a useful tool for Liverpool Women’s since maternal deaths, stillbirths and neonatal deaths are all excluded

Our Priority	To deliver our risk adjusted neonatal mortality within 1% of the national Neonatal Mortality Rate
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What we said we’d do

Neonatal mortality rate (NNMR) is accepted to be a useful indicator of the effectiveness of a perinatal healthcare system and two-thirds of infant deaths occur in the neonatal period. The neonatal service at Liverpool Women’s cares for one of the largest populations of preterm babies in the NHS and it is extremely important that survival of these babies is monitored to ensure that the quality of the care that we are providing is maintained

National data for neonatal mortality by gestation is published annually by the Office for National Statistics (ONS) and we use this for benchmarking purposes, committing in our priority to be within 1% of the national rate.

What the data shows

The latest available data shows that when only births booked at this Trust are considered the Neonatal Mortality Rate at Liverpool Women’s is below the national rate at 2.1 deaths per 1,000 live births. Even when those babies transferred here for specialist treatment are considered our rate is 0.4% above the national rate, within the Trust target of remaining within 1% of the national rate.



UK
NNMR



Liverpool Women's
gestation corrected
NNMR (all live births)



Liverpool Women's gestation
corrected NNMR
(pregnancies booked at
Liverpool Women's)

Data Source: Office for National Statistics (ONS)

Note: NNMR is calculated as the number of deaths per 1,000 live births

What happens next? The Trust will continue to benchmark using both the Office for National Statistics data and the data it gets from the Vermont Oxford Network. The Trust's Effectiveness Senate and ultimately the Board have an overview of the delivery of this work. This priority will remain on the Quality Strategy for 2017-2020 and reported annually through the Quality Report.

Our Priority No non-cancer related deaths in Gynaecology

What we said we'd do Mortality data is crucial for all hospitals, and is an important focus of our Gynaecological Oncology service. How we help and deal with our patients who have serious or terminal diseases is so important both in our dealings with the clinical issues around their care, but also in terms of the support and assistance we give to the patients and their families during this time.

We committed in our Quality Strategy to offering palliative end of life care but carefully monitoring to ensure there are no non-cancer related deaths.

What the data shows Two non-cancer related deaths in Gynaecology in 2016-17. Full Serious Investigations (Si's) were undertaken for both cases, with no core issues identified.

Data Source: Hospital Episode Submission Data (HES)

What happens next? All deaths within the hospital, whether cancer-related or not, are reviewed to ensure the appropriate action was taken. The Trust benchmarks its mortality data against peer Trusts using Capita Healthcare Knowledge System (CHKS). We will continue to benchmark in this way to complement the close monitoring of our mortality data internally. The Trust's Clinical Quality Governance Committee and ultimately the Board have an overview of the delivery of this work. The Trust intends to publish a Mortality Strategy in 2017.

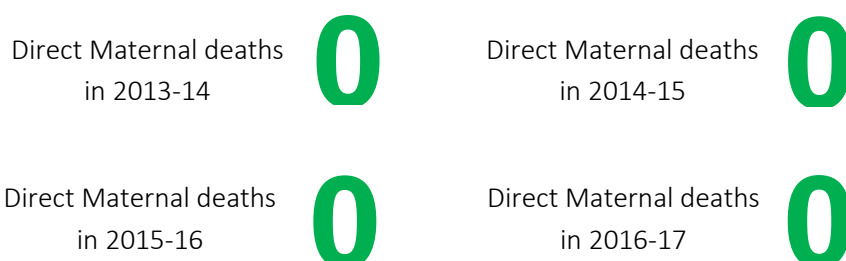
This priority will continue to be reported in the Quality Report but will be reported under the redefined priority of Adult Mortality.

Our Priority	Zero direct maternal deaths
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What we said we'd do The Trust committed in its Quality Strategy to ensuring there were zero direct maternal deaths at the Trust. A direct maternal death refers to those women whose death is directly related to a complication of pregnancy such a haemorrhage, pre-eclampsia or sepsis Lifestyle factors such as obesity and advanced maternal age are significant contributory factors to complications of pregnancy. With the increased prevalence of these factors within the population the risk of a significant complication is increased.

What the data shows There were 0 direct maternal death recorded in 2016-17. There has only been 1 since the Trust opened in 1998.

As well as assessing each individual case very closely, the Trust benchmarks using figures provided from MBRRACE. Their latest national figures for direct maternal deaths of 2.91 per 100,000 indicate the Trust is within the 95% confidence intervals.



Data Source: Hospital Episode Submission Data (HES)

What happens next? The Trust will continue to prioritise this metric in its Adult Mortality indicator. Our work within the Merseyside and Cheshire maternity clinical network develops regional guidelines for the management of severe pre-eclampsia and other pregnancy related conditions that can contribute to mortality.

The Trust takes extremely seriously its duty to ensure positive outcomes for our women and will continue to monitor and maintain this priority in the coming year. The Operational Board monitor this metric with the Trust's Effectiveness Senate and ultimately the Board having an overview.

Our Priority	To reduce the incidence of stillbirths attributed to Small for Gestational Age (SGA) by 20%
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What we said we'd do In many cases when a baby is stillborn there is no intervention that would have affected the outcome. However in those babies whose death has been attributed to them being small for gestational age there is the potential that early detection may have allowed an earlier delivery to be planned.

Sands, the Stillbirth and Neonatal Death Charity, support the adoption of a specialised care package to reduce the incidence of stillbirth. With this in mind the Trust adopted this priority; although we may never be able to prevent all stillbirths it is important to put all processes in place to minimise the number of avoidable deaths.

What the data shows The data shows a 23% reduction in stillbirths attributed to small for gestational age. The Stillbirth Task Force has achieved its Phase 1 target of 20% reduction in stillbirths attributed to small for gestational age.

Data Source: Hospital Episode Submission Data (HES)

What happens next? The Trust uses a care bundle involving targeting smoking cessation, a Gap programme (continuation of Individualised Growth charts and targeted scanning for at risk individuals), increased awareness of babies' movements and a fresh eyes approach to monitoring during labour.

The Trust will look to use this year's figures as the starting point and will monitor them for reduction while continuing to submit information on stillbirths nationally as part of our audit work. Local clinicians monitor this priority, reporting regularly on progress to the Trust's Effectiveness Senate with exceptions escalated as necessary, ultimately to the Board. This priority will be managed under a redefined priority of reducing avoidable stillbirths in line with the Trust Quality Strategy for 2017-2020.

Our Priority Introduce the national 'safety thermometer' for maternity services

What we said we'd do The national maternity "safety thermometer" allows our teams to measure how many of our maternity patients receive care without harm. It also captures details of how often patients are harmed and in what way. The Trust committed to participating in the safety thermometer" as part of our Quality Strategy; this information will help us to improve care and experience for our patients.

What the data shows The Trust has met this priority. Information about women who have delivered babies is collected on one day each month from clinics, the postnatal delivery ward and in post natal clinics and then submitted.

Data Source: National Safety Thermometer

What is the National Safety Thermometer?

The safety thermometer is a survey instrument for the NHS. This means that, along with the other checks we have at Liverpool Women's, we use it to make certain we are providing a care environment that is free of harm for our patients. If you want to know more you can visit the website at www.safetythermometer.nhs.uk



What happens next? As this priority has been met and the Safety Thermometer is introduced the Trust does not intend to continue to report against this metric in the Quality report. This remains a contractual requirement however and is monitored quarterly by our local commissioners where any performance issues will be challenged and addressed.

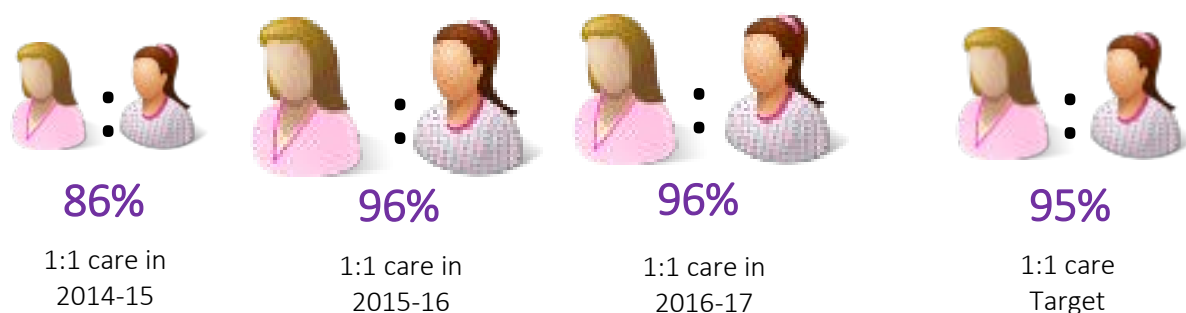
Providing the Best Patient Experience

We have discussed already our priorities for ensuring our patients are safe and receive effective care. However at Liverpool Women's we also know that the experience that our patients have whilst under our care is of great importance. We understand that many of our patients have contact with us at some of the most significant times in their lives; with that in mind it is our ambition to make the experience of everyone who steps through our doors the best that it can possibly be. We also know that this goal of a great patient experience can only be delivered by a workforce who are engaged, competent and motivated to deliver high quality care.

Our Priority	1:1 care in established labour provided to at least 95% of women
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What we said we'd do The importance of support for a woman and her family during established labour and birth cannot be underestimated. Delivering 1:1 care to women in established labour is known to promote a normal birth, reduce intervention and enhance women's birth experiences. Ensuring that at least 95% of our women receive 1:1 care in labour was therefore selected as a priority by the Trust.

What the data shows The Trust has historically struggled to meet this target. There has been a significant improvement in the last 2 years with the Trust succeeding in exceeding this planned target.



Data Source: Meditech

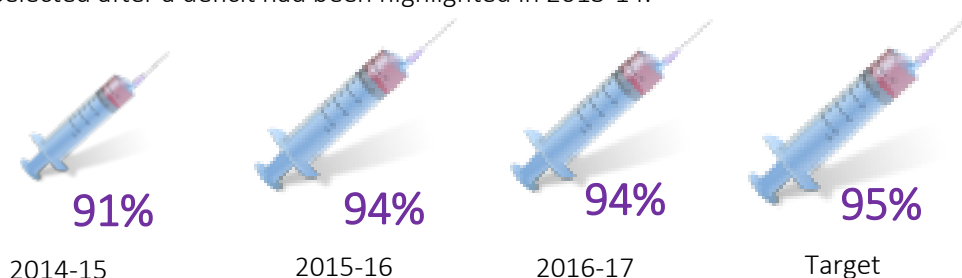
What happens next? The Trust is committed to ensuring women are supported during their labour. Local clinicians monitor this priority, reporting regularly on progress both within the maternity service and more widely. Exceptions are escalated as necessary to the Experience Senate, and ultimately to the Board.

This priority will be monitored on the Trust performance dashboard and also highlighted through learning and concerns but will not remain a standalone metric in the Quality Report. Any concerns raised in relation to 1:1 care provision will be captured in the patient experience metrics of next year's Quality Report

Our Priority	To provide epidural pain relief to at least 95% of women requesting it, where possible and clinically appropriate
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What we said we'd do The provision of an epidural on patient request promotes a sense of safety and trust, if a women reports a less anxious less painful state, she is more likely to achieve the birth she has planned. The inability to provide an epidural for a non-clinical reason creates distress to women and families. The Trust committed to the aim of providing epidural pain relief to at least 95% of women requesting it, where possible and clinically appropriate.

What the data shows There has been consistent improvement over the past several years. However, the Trust has narrowly missed its target of 95% against this priority. This is not unexpected as the priority was selected after a deficit had been highlighted in 2013-14.



Data Source: Hospital Episode Submission Data (HES)

What happens next? The Trust will monitor on a weekly basis the provision of all requested epidurals from women in both the high risk central delivery suite and the low risk midwifery led unit. Weekly reports of the non-provision of an epidural for a non-clinical reason will be provided to departmental managers, matrons and the Head of Midwifery to take action.

Local clinicians monitor this priority, reporting regularly on progress to the local quality meetings. This priority will be monitored on the Trust performance dashboard and highlighted through learning and concerns meetings. Individual instances where epidurals are not provided are predominantly clinical decisions in situations where a woman asks for an epidural but is too far along in delivery for this to be given safely.

Our Priority	To be in the upper quartile of Patient Surveys across all pathways
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What we said we'd do Although it is mandatory for Trusts to implement Friends and Family for Inpatients, Accident and Emergency (Emergency Room) and Maternity, the decision was taken to implement across all areas of Liverpool Women's. The priority for the Trust is to be in the upper quartile for this test.

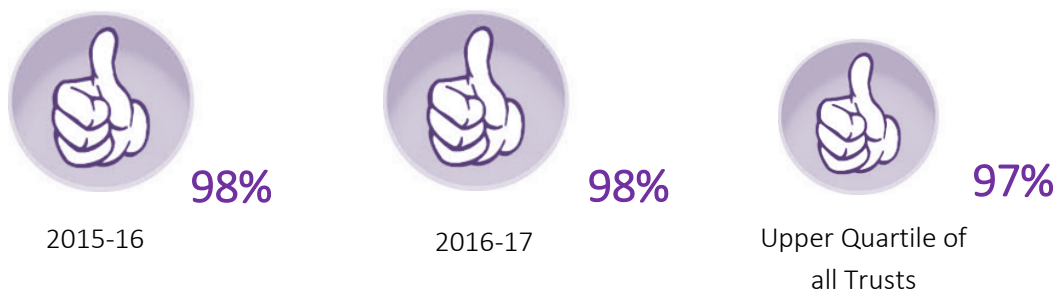
What is the Friends & Family Test?

The Friends and Family Test is the nationally recommended method of getting patient feedback. It asks people whether they would recommend the service they have used to their friends and family. It allows us to receive feedback on both good and poor patient experiences. The feedback gathered is used to stimulate local improvement and empower staff to carry out the sorts of changes that make a real difference.



What the data shows

In 2016-2017 98% of those responding to the survey said they would recommend Liverpool Women's to their friends and family. This was the same figure as reported in 2015-16. The upper quartile was 97% meaning we successfully met this priority.



Data Source: NHS England

What happens next?

Each of the individual service areas own and manage their own results locally. This allows managers to receive details of feedback in their area and to provide staff with local targeted feedback and make changes and improvements particular to their area. It also allows the Trust to celebrate our successes with individual staff named in positive feedback.

The Friends and Family Test results are reported at the local Quality Improvement forum and in a standardised format dashboard at the Trust Patient Experience Senate. This is fed into the Governance and Clinical Assurance Committee with exceptions escalated as necessary, ultimately to the Board.

Priorities for Improvement in 2017-18

As has been outlined in the report so far, the Trust has 3 clearly defined quality goals; to reduce harm, to reduce mortality and to provide the best patient experience. You have seen already how we have performed during 2016-17; the tables below set out what our priorities will be in the coming 12 months.

Our priorities are a combination of national and local issues and wherever possible are identified by as wide a range of stakeholders as possible as well as by the Trust. This includes patients, their families, the wider public, our staff and commissioners. We have held listening events and engagement sessions to allow all our stakeholders the opportunity to assist in choosing this year's priorities. The priorities are driven by the Trust's Quality Strategy and will allow us to achieve our vision of being the recognised leader in healthcare for women, babies and their families

Reduce Avoidable Harm

Core Principle: Safety

Improvement Priority	Why is this important, how is it measured and where will it be reported
Zero never events	The Trust takes extremely seriously its duty to prevent harm and provide care in a safe environment. This will be monitored via our Ulysses incident reporting system and reported to Safety Senate.
Reduce medication incidents resulting in harm	Improving the reporting culture and having the correct processes to review and learn can have a positive impact on patient safety. This will be measured using data from the Trust's Ulysses system and reported to Safety Senate.
100% sepsis screening	The Trust takes extremely seriously its duty to prevent infection and provide care in a safe environment. This will be measured using data from the Infection Control Department and reported to Safety Senate.
Reduce avoidable readmissions	Planning patient discharges as early as possible and ensuring clear discharge plans are in place leads to safer care. Targeted clinical audits to understand patient flow will be in place and reported to Safety Senate.
Reduce avoidable returns to theatre	Monitoring and understanding why patients are returned to theatre unexpectedly including analysing variation as part of the revalidation process. Conducting root cause analysis and learning from these investigations will be reported to Safety Senate.

Reduce avoidable term neonatal admissions	Minimising term admissions reduces potentially avoidable separation of mothers and babies, reduces unnecessary investigation and treatment and allows better utilisation of resources in the neonatal unit. This will be monitored using routinely collected hospital activity data and the neonatal admissions database and reported to Safety Senate.
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Achieve the best clinical outcomes

Core Principle: Effectiveness

Improvement Priority	Why is this important, how is it measured and where will it be reported
Zero maternal deaths	Mortality data is crucial for all hospitals in identifying shortcomings in care. This will be measured using HES data and reported to Effectiveness Senate.
Zero unexpected deaths in women having gynaecological treatment	Mortality data is crucial for all hospitals in identifying shortcomings in care. This will be measured using HES data and reported to Effectiveness Senate.
Reduce avoidable stillbirth	Stillbirth is potentially preventable through early intervention. This priority will be measured using HES data and reported to Effectiveness Senate.
Reduce avoidable neonatal deaths	This will ensure the quality of care we provide is of the highest quality, it will be monitored using local data along with information from the Office of National Statistics and reported to Effectiveness Senate.
Increase compliance with NICE Quality Standards	Compliance with quality standards helps ensure the trust is working to best practice. This will be measured using information from the Clinical Audit team and reported to Effectiveness Senate.

Provide the Best Patient Experience

Core Principle: Experience

Improvement Priority	Why is this important, how is it measured and where will it be reported
Increase the percentage of staff recommending the Trust as a place to work	Listening to feedback helps us respond to patient concerns and informs us when we make decisions about how our services are provided. This priority will be measured using data from NHS England and reported to Experience Senate.

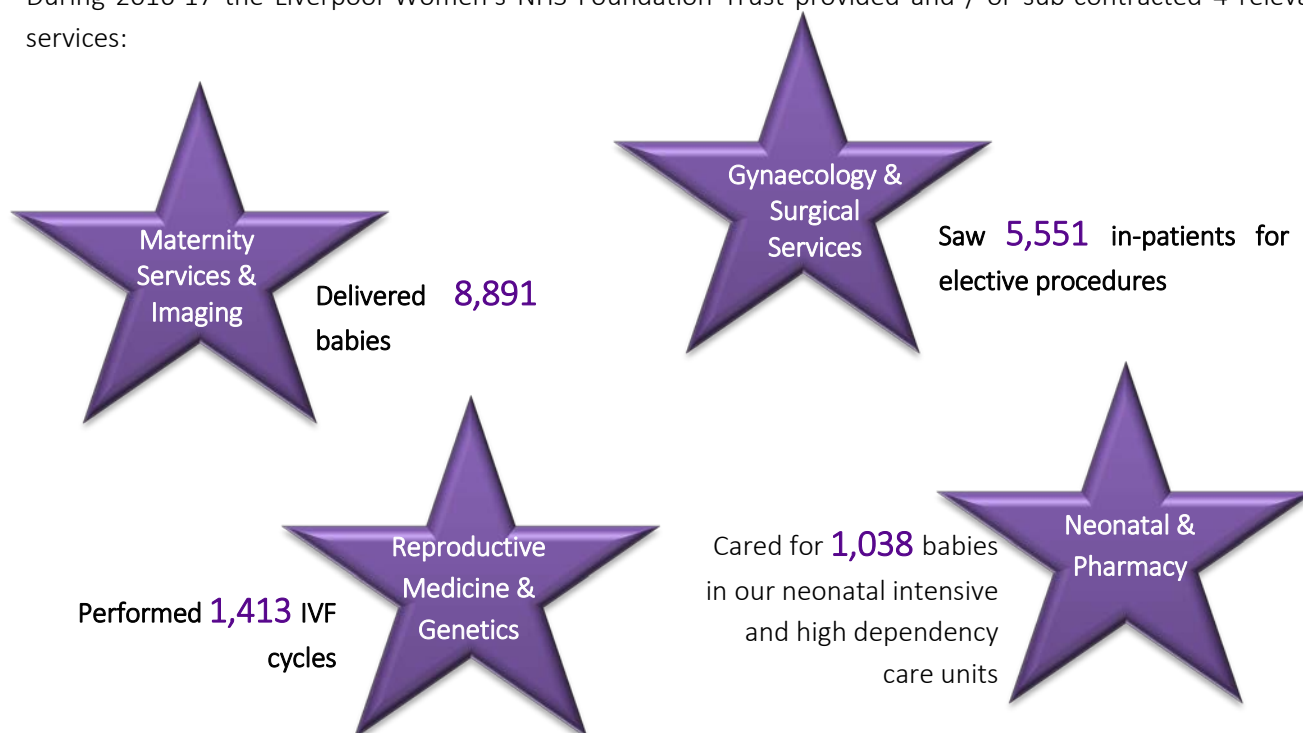
Increase the Trust's staff engagement score	There are well evidenced links between staff engagement and good outcomes for patients. By supporting our staff to develop, listening to their feedback and involving them in decision – making we aim to improve both staff and patient experience. It is measured via the engagement score in the annual staff survey and reported to Experience Senate.
Reduce PALS contacts regarding patient access to triage systems	Respond to themes from PALS, Complaints, and Feedback & Surveys. This will begin with improving patient access to telephone triage systems and will be reported to Experience Senate.

Statements of Assurance

The Trust is required to include statements of assurance from the Board. These statements are nationally requested and are common across all NHS Quality Accounts.

Review of Services

During 2016-17 the Liverpool Women's NHS Foundation Trust provided and / or sub-contracted 4 relevant health services:



The Liverpool Women's NHS Foundation Trust has reviewed all the data available to them on the quality of care in all of these relevant health services.

The income generated by the relevant health services reviewed in 2015-16 represents 100% of the total income generated from the provision of relevant health services by the Liverpool Women's NHS Foundation Trust for 2016-17.

Participation in Clinical Audit

During 2016-17 4 national clinical audits and 1 national confidential enquiry covered relevant health services that Liverpool Women's NHS Foundation Trust provides. During 2016-17 Liverpool Women's NHS Foundation Trust participated in 100% of national clinical audits and 100% of national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Liverpool Women's NHS Foundation Trust was eligible to participate in during 2016-17 are as follows in the table below. The national clinical audits and national confidential enquiries that Liverpool Women's NHS Foundation Trust participated in during 2016-17 are as follows in the table below.

The national clinical audits and national confidential enquiries that Liverpool Women's NHS Foundation Trust participated in, and for which data collection was completed during 2016-17, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Relevant National Clinical Audits	Did the Trust participate?	Cases Submitted
Neonatal Intensive and Special Care (NNAP)	✓	100%
National Comparative Audit of Blood Transfusion Programme – Audit of Patient Blood Management in Scheduled Surgery	✓	100%
Maternal, Newborn and Infant Clinical Outcome Review Programme (MBRRACE-UK) – Perinatal Mortality	✓	100%
National Pregnancy in Diabetes Audit (NPID)	✓	92.5%

Relevant National Confidential Enquiries	Did the Trust participate?	Cases Submitted
Maternal, Newborn and Infant Clinical Outcome Review Programme (MBRRACE-UK) – Maternal Deaths	✓	100%
Mental Health in General Hospitals (NCEPOD)	✓	100%

The reports of 4 national clinical audits were reviewed by the provider in 2016-17 and Liverpool Women's NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

National Clinical Audits	Actions Taken
Neonatal Intensive and Special Care (NNAP)	<ul style="list-style-type: none"> The recording system was not fully compatible with the national system; therefore the Unit has now migrated from the "Badger 3" system to a "Badgernet full EPR" system. To improve parent documentation for babies admitted to NICU, all the admissions to NICU in the preceding 24 hours are highlighted during morning huddle to check if parent communication is documented or to allocate the responsibility for communication and documentation. To improve breast feeding rate, increased utilisation of small wonders programme DVD and appointed new Healthcare assistant for breast feeding support to mother in NICU. A service evaluation is to be undertaken to find the true incidence of bronchopulmonary dysplasia
2016 National Comparative Audit of Blood Transfusion programme) Re-audit of Patient Blood Management in Adults undergoing Scheduled Surgery	<ul style="list-style-type: none"> Awaiting National report
Maternal, Newborn and Infant Clinical Outcome Review Programme (MBRRACE-UK) – Perinatal Mortality	<ul style="list-style-type: none"> A Perinatal Mortality Review Multidisciplinary Group with an Obstetric & Neonatology lead has been set up to regularly review all stillbirths/term neonatal deaths/cooled babies. In order to comply with EBC recommendations to use a standardised tool to review process, the DH tool will be used.

	<ul style="list-style-type: none"> • Review of Diabetes related stillbirths 2011- Oct 2016 (introduction of new Diabetes protocol) is to be undertaken • Phase 2 of Stillbirth Task Force target will now involve participation from midwifery staff and other multi-disciplinary team members in the review panel, especially from the community and antenatal clinics
National Pregnancy in Diabetes Audit (NPID) 2016	<ul style="list-style-type: none"> • Awaiting National Report

The reports of 26 local clinical audits were reviewed by the provider in 2016-17 and Liverpool Women's NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided. This is a selection of key actions that have improved healthcare or made a difference to patients as a result of local clinical audit; they are those we feel are most relevant from our Clinical Audit programme this year.

Audit of blood transfusion practice against NICE guidance: NG24

As a result of the audit findings, we didn't need to change or implement any new guidelines or policies. We have educated staff in order that they will change their practice; only transfuse single units, 'don't transfuse two without review' and consider the use of tranexamic acid, particularly in gynaecological surgery.

Prescribing Incident audit on the maternity ward

The audit results identified that the training programme for Junior Doctors was now more enhanced and Doctors were taught more about safety of Fragmin and Paracetamol prescriptions and that it may be useful to have a reference guide for Doctors to carry. In order to raise awareness of VTE risk assessment and subcutaneous Fragmin prophylaxis prescribing, posters were created and are on display in clinical areas, and lanyard cards have been designed for Doctors to carry as a guide. Standards have now been created from this audit and the Trust is eager to encourage excellence in prescribing.

Referral of babies with abnormalities identified on routine examination of the newborn (NIPE)

Following the audit, guidelines related to referral for absent eye reflex, developmental dysplasia of hips and undescended testes, were disseminated widely in the Neonatal Team. The audit report, including results was shared with orthopaedics, surgical and ophthalmology teams and presented at the Neonatal Clinical Governance meeting. New guidelines are currently under discussion and will be implemented once agreed by the Neonatal Clinical Team.

Trust compliance with Mental Capacity Act (MCA) 2005 & Deprivation of Liberty Safeguards (DOLS)

The audit findings confirmed that the combination of; raising awareness of how to apply the MCA in clinical practice through mandatory training, identification of patients who may lack capacity in pre-operative assessment, a robust referral system, access to specialist support and expert guidance and the reformatted Consent Form 4 have all contributed to the overall improvement in compliance, when compared to 2015/16.

All Standards were met and therefore no actions were required.

Bowel Injury

As a result of the audit findings, we didn't need to change or implement any new guidelines or policies. We found that documentation was good and we now display visual prompts in gynaecology theatres as a reminder to staff to document operation notes for oncology patients on the Somerset database and that operation notes for complex cases need to be completed by a Lead Surgeon.

What is Clinical Audit?

Clinical audit is a quality improvement cycle that involves measurement of the effectiveness of healthcare against agreed and proven standards for high quality, and taking action to bring practice in line with these standards so as to improve the quality of care and health outcomes.



The Trust annually prepares a Clinical Audit Programme. This programme prioritises work to support learning from serious incidents, risk, patient complaints and to investigate areas for improvement. The results of all audits, along with the actions arising from them, are published on the Trust's intranet to ensure all staff are able to access and share in the learning.

Participation in Clinical Research

During 2016/17 we have continued our efforts to contribute to quality National Institute for Health Research (NIHR) studies and to maintain our subsequent numbers of NIHR recruitment accruals.

The number of patients receiving relevant health services provided or sub-contracted by Liverpool Women's NHS Foundation Trust in 2016/17 that were recruited during that period to participate in research approved by a research ethics committee was 1795 of which, 1046 were recruited into NIHR portfolio studies.

Liverpool Women's was involved in conducting 137 clinical research studies across our speciality areas of maternity, neonates, gynaecology oncology, general gynaecology, reproductive medicine, anaesthetics and genetics during 2016/17. At the end of 2016/17 a further 24 studies were in set up.

There were 89 clinical staff contributing to research approved by a research ethics committee at Liverpool Women's during 2016/17. These staff contributed to research covering a broad spectrum of translational research from basic research at the laboratory bench, through early and late clinical trials, to health systems research about healthcare delivery in the community.

Our research has contributed to the evidence-base for healthcare practice and delivery, and in the last year, 86 publications have resulted from our involvement in research, which shows our commitment to transparency and desire to improve patient outcomes and experience across the NHS.

Use of the Commissioning for Quality and Innovation (CQUIN) Payment Framework

A proportion of Liverpool Women's NHS Foundation Trust's income in 2016-17 was conditional upon achieving quality improvement and innovation goals agreed between Liverpool Women's NHS Foundation Trust and any other person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework. The main areas covered by the framework are:

- Friends and Family Test
- NHS Safety Thermometer
- Dementia
- Maternity Bundle
- Cancer
- Effective Discharge Planning in Maternity
- Electronic Discharge Summaries
- ILINKS Transformation Programme

Further details of the agreed goals for 2016-17 and for the following 12 month period are available electronically at: www.liverpoolwomens.nhs.uk/About_Us/Quality_and_innovation.aspx.

The total monetary value of the income in 2016-17 conditional upon achieving quality improvement and innovation goals was £ £1,983,283. The monetary total for the associated payment in 2015-16 was £1,977,598.

Care Quality Commission

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

The Care Quality Commission has not taken enforcement action against Liverpool Women's NHS Foundation Trust during 2016-17.

Liverpool Women's NHS Foundation Trust has not participated in special reviews or investigations by the Care Quality Commission during the reporting period.

What is the Care Quality Commission?

The Care Quality Commission (CQC) undertakes checks to ensure that Trusts are Safe, Caring, Responsive, Effective and Well-led. All NHS Trusts are required to register with them. If the CQC has concerns about a Trust it can issue a warning notice or even suspend or cancel a Trust's registration.



When Liverpool Women's was last formally inspected, in February & March 2015, the CQC had no concerns and rated it as **"Good"**. Full results are shown in the table that follows:

	Safe	Effective	Caring	Responsive	Well-led	Overall
Maternity (inpatient services)	Requires improvement	Good	Good	Good	Good	Good
Maternity (community services)	Requires improvement	Not rated	Good	Good	Requires improvement	Requires improvement
Surgery (gynaecology)	Requires improvement	Good	Good	Good	Good	Good
Termination of pregnancy	Good	Good	Good	Good	Good	Good
Neonatal services	Good	Good	Good	Good	Good	Good
End of life care	Good	Good	Good	Good	Good	Good
Outpatients and diagnostic imaging	Good	Not rated	Good	Good	Good	Good
Overall	N/A	N/A	N/A	N/A	N/A	Good

Liverpool Women's agreed an Action Plan with the CQC to address those areas that they felt could be further enhanced. This Action Plan was subsequently signed off as complete by the CQC.

Data Quality

Liverpool Women's NHS Foundation Trust submitted records during 2016-17 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data which included the patient's valid NHS number was:

98.9% for admitted patient care,
99.3% for outpatient care,
98.8% for accident and emergency care.

The percentage of records in the published data which included the patient's valid General Medical Practice Code

99.9% for admitted patient care,
99.8% for outpatient care,
99.9% for accident and emergency care.

was:

This is important because the patient NHS number is the key identifier for patient records while accurate recording of the patient's General Medical Practice Code is essential to enable the transfer of clinical information about the patient from a Trust to the patient's General Practitioner.

Liverpool Women's NHS Foundation Trust will be taking the following actions to improve data quality: a monthly data quality sub-committee, data quality report reviews and a robust data quality audit plan, commenced April 2016 with quarterly update reports reported into and monitored by the Data Quality Sub Committee.

Information Governance

Liverpool Women's NHS Foundation Trust's Information Governance Assessment report overall score for 2016-17 was 74% and was graded **"Green - Satisfactory"**.

Clinical Coding

Liverpool Women's NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2016-17 by the Audit Commission.

Duty of Candour

The Francis Inquiry report into Mid Staffordshire NHS Foundation Trust recommended that a statutory duty of candour be introduced for health and care providers. This is further to the contractual requirement for candour for NHS bodies in the standard contract, and professional requirements for candour in the practice of regulated activity.

In interpreting the regulation on the duty of candour Liverpool Women's NHS Foundation Trust use the definitions of openness, transparency and candour used by Robert Francis in his report. The thresholds and harm definitions of moderate and severe harm are consistent with existing National Reporting and Learning System (NRLS) definitions,

including prolonged psychological harm. The Trust records all instances in which it applies duty of candour on its Ulysses Risk Management system.

Sign up to Safety

Liverpool Women's is at the forefront of the national "Sign up to Safety" campaign. This campaign focuses on the reduction of avoidable harms. We launched projects in November 2015 that aim to reduce avoidable harm by 50% in 3 years by reducing the incidents of babies born with Grade 2/3 Hypoxic Ischaemic Encephalopathy and reducing the incidence of sepsis.

The Trust publishes regular updates on the progress of its Sign up to Safety Projects, the following address: http://www.liverpoolwomens.nhs.uk/About_Us/Sign_up_to_Safety.aspx where the overall Trust Improvement Plan is also available.

Junior Doctor Staffing

Due to the known national shortage of junior doctors, and as detailed on the Trust Risk Register, the Trust usually runs with a number of gaps on the rotas across all services. The majority of these gaps are in the main covered by locum shifts from the current cohort of doctors in training. However, there is an increasing reliance on agency locum shifts in in O&G, managed within the current framework agreement. The table below shows the number of gaps on rotas during this rotation period:

Speciality	No: of gaps
O&G	6.5
Neonates	2
Anaesthetics	2
Genetics	1

For note, due to the national shortage of junior doctors, it is becoming increasingly difficult to recruit to posts within the junior doctor workforce across all specialities so it is envisaged that rota gaps will continue and may even increase.

NHS Staff Survey

All Trusts are asked to include NHS Staff Survey results for showing the percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months and the percentage believing that trust provides equal opportunities for career progression or promotion.

Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months

Trust Score	National Average	Highest National Score	Lowest National Score
24%	23%	29%	17%

Percentage of staff believing that trust provides equal opportunities for career progression or promotion

Trust Score	National Average	Highest National Score	Lowest National Score
89%	86%	94%	81%

Reporting against Core Indicators

All NHS Trusts contribute to national indicators that enable the Department of Health and other organisations to compare and benchmark Trusts against each other. As a specialist Trust, not all of them are relevant to Liverpool Women's. This section of the report gives details of the indicators that are relevant to this Trust with national data included where it is available for the reporting year.

28 Day Readmission Rates

The first category of patients benchmarked nationally is those aged 0-15. The Trust admits fewer than 10 patients in this age category each year and so benchmarking of readmissions with other Trusts is not of any meaning.

The table below shows the percentage of patients aged 16 and above who were readmitted within 28 days:

Trust This Year	Trust Last Year	National Average	Highest National Score	Lowest National Score
9.85%	7.11%	11.45%	17.15%	0%

Liverpool Women's considers that this data is as described for the following reasons: readmission rates can be a barometer of the effectiveness of all care provided by a Trust. Liverpool Women's is committed to providing effective care and has had this metric independently audited in 2013 and 2014.

Liverpool Women's intends to take the following actions to improve this indicator and so the quality of its services: continue to monitor the effectiveness of surgical and post-operative care using this indicator.

Staff who would recommend the Trust to their family or friends

All Trusts are asked to record the percentage of staff employed by, or under contract to, the Trust during the reporting period who would recommend the trust

as a provider of care to their family or friends. The table below shows how Liverpool Women's compares with other specialist Trusts nationally:

Trust This Year	Trust Last Year	National Average	Highest National Score	Lowest National Score
80%	80%	90%	93%	80%

Liverpool Women's considers that this data is as described for the following reasons: although below the national average when measured against Specialist Trusts, Liverpool Women's performs more favourably if grouped with other Acute Trusts

Liverpool Women's intends to take the following actions to improve this indicator and so the quality of its services: make the question a standard item at team meetings, continue to host monthly 'In the Loop' sessions, conduct focus groups in departments where the number of staff recommending the Trust is particularly low, measure staff feedback using the Trust's Pulse Survey.

Venous Thromboembolism (VTE)

All Trusts are asked to record the number of patients receiving a VTE assessment expressed as a percentage of eligible 'ordinary' admissions. The table below shows how Liverpool Women's compares nationally:

Trust This Year	Trust Last Year	National Average	Highest National Score	Lowest National Score
98%	98%	96%	100%	78%

Liverpool Women's considers that this data is as described for the following reasons: the Trust has well established processes for assessing patients' risk of VTE and consistently performs above average.

Liverpool Women's intends to take the following actions to improve this indicator and so the quality of its services: review cases where assessment has not taken place and provide education to staff, improving performance and reducing the potential for harm for patients.

Clostridium Difficile

All Trusts are asked to record the rate of Trust apportioned C.difficile per 100,000 bed days. The table below shows how Liverpool Women's compares nationally:

Trust This Year	Trust Last Year	National Average	Highest National Score	Lowest National Score
0	0	40.8	111.1	0

Liverpool Women's considers that this data is as described for the following reasons: the Trust takes extremely seriously its duty to prevent infection and provide care in a safe environment.

Liverpool Women's intends to take the following actions to improve this indicator and so the quality of its services: all cases will continue to be reported to the infection control team, will have a root cause analysis and will be reported nationally. The Trust will also review its range of interventions to ensure they remain fit for purpose.

Patient Safety Incidents

All Trusts are asked to record their rate of patient safety incidents per 1,000 bed days. The table below shows how Liverpool Women's compares nationally 2016:

Trust This Year	Trust Last Year	National Average	Highest National Score	Lowest National Score
120	85	57	141	16

Liverpool Women's considers that this data is as described for the following reasons: the Trust has a strong culture of incident reporting.

Liverpool Women's intends to take the following actions to improve this indicator and so the quality of its services: revise and reissue its Policy for Reporting and Managing Incidents, continue to promote incident reporting, revise delivery of training.

All Acute Trusts are asked to record the percentage of reported incidents that result in severe harm or death. The table below shows how Liverpool Women's compares nationally:

Trust This Year	Trust Last Year	National Average	Highest National Score	Lowest National Score
0.6%	1.1%	0.2%	0.9%	0%

Liverpool Women's considers that this data is as described for the following reasons: the Trust has a strong learning culture and encourages the reporting of incidents.

Liverpool Women's intends to take the following actions to improve this indicator and so the quality of its services: ensure that all incidents where patients have suffered severe harm or death are reported externally and undergo a full investigation to identify the causes. This supports learning and identifies necessary changes in practice.

Part 3

Other Information

Performance against Key National Priorities and National Core Standards

NHS improvement sets out their approach to overseeing NHS Foundation Trusts' compliance with the governance and continuity of service requirements of the Foundation Trust licence. This section of the report shows our performance against the indicators NHS Improvement set out in this framework, unless they have already been reported in another part of this report.

The indicators provide an overview of the quality of care offered by the NHS foundation trust based on performance in 2016/17. The indicator set includes indicators for patient safety, clinical effectiveness and patient experience. The Trust has successfully met all but one of the targets in 2016-17. Positive progress in the all cancers two week wait is particularly pleasing. There has however been a decrease in the overall staff engagement score. The trust intends to conduct focus groups in departments where the number of staff recommending the Trust is particularly low. It is of note that the trust is grouped with specialist trusts and performs better when results are considered alongside those of acute trusts.

Indicator	Target	2016-17 Performance	Target Met?	2015-16	2014-15	Data Source
Patient Safety						
(A) 18 week referral to treatment times: Incomplete Pathways	92%	93.65%	Yes	95.2%	93.6%	Somerset Cancer Register
All cancers: two week wait	93%	96.5%	Yes	95.9%	96.4%	Somerset Cancer Register
All cancers: one month diagnosis to treatment (first definitive)	96%	99.3%	Yes	99.7%	97.5%	Somerset Cancer Register
Clinical Effectiveness						
All cancers: one month diagnosis to treatment (subsequent surgery)	94%	100%	Yes	100%	99.1%	Somerset Cancer Register
All cancers: one month diagnosis to treatment (subsequent drug)	98%	-	Yes	-	-	Somerset Cancer Register
(A) All cancers: two month diagnosis to treatment (GP referrals)	85%	86.9%	Yes	87.2%	88.7%	Somerset Cancer Register
Patient Experience						
All cancers: two month diagnosis to treatment (screening referrals)	90%	100%	Yes	100%	100%	Somerset Cancer Register
NHS Staff satisfaction: Overall staff engagement	3.86	3.77	No	3.86	3.74	NHS Staff Survey
Total time in Accident & emergency (% seen within 4 hours)	95%	98.1%	Yes	99.1%	99.9%	Meditech

(A) These indicators have been subject to additional assurance procedures by the Trust's external auditor

The number of indicators shown above has reduced this year in comparison to previous years' reports. This is in response to regulatory changes aimed at reducing the burden on providers and allowing a clearer focus on the indicators that are most important to patients.

Annex 1: Statements from our Partners

Liverpool Women's shares its Quality Report with commissioners, local Healthwatch organisations and Local Authority Overview and Scrutiny Committees. This section of the report details the responses and comments we have received from them.

South Sefton, Southport and Formby, Liverpool and Knowsley Clinical Commissioning Groups

South Sefton, Southport and Formby, Liverpool and Knowsley CCGs welcome the opportunity to jointly comment on the Liverpool Women's Hospital NHS Foundation Trust Draft Quality Account for 2016/17. We have worked closely with the Trust throughout 2016/17 to gain assurances that the services they delivered were safe, effective and personalised to service users. The CCGs share the fundamental aims of the Trust and support their strategy to deliver high quality, harm free care. The account reflects good progress on most indicators.

We have reviewed the information provided within the Quality Account and checked the accuracy of data within the account against the latest nationally published data where possible.

This Account indicates the Trust's commitment to improving the quality of the services it provides for commissioners supports the key priorities for improvement of quality during 2016/17.

- Priority 1: Avoidable Harm
- Priority 2: Achieve the best clinical outcomes
- Priority 3: Provide the best Patient Experience (this has been carried over from 2015-16)

This is a comprehensive report that clearly demonstrates progress within the Trust. It identifies where the organisation has done well, where further improvement is required and what actions are needed to achieve these goals, in line with their Quality Strategy.

Through this Quality Account and on-going quality assurance process the Trust clearly demonstrates their commitment to improving the quality of care and services delivered. Liverpool Women's Hospital NHS Foundation Trust continues to develop innovative ways to capture the experience of patients and their families in order to drive improvements in the quality of care delivered.

The Trust places significant emphasis on its safety agenda, with an open and transparent culture, and this is reflected with the work the Trust has undertaken under the "Sign up to Safety" agenda.

Of particular note, is the work the Trust has undertaken to improve outcomes on the following work streams for example:-

- Zero C-Diff since 2014-15 and Zero MRSA infections in 2016-17.
- Trust has continued from 2015-16 with 98% of patients responding to the Friends and Family Test said they would recommend the Trust to their friends and family.
- Trust achieved its target of an increase of 16% in relation to the reporting of medication incidents. Trust has reported an increase of 215% (732 reported in 16-17).

The CCGs would like to acknowledge the Trust's work with commissioners on the Future Generations Strategy and the continued involvement of patients and carers in developing options for the future based on strong clinical evidence and the most rigorous standards of quality.

Commissioners are aspiring through strategic objectives and 5 year plans to develop an NHS that delivers great outcomes, now and for future generations. This means reflecting the government's objectives for the NHS set out in their mandate to us, adding our own stretching ambitions for improving health and delivering better services to go even further to tailor care to the local health economy. Providing high quality care and achieving excellent outcomes for our patients is the central focus of our work and is paramount to our success.

It is felt that the priorities for improvement identified for the coming year are both challenging and reflective of the current issues across the health economy. We therefore commend the Trust in taking account of new opportunities to further improve the delivery of excellent, compassionate and safe care for every patient, every time.

Katherine Sheerin
Chief Executive, NHS Liverpool CCG

Fiona Taylor
Chief Officer, South Sefton and Southport &
Formby CCGs

Dianne Johnson
Accountable Officer, Knowsley CCG

Healthwatch Liverpool

Healthwatch Liverpool welcomes this opportunity to comment on the 2016-17 Quality Account for the Liverpool Women's NHS Foundation Trust.

This commentary relates to the contents of a draft Quality Account document that was made available to Healthwatch prior to its publication, and has also been informed by our ongoing engagement with the Liverpool Women's hospital. Healthwatch Liverpool receives feedback about the Trust through our information and signposting service, and via independent web-based resources such as www.careopinion.org.uk. We have been particularly pleased with some of the personal and empathetic responses by the Trust to patient feedback left on the Care Opinion website.

Healthwatch Liverpool, Sefton and Knowsley held a joint Listening Event at the Women's Hospital on 6th March 2017. From that event and a Patient Opinion event on 14th March 2017 we received feedback from 76 patients about their experience of using the Trust's services. We also attended sessions at the Honeysuckle service, set up by the Trust to support families who have suffered loss through miscarriage, stillbirth or early neonatal death where we gathered in-depth feedback from 10 people. Although the Honeysuckle team is not mentioned specifically in the Quality Account, we would like to take this opportunity to share how positive those families were about the support received and how this helped them deal with their losses.

Healthwatch Liverpool is assured that this Quality Account provides a good summary of the quality of services provided by Liverpool Women's hospital during 2016 -17. The priorities for improvement continued to be the same as the previous year: to reduce harm, to reduce mortality, and to provide the best patient experience. Details about the Trust's performance for all these priorities are provided within the report.

Healthwatch Liverpool is pleased with the progress overall as shown in the report; it was particularly positive to note that infection rates have remained very low, with zero MRSA and C-Diff infections reported. The trust aimed to increase the reporting of medication errors; the increased reporting rate of 215% is a welcome sign of openness. It is reassuring to note that no serious harms occurred as a result of medication errors. We are also pleased to see that the Trust has met its target of providing one-to-one care to 95% of women in established labour for the second year in a row.

The report shows a slightly more mixed picture in terms of reporting against national core indicators as set out by the Department of Health. Patient safety incidents appear to have risen, attributed by the Trust to better reporting. Although the figures for incidents leading to severe harm or death have dropped compared to the previous year, they are still above the national average. However, Healthwatch Liverpool is of the view that this Quality Account shows that overall the Trust is continuing to improve the quality of its services.

Healthwatch is aware that consultations about the future of local women's health services have been taking place this year. We look forward to the Trust's and Commissioners' ongoing engagement with patients and the wider public about this, ensuring that patients and the wider public remain fully informed.

Finally, the Trust serves diverse communities and Healthwatch would therefore welcome some information in the Quality Account about the work that the Trust carries out to ensure its services are equally accessible to all patients. Healthwatch Liverpool is looking forward to ongoing regular engagement with the Trust in 2017-18 to be able to monitor the progress of both quality and equality considerations.

Sefton Council

Quality Account 2016/17

As Chair of Sefton Council's Overview and Scrutiny Committee (Adult Social Care and Health), I am writing to submit a commentary on your Quality Account for 2016/17.

Members of the Committee met informally on 12 May 2017 to consider a number of draft Quality Accounts, together with representatives from Healthwatch Sefton and the local Sefton CCGs. We welcomed the opportunity to comment on your Quality Account and I have outlined the main comments raised in the paragraphs below.

Mr. Andrew Loughney, Medical Director, and Amanda Cringle, Quality Improvement and Resilience Lead, attended from your Trust to provide a presentation on the Quality Account and to respond to questions raised.

With regard to "Safety – Reduce Harm" and the Improvement Priority of "To reduce the incidents of babies born with Grade 2/3 Hypoxic Ischaemic Encephalopathy by 50% over 3 years", we heard the reasons and anecdotes why this particular Improvement Priority should possibly be re-worded, to include something along the lines of "...in those cases where something should have been avoided", in order to achieve clarification. Otherwise, we understood the difficulties in ever achieving this Improvement Priority.

Similarly, under "Effectiveness – Reduce Mortality" and the Improvement Priority of "No non – cancer related deaths in Gynaecology", we heard that wording for this particular Improvement Priority should possibly be re-drafted in order to clarify and attain realistic improvement.

Again, under "To Provide the Best Patient Experience" and the Improvement Priority of "To provide epidural pain relief to at least 95% of women requesting it, where possible and clinically appropriate", we queried what figure 95% represented and were made aware that the wording for this particular Improvement Priority should possibly be re-drafted in order to clarify and achieve realistic improvement.

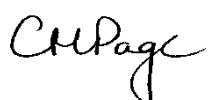
We were made aware of the NHS England documentation on "Saving Babies' Lives" and of the important work being undertaken in this area to reduce stillbirths.

We also discussed the current Case for Change for the Trust and the possible future relocation of the Trust, together with associated concerns relating to communication, full consultation with Sefton residents and all relevant parties, and retention of the “Liverpool Women’s” brand. Trust representatives acknowledged that we are all striving to achieve the best quality care for patients and extended an invitation for us to get in touch with any future concerns.

We very much appreciated the opportunity to scrutinise your draft Quality Account for 2016/17 and were grateful for Mr. Loughney and Ms. Cringle’s attendance at our meeting. I hope you find these comments, together with the suggestions raised, useful.

Please accept this letter as my OSC’s formal response to your Quality Account.

Yours sincerely,



Councillor Catie Page
Chair of Sefton Council’s Overview and Scrutiny Committee (Adult Social Care and Health)

Healthwatch Sefton

Healthwatch Sefton welcomes the opportunity to comment on the draft Quality Account.

In reviewing the ‘Quality and Safety Improvement’ priorities, it was good to see that the majority of the targets have been achieved. We attended the Sefton MBC Overview and Scrutiny Committee (Adult Social Care and Health), informal meeting on the 12th May and received a presentation from the Trusts Medical Director. It was interesting to hear further information about the targets which had not been met and how those targets had been unrealistic. For example a reducing harm target; ‘to reduce the incidents of babies born with grade 2/3 Hypoxic Ischaemic Encephalopathy by 50% over 3 years’ is an unachievable target with the Trust having no influence when something happens during pregnancy off site.

In reviewing the target for improving the best patient experience, it was good to see that there have been significant improvements in the last 2 years for the target of providing one-to-one care to 95% of women in established labour, the trust exceeding this planned target. The Trust narrowly missed its target of providing epidural pain relief to at least 95% of women requesting it, where possible and clinically appropriate. We would be keen to know how progress against this target is monitored moving forward as epidural pain relief not being administered could be due to factors outside of the Trusts control.

The Trust should be congratulated that there have been zero MRSA and zero Clostridium-difficile (C-diff) infections.

Healthwatch Knowsley, Liverpool, and Sefton held a joint ‘Listening Event’ at the Trusts main site in Liverpool on 6th March 2017. From that event we received feedback from 76 patients and their families about their experience of using the Trusts services. The majority of feedback was positive, especially about staff and about care received. More negative feedback was captured about waiting times at outpatient appointments.

Year on year the report is written in a style which is more readable to the public and it is good to see a mix of text, photographs and images. It would be useful for the public however to provide information in context and include figures alongside percentages used. We found the paragraph on page 4 'Why publish a Quality Account?' to be a good way of letting the public know what the document is about and other Trusts would benefit from including this at the beginning of their accounts. The glossary is also welcomed.

It would have been good to have read more about the work undertaken to ensure services are equitable for all patients and hope that in next year's account there is information about work being undertaken which focusses on equality and diversity.

Healthwatch Sefton is aware of the pre consultation community engagement which has taken place during this period which has focussed on the future of women's health services provided by the Trust. During 2016, with little notice, we held 2 engagement sessions across Sefton with the support of our local Clinical Commissioning Groups to ensure Sefton residents could feed into the pre consultation work. Looking forward, as a key stakeholder, Healthwatch Sefton would like to work with the Trust and key commissioners to ensure that Sefton residents are involved in future engagement and consultation plans to ensure their voices are heard.

Healthwatch Sefton was not involved in choosing the new quality priorities for 2017–18, but hopes to work with the Trust over the coming year and would welcome informal meetings with key personnel on a quarterly basis with other local healthwatch organisations to ensure we receive regular updates and can share local information.

Annex 2: Statement of Directors' Responsibilities

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

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

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

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016/17 and supporting guidance;
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
 - Board minutes and papers for the period April 2016 to 26 May 2017
 - Papers relating to quality reported to the board over the period April 2016 to 26 May 2017
 - Feedback from Liverpool CCG dated 26/05/2017
 - Feedback from governors dated 26/04/2017
 - Feedback from Local Healthwatch organisations, Healthwatch Liverpool dated 10/05/2017 and Healthwatch Sefton dated 01/05/2017
 - Feedback form Sefton Council Overview and Scrutiny Committee, dated 16/05/2017
 - The trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2017
 - The latest national patient survey, published January 2017
 - The latest national staff survey, published January 2017
 - The Head of Internal Audit's annual opinion over the trust's control environment dated 27/03/2017
 - CQC Intelligent Monitoring Report dated 22/05/2015
- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information reported in the Quality Report is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and

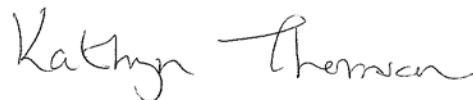
- the Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at www.monitor.gov.uk/annualreportingmanual) as well as the standards to support data quality for the preparation of the Quality Report (available at www.monitor.gov.uk/annualreportingmanual).

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

By order of the Board.



Robert Clarke
Chair
26/05/2017



Kathryn Thomson
Chief Executive
26/05/2017

Annex 3

Independent Auditors' Limited Assurance Report to the Council of Governors of Liverpool Women's NHS Foundation Trust on the Annual Quality Report

We have been engaged by the Council of Governors of Liverpool Women's NHS Foundation Trust to perform an independent assurance engagement in respect of Liverpool Women's NHS Foundation Trust's Quality Report for the year ended 31 March 2017 (the 'Quality Report') and specified performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2017 subject to limited assurance (the "specified indicators") marked with the symbol **A** in the Quality Report, consist of the following national priority indicators as mandated by Monitor:

<i>Specified Indicators</i>	<i>Specified indicators criteria</i> (exact page number where criteria can be found)
Percentage of incomplete pathways within 18 weeks for on incomplete pathways at the end of the reporting period ("Incomplete Pathways")	In line with the definition included within NHS patients Improvement's "Detailed requirements for external assurance for quality reports for foundation trusts 2016/17" Annex C (page 19)
Maximum waiting time of 62 days from urgent GP first treatment for all cancers	In line with the definition included within NHS referral to Improvement's "Detailed requirements for external assurance for quality reports for foundation trusts 2016/17" Annex C (page 21)

Respective responsibilities of the Directors and auditors

The Directors are responsible for the content and the preparation of the Quality Report in accordance with the specified indicators criteria referred to on pages of the Quality Report as listed above (the "Criteria"). The Directors are also responsible for the conformity of their Criteria with the assessment criteria set out in the NHS Foundation Trust Annual Reporting Manual ("FT ARM") and the "Detailed requirements for quality reports for foundation trusts 2016/17" issued by Monitor (operating as NHS Improvement) ("NHSI").

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

- The Quality Report does not incorporate the matters required to be reported on as specified in the FT ARM and the "Detailed requirements for quality reports for foundation trusts 2016/17";
- The Quality Report is not consistent in all material respects with the sources specified below; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria set out in the FT ARM and the "Detailed requirements for external assurance for quality reports for foundation trusts 2016/17".

We read the Quality Report and consider whether it addresses the content requirements of the FT ARM and the "Detailed requirements for quality reports for foundation trusts 2016/17"; and consider the implications for our report if we become aware of any material omissions.

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

- Board minutes for the financial year, April 2016 to 26 May 2017;
- Papers relating to quality report reported to the Board over the period April 2016 to 26 May 2017;
- Feedback from Liverpool CCG dated 26/05/2017;
- Feedback from governors dated 26/04/2017;

- Feedback from Local Healthwatch organisations, Healthwatch Liverpool dated 10/05/2017 and Healthwatch Sefton dated 01/05/2017;
- Feedback from Sefton Overview and Scrutiny Committee dated 16/05/2017;
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2017;
- The latest national patient survey, published January 2017;
- The latest national staff survey, published January 2017;
- The Head of Internal Audit's annual opinion over the Trust's control environment dated 27/03/2017;
- CQC Intelligent Monitoring Report dated 22/05/2015.

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

Our Independence and Quality Control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We apply International Standard on Quality Control (UK & Ireland) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Use and distribution of the report

This report, including the conclusion, has been prepared solely for the Council of Governors of Liverpool Women's NHS Foundation Trust as a body, to assist the Council of Governors in reporting Liverpool Women's NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2017, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Liverpool Women's NHS Foundation Trust for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

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

- reviewing the content of the Quality Report against the requirements of the FT ARM and the "Detailed requirements for quality reports for foundation trusts 2016/17";
- reviewing the Quality Report for consistency against the documents specified above;
- obtaining an understanding of the design and operation of the controls in place in relation to the collation and reporting of the specified indicators, including controls over third party information (if applicable) and performing walkthroughs to confirm our understanding;
- based on our understanding, assessing the risks that the performance against the specified indicators may be materially misstated and determining the nature, timing and extent of further procedures;
- making enquiries of relevant management, personnel and, where relevant, third parties;
- considering significant judgements made by the NHS Foundation Trust in preparation of the specified indicators;
- performing limited testing, on a selective basis of evidence supporting the reported performance

- indicators, and assessing the related disclosures; and
- reading the documents.

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

Limitations

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

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Quality Report in the context of the assessment criteria set out in the FT ARM and “Detailed requirements for quality reports for foundation trusts 2016/17” and the Criteria referred to above.

The nature, form and content required of Quality Reports are determined by NHSI. This may result in the omission of information relevant to other users, for example for the purpose of comparing the results of different NHS Foundation Trusts.

In addition, the scope of our assurance work has not included governance over quality or non-mandated indicators in the Quality Report, which have been determined locally by Liverpool Women’s NHS Foundation Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that for the year ended 31 March 2017:

- The Quality Report does not incorporate the matters required to be reported on as specified in the FT ARM and the “Detailed requirements for quality reports for foundation trusts 2016/17”;
- The Quality Report is not consistent in all material respects with the documents specified above; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria set out in the FT ARM and the “Detailed requirements for external assurance for quality reports for foundation trusts 2016/17”.

PricewaterhouseCoopers

PricewaterhouseCoopers LLP
Manchester
26 May 2017

The maintenance and integrity of the Liverpool Women’s NHS Foundation Trust’s website is the responsibility of the directors; the work carried out by the assurance providers does not involve consideration of these matters and, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported performance indicators or criteria since they were initially presented on the website.

Annex 4: Glossary of Terms

Assisted Conception	The use of medical procedures to produce an embryo.
CCG	Clinical Commissioning Group – Local groups of GP practices commissioned health services from the Trust for their patients.
C-Diff	Clostridium difficile - bacteria that are present in the gut.
Epidural	Form of regional analgesia used during childbirth.
Established Labour	The period from when a woman is 4cms dilated and contracting regularly.
Gynaecology	Medical practice dealing with the health of the female reproductive system.
Gynaecological Oncology	Specialised field of medicine that focuses on cancers of the female reproductive system.
Haemorrhage	The flow of blood from a ruptured blood vessel.
HES	Hospital Episodes Submission.
HFEA	Human Fertilisation & Embryology.
HIE	Hypoxic Ischaemic Encephalopathy is an acute disturbance of brain function caused by impaired oxygen delivery and excess fluid in the brain.
HSCIC	Health and Social Care Information Centre.
Intraventricular Haemorrhage	Bleeding within the ventricles of the brain.
Intrapartum	Occurring during labour and delivery.
LWFT (sometimes LWH)	Liverpool Women's NHS Foundation Trust.
Maternity	The period during pregnancy and shortly after childbirth.
MBRRACE -UK	Mother and Baby Reducing Risks through Audits & Confidential Enquiries across the UK.
MRSA	Meticillin Resistant Staphylococcus Aureus – a bacterium resistant to treatment with the antibiotic Meticillin.
Neurological	The science of the nerves, the nervous system and the diseases affecting them.
Neonatal	Of or relating to newborn children.
NICE	National Institute for Health and Care Excellence.
NIHR	National Institute for Health Research.
NNAP	National Neonatal Audit Project.
NMR / NNMR	Neonatal Mortality Rate; Deaths of infants in the newborn period.
NRLS	National Reporting & Learning System.
ONS	Office for National Statistics.
PALS	Patient Advice & Liaison Service.
Perinatal	The period surrounding birth.
Periventricular Leukomalacia	A form of brain injury involving the tissue of the brain known as 'white matter'.
PHE	Public Health England.
Postnatal	Term meaning 'After Birth'.
Post-operative	Period immediately after surgery.
Pre-eclampsia	A condition involving a number of symptoms including increased maternal blood pressure in pregnancy and protein in the urine.
RCOG	Royal College of Obstetrics & Gynaecology.

Root Cause Analysis	A method of problem solving used for identifying the root causes of faults or problems.
SGA	Small for Gestational Age.
Tissue Viability	Tissue Viability is about the maintenance of skin integrity, the management of patients with wounds and the prevention and management of pressure damage.
Ultrasound	Sound or other vibrations having an ultrasonic frequency, particularly as used in medical imaging.
VTE	Venous Thrombo-embolism; this describes a fragment that has broken away from a clot that had formed in a vein.
VLBW	Very Low Birth Weight - babies born weighing less than 1500 grams
VON	Vermont Oxford Neonatal Network.
WHO	World Health Organisation.

5. Independent auditors' report

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

Report on the financial statements

Our opinion

In our opinion, Liverpool Women's NHS Foundation Trust's financial statements (the "financial statements"):

- give a true and fair view of the state of the Trust's affairs as at 31 March 2017 and of its income and expenditure and cash flows for the year then ended 31 March 2017; and
- have been properly prepared in accordance with the Department of Health Group Accounting Manual 2016/17.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosures made in note 1 (Accounting policies and other information) to the financial statements concerning the Trust's ability to continue as a going concern. The Trust is subject to an Enforcement Undertaking and is forecasting a deficit and a cash shortfall for 2017/18. The Trust has applied for £4.0m of Distressed Funding from the Department of Health for 2017/18 and will be informed in 2017/18 as to whether this application has been successful. If the application is unsuccessful, the Trust anticipates enhanced regulatory action. These conditions, together with the other matters explained in note 1 of the financial statements, indicate the existence of material uncertainty, which may cast significant doubt about the Trust's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

What we have audited

The financial statements comprise:

- the Statement of Financial Position as at 31 March 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report & Accounts 2016/17 (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is the Department of Health Group Accounting Manual 2016/17.

Our audit approach

Context

Our 2016/17 audit was planned and executed having regard to the fact that the Trust's operations and financial stability remain largely unchanged from the previous year. In light of this, our approach to the audit in terms of scoping and areas of focus were largely unchanged.

Overview



- Overall materiality: £2,191,000 which represents 2% of total revenue.
- In establishing our overall approach we assessed the risks of material misstatement and applied our professional judgement to determine the extent of testing required over each balance in the financial statements.
- The audit was conducted at the Trust's hospital site in Liverpool as that is where the Trust's finance function is based.

Our key areas of focus are

- Management override of controls and risk of fraud in revenue and expenditure recognition;
- Financial position and sustainability; and
- Valuation of property, plant and equipment.

The scope of our audit and our areas of focus

We conducted our audit in accordance with the National Health Service Act 2006, the Code of Audit Practice and relevant guidance issued by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and, International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
<p>Management override of controls and fraud in revenue and expenditure recognition</p> <p>See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates relating to the recognition of income.</p> <p>We focused on this area because there is a heightened risk due to the Trust being under increasing financial pressure. Whilst the Trust is looking at ways to maximise revenue and reduce costs, there is significant pressure to report results in line with its annual plan and to demonstrate its ability to reduce its cost base via Cost Improvement Plans (CIPs). As all Trusts are under pressure to achieve their control totals there is a risk that the Trust could adopt accounting policies, make accounting judgements or estimates or treat income and expenditure transactions in such a way as to lead to material misstatement in the reported surplus or deficit position.</p> <p>Given these incentives, we considered the risk of management manipulation in each of the key areas of focus, which are:</p> <ul style="list-style-type: none"> • Recognition of revenue and expenditure; • The inherent complexities in a number of contractual arrangements entered into by the Trust, for example intra-NHS transactions; • Manipulation through journal postings; and • Management estimates. 	<p>Revenue</p> <p>We evaluated and tested the accounting policy for income recognition and found it to be consistent with the requirements of the Group Accounting Manual 2016/17. For income/receivable transactions, we tested on a sample basis that the transactions and the associated income had been posted to the correct financial year by tracing them to invoices or other documentary evidence. Our testing did not identify any items incorrectly recorded.</p> <p>We tested a sample of contracts across Clinical Commissioning Groups ("CCG") and NHS England and management's reconciliations of the contract value to the income received in year. We agreed the income recognised in the year to the contract terms and any correspondence between the Trust and the CCG regarding over/under performance. We agreed income back to invoices and cash receipts. Our testing did not identify any material errors.</p> <p>We tested a sample of income to invoices and subsequent cash received (for NHS and non-NHS income) to check whether it had been correctly recorded, and this did not identify any items requiring amendment in the financial statements.</p> <p>Expenditure</p> <p>For invoices received/ balances paid for a period after the year-end we tested on a sample basis that the transactions and the associated expense had been posted to the correct financial year by tracing them to other documentary</p>

Area of focus	How our audit addressed the area of focus
	<p>evidence or invoices. Our testing did not identify any items incorrectly recorded.</p> <p>We tested a sample of operating expenses through to invoice to ensure that this had been correctly accounted for. No differences were identified that required amendment within the financial statements.</p> <p><i>Intra- NHS balances</i></p> <p>We obtained the Trust's mismatch reports received from NHS Improvement ("NHST"), which identified balances (debtor, creditor, income or expenditure balances) that were different with the counterparty. We checked that management had investigated disputed amounts above £250,000 (based on the National Audit Office's reporting criteria), then discussed with them the results of their investigation and the resolution, which we agreed to correspondence with the counterparty. We then considered the impact, if any, these disputes would have on the value of income and expenditure recognised in 2016/17 and determined that there was no material impact.</p> <p><i>Manipulation through journal postings</i></p> <p>We selected a sample of manual and automated journal transactions that had been recognised in income, focusing in particular on those with unusual characteristics and those recognised near the end of the year. We considered the journals process and obtained an understanding of the user profiles, ensuring that a proper authorisation control was in place. We traced these journal entries to supporting documentation to check that the transaction was valid and had been correctly accounted for within the financial statements. Our testing identified no issues that required further reporting.</p> <p><i>Management estimates</i></p> <p>We evaluated and tested management's accounting estimates, focussing on:</p> <ul style="list-style-type: none"> • accruals; • provisions; • deferred income; and • Property, Plant and Equipment Valuation (see specific area of focus below). <p>We evaluated and challenged the key accounting estimates on which management's estimates were based and the basis of their calculation on a sample basis by comparing the assumptions used by management in the calculation of their estimate with independent assumptions and investigating any differences.</p> <p>Our testing identified no matters that required amendment within the financial statements of the Trust.</p>

Area of focus	How our audit addressed the area of focus
<p data-bbox="140 248 544 273">Financial position and sustainability</p> <p data-bbox="140 286 783 367"><i>The Trust's future business plans and the Trust's finances for the year ended 31 March 2017 are discussed in detail in the Performance Report within the Annual Report.</i></p> <p data-bbox="140 376 783 483">The Trust achieved a deficit of £4.7m in the year ended 31 March 2017. This includes £4.5m of Sustainability and Transformation Funding ("STF"). As such, the underlying result was a deficit of £9.2m.</p> <p data-bbox="140 492 783 573">We focussed on this area because the Trust's annual plan for 2017/18 includes significant judgment which directly impacts the Trust's ability to continue as a going concern.</p> <p data-bbox="140 582 783 663">The Trust's annual plan for 2017/18, which has been approved by the Board of Directors, identifies the Trust as achieving:</p> <ul data-bbox="185 672 692 788" style="list-style-type: none"> • Income of £112.6m; • Deficit of £4.0m; • CIP savings of £3.7m; and • Positive cash balances throughout 2017/18. <p data-bbox="140 797 783 878">When considering its annual plan, the Trust identified a number of key risks in its delivery. The key uncertainties identified were:</p> <ul data-bbox="185 887 767 1010" style="list-style-type: none"> • ability to meet the budgeted CIP savings of £3.7m; and • receipt of distressed funding of £4.0m from the Department of Health. 	<p data-bbox="807 248 1410 273">In considering the financial performance of the Trust we:</p> <ul data-bbox="818 286 1457 763" style="list-style-type: none"> • Understood the Trust's annual plan for 2017/18 and the cash flow forecasts. We understood the assumptions which the plan is most sensitive to, for example, delivery against CIP targets; • Challenged the assumptions within the plan, for example agreeing a sample of CIP schemes to supporting documentation and where possible, evidence of delivery to date; • Tested management's forecasting accuracy by comparing the current year actual results to those included in the prior year annual plan; and • Performed sensitivity analysis over the assumptions within the Trust's annual plan. The plan shows that the Trust would require Distressed Funding in 2017/18 in order to be able to operate. <p data-bbox="818 772 1457 994">As the Trust is dependent upon receiving additional support through Distressed Funding from the Department of Health and has not been notified that the application has been successful, there is a material uncertainty which cast significant doubt on the Trust's ability to continue as a going concern and we have included an Emphasis of Matter paragraph in this report.</p>
<p data-bbox="140 1048 620 1072">Valuation of property, plant and equipment</p> <p data-bbox="140 1086 783 1193"><i>See note 1 to the financial statements for the directors' disclosures of the related accounting policies, judgements and estimates relating to property, plant and equipment and note 12 for further information.</i></p> <p data-bbox="140 1202 783 1310">We focussed on this area because Property, plant and equipment ("PPE") represents the largest balance in the Trust's statement of financial position. PPE is valued at £71.7m as at 31 March 2017.</p> <p data-bbox="140 1319 783 1512">Land and buildings are measured at fair value based on periodic valuations. The valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual, and are required to be performed with sufficient regularity to ensure that the carrying value is not materially different from fair value at the reporting date.</p> <p data-bbox="140 1520 783 1682">A desktop valuation of the Trust's portfolio of land and buildings was undertaken by the Trust's valuation experts and this has resulted in an upward revaluation of £2.2m of the Land and Buildings balance. The last full valuation of the Trust's portfolio of land and buildings was performed in 2015/16.</p>	<p data-bbox="807 1048 1457 1155">We obtained an impairment assessment undertaken by the Trust, evaluated the assumptions therein and tested where appropriate to source documentation. In particular, we:</p> <ul data-bbox="818 1164 1457 1675" style="list-style-type: none"> • Tested a sample of the material assets by verifying that the input data used by the valuer as the basis of the valuation was consistent with the underlying estates and property asset information held at the Trust; • Assessed the assumptions and the estimates used in the valuation and considered the reasonableness of these using our valuation expertise and consideration of wider industry trend; • Checked that the accounting treatment of the valuation information has been correctly input into the Trust's financial statements; • Inspected the repairs and maintenance expenses codes to confirm that there had been no significant alterations to the existing value and use of assets; and • Physically inspected a sample of assets to confirm they were in use. <p data-bbox="818 1684 1321 1715">Our testing did not identify any material issues.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the trust, the accounting processes and controls, and the environment in which the trust operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£2,191,000 (2016: £2,000,000).
How we determined it	2% of revenue (2016: 2% of revenue)
Rationale for benchmark applied	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £109,000 (2016: £100,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Other reporting

Opinions on other matters prescribed by the Code of Audit Practice

In our opinion:

- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the parts of the Remuneration and Staff Reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2016/17.

Arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report, by exception, if we conclude we are not satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We draw your attention to the Trust's Annual Governance Statement in the Annual Report. The Trust has been subject to an Enforcement Undertaking from NHS Improvement since 8 April 2016, which is still in effect for the financial year ending 31 March 2017 as a result of the Trust being in receipt of, and continuing to require, distressed funding from the Department of Health.

As a result of the matters summarised above, we have concluded that the Trust has not made proper arrangements for securing economy, efficiency and effectiveness in relation to planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions in the use of its resources for the year ended 31 March 2017.

Other matters on which we report by exception

We are required to report to you if:

- information in the Annual Report is:
 - materially inconsistent with the information in the audited financial statements; or
 - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Trust acquired in the course of performing our audit; or
 - otherwise misleading.
- the statement given by the directors in the Directors' Report within the Annual Report, in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Trust's performance, business model and strategy is materially inconsistent with our knowledge of the Trust acquired in the course of performing our audit.
- the section of the Annual Report in the Audit committee report, as required by provision C.3.9 of the NHS Foundation Trust Code of Governance, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016/17 or is misleading or inconsistent with our knowledge acquired in the course of performing our audit. We have not considered whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.
- we have referred a matter to Monitor under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.
- we have issued a report in the public interest under Schedule 10 (3) of the National Health Service Act

2006. We have no matters to report in relation to these responsibilities.

Respective responsibilities of the Directors and the Auditor

As explained more fully in the Accountability Report the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the Department of Health Group Accounting Manual 2016/17.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the National Health Service Act 2006, the Code of Audit Practice, and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The Trust is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We are required under Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report to you where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We have undertaken our work in accordance with the Code of Audit Practice, having regard to the criterion determined by the Comptroller and Auditor General as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

This report, including the opinions, has been prepared for and only for the Council of Governors of Liverpool Women's NHS Foundation Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Certificate

We certify that we have completed the audit of the financial statements in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Code of Audit Practice



Rebecca Gissing (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
LLP Chartered Accountants and Statutory
Auditors Manchester
26 May 2017

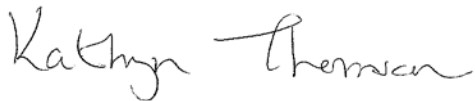
- (a) The maintenance and integrity of the Liverpool Women's NHS Foundation Trust's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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6. Foreword to the Accounts

These accounts, for the year ended 31 March 2017, have been prepared by Liverpool Women's NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed

A handwritten signature in black ink, reading 'Kathryn Thomson'. The signature is written in a cursive style with a large 'K' and a long horizontal stroke extending to the right.

Kathryn Thomson
Chief Executive
26 May 2017

Statement of Comprehensive Income
for the year ended 31 March 2017

		2016/17	2015/16
	Notes	£000	£000
Operating income from patient care activities	2	97,537	95,149
Other operating income	3	12,020	7,043
Total operating income from continuing operations		109,557	102,192
Operating expenses	4, 5	(112,229)	(107,706)
Operating surplus/(deficit) from continuing operations		(2,672)	(5,514)
Finance income	8	16	29
Finance expenses	9	(225)	(119)
Unwinding of discount on provisions	21	(7)	(7)
PDC dividends payable		(1,544)	(1,621)
Net finance costs		(1,760)	(1,718)
(Losses)/gains of disposal of non-current assets	10	(2)	26
Share of loss of associates/joint arrangements	13	(310)	-
Surplus/(deficit) for the year		(4,744)	(7,206)
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	12	2,214	1,360
Other reserve movements		-	1
Total comprehensive expense for the year		(2,530)	(5,845)

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

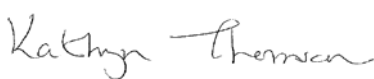
Statement of Financial Position
as at 31 March 2017

		31 March 2017 £000	31 March 2016 £000
	Note		
Non-current assets			
Intangible assets	11	473	646
Property, plant and equipment	12	71,691	69,303
Investments in associates (and joint ventures)	13	-	10
Trade and other receivables	16	524	580
Total non-current assets		72,688	70,539
Current assets			
Inventories	15	366	326
Trade and other receivables	16	8,201	4,292
Cash and cash equivalents	17	4,897	3,225
Total current assets		13,464	7,843
Current liabilities			
Trade and other payables	18	(9,151)	(7,013)
Other liabilities	19	(1,426)	(1,043)
Borrowings	20	(6,212)	(612)
Provisions	21	(2,338)	(1,868)
Total current liabilities		(19,127)	(10,536)
Total assets less current liabilities		67,025	67,846
Non-current liabilities			
Other liabilities	19	(1,717)	(1,748)
Borrowings	20	(10,963)	(10,183)
Provisions	21	(673)	(523)
Total non-current liabilities		(13,353)	(12,454)
Total assets employed		53,672	55,392
Financed by			
Public dividend capital		37,420	36,610
Revaluation reserve		12,233	10,019
Income and expenditure reserve		4,019	8,763
Total taxpayers' equity		53,672	55,392

The notes following the primary statements, numbered 1 to 27 form part of these accounts.

The financial statements contained within these accounts were approved by the Board of Directors on 26 May 2017 and signed on its behalf by:

Signed
Name
Position


Kathryn Thomson
Chief Executive

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2016 - brought forward	36,610	10,019	8,763	55,392
Deficit for the year	-	-	(4,744)	(4,744)
Revaluations - property, plant and equipment	-	2,214	-	2,214
Public dividend capital received	809	-	-	809
Other movements in public dividend capital in year	1	-	-	1
Taxpayers' and others' equity at 31 March 2017	37,420	12,233	4,019	53,672

Statement of Changes in Equity for the year ended 31 March 2016

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2015 - brought forward	36,365	8,659	15,968	60,992
Deficit for the year	-	-	(7,206)	(7,206)
Revaluations - property, plant and equipment	-	1,360	-	1,360
Public dividend capital received	246	-	-	246
Other reserve movements	(1)	-	1	-
Taxpayers' and others' equity at 31 March 2016	36,610	10,019	8,763	55,392

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS Foundation Trust.

Statement of Cash Flows
for the year ended 31 March 2017

	Note	2016/17 £000	2015/16 £000
Cash flows from operating activities			
Operating surplus/(deficit)		(2,672)	(5,514)
Non-cash income and expense:			
Depreciation and amortisation	4.1	4,435	4,023
Increase in receivables and other assets		(3,853)	(891)
Increase in inventories		(40)	(16)
Increase/(decrease) in trade and other payables		2,145	(412)
Increase in other liabilities		352	329
Increase in provisions		613	855
Other movements in operating cash flows		1	(3)
Net cash generated from/(used in) operating activities		981	(1,629)
Cash flows from investing activities			
Interest received		16	29
Purchase of intangible assets		(30)	(522)
Purchase of property, plant, equipment and investment property		(4,972)	(4,667)
Sales of property, plant, equipment and investment property		585	75
Cash from disposals of business units and subsidiaries (not absorption transfers)		(310)	-
Net cash generated from/(used in) investing activities		(4,711)	(5,085)
Cash flows from financing activities			
Public dividend capital received		809	246
Loans received from the Department of Health		10,642	5,600
Loans repaid to the Department of Health		(4,262)	(306)
Interest paid		(215)	(116)
PDC dividend paid		(1,572)	(1,593)
Net cash generated from/(used in) financing activities		5,402	3,831
Increase/(decrease) in cash and cash equivalents		1,672	(2,883)
Cash and cash equivalents at 1 April		3,225	6,108
Cash and cash equivalents at 31 March	17.1	4,897	3,225

Note 1.1 Interests in other entities

Liverpool Women's NHS Foundation Charitable Trust

The Liverpool Women's NHS Foundation Trust is the corporate trustee of the Liverpool Women's NHS Foundation Charitable Trust (Registration No. 1048294). The Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Foundation Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the Charitable Trust and has the ability to affect those returns and other benefits through its power over the trust.

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

Joint ventures

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

Segmental Reporting

The Foundation Trust's core activities fall under the remit of the Chief Operating Decision Maker (CODM), which has been determined to be the Board of Directors. These activities are primarily the provision of NHS healthcare, the income for which is received through contracts with commissioners. The contracts follow the requirements of Payment by Results where applicable and services are paid for on the basis of tariffs for each type of clinical activity. The planned level of activity is agreed with our main commissioners for the year. The Foundation Trust's main commissioners are listed in the related party disclosure (see Note 27).

The Foundation Trust comprises of two clinical divisions, Maternity and Gynaecology. These divisions have been aggregated into a single operating segment because they have similar economic characteristics, are managed by a single divisional manager, the nature of the services they provide are the same (NHS care), and they have the same customers. The majority of the Foundation Trust's customers come from the City of Liverpool and surrounding areas, although the Foundation Trust also has contracts to treat patients from further afield including Wales and the Isle of Man. Both divisions have the same regulators (NHS Improvement, the Care Quality Commission and the Department of Health). The overlapping activities and interrelation between the divisions also suggests that aggregation is appropriate. The divisional management teams report to the CODM, and it is the CODM that ultimately makes decisions about the allocation of budgets, capital funding and other financial decisions.

Note 1.2 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Foundation Trust is contracts with commissioners in respect of health care services.

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

Other operating income is recognised when, and to the extent, performance occurs. It is measured at the fair value of the consideration receivable. It includes Education and Training Income, which arises from the provision of mandatory education and training as set out in the Foundation Trust's Terms of Authorisation. This income is recognised as costs are incurred. The main source of this income is from Health Education England. It also includes Sustainability and Transformation Fund income which was

established by and received from NHS England to stabilise NHS operational performance. The incentive and bonus element of this was accrued at 31 March 2017.

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

Finance income relates to interest receivable from balances held in bank accounts and amounts placed on short term deposit which is accrued on a time basis by reference to the principal outstanding and the interest rate applicable.

Note 1.3 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the accounts to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

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

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

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

Holiday Pay Accrual

For all staff the amount of outstanding annual leave as at 31 March 2017 was requested across the whole Foundation Trust. The accrual was then calculated based on the full population of responses.

Note 1.4 Expenditure on other goods and services

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

Note 1.5 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

it is held for use in delivering services or for administrative purposes

it is probable that future economic benefits will flow to, or service potential be provided to, the Foundation Trust

- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000 collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control, or
- the items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Measurement

Valuation

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

All assets are measured subsequently at valuation.

Fair value of land and buildings are based on advice received from the professional valuers Cushman and Wakefield. Valuations provided by the professional valuers for land and buildings as at 31 March 2017 have been reflected in the 2016/17 accounts.

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.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives using the straight line method. Freehold land is considered to have an infinite life and is not depreciated.

Assets in the course of construction are not depreciated until the asset is brought into use.

The estimated useful life of an asset is the period over which the foundation trust expects to obtain economic benefits or service potential from the asset. This is specific to the foundation trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed during the year, with the effect of any changes recognised on a prospective basis.

Revaluation gains and losses

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

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

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

Impairments

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

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

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
 - management are committed to a plan to sell the asset;
 - an active programme has begun to find a buyer and complete the sale;
 - the asset is being actively marketed at a reasonable price;
 - the sale is expected to be completed within 12 months of the date of classification as 'held for sale'; and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

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

Donated assets

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

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

Useful Economic lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	36	81
Dwellings	66	66
Assets under construction	-	-
Plant & machinery	1	10
Information technology	1	5
Furniture & fittings	1	10

Note 1.6 Intangible assets

Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the trust intends to complete the asset and sell or use it;
- the trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits, e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset; and
- the Foundation Trust can measure reliably the expenses attributable to the asset during development.

Software

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

Measurement

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

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

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

Amortisation

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

Useful economic life of intangible assets

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

	Min life Years	Max life Years
Intangible assets - purchased		
Software	1	5

Note 1.7 Revenue government and other grants

Government grants are grants from government bodies other than income from commissioners or NHS trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

Note 1.8 Inventories

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

Note 1.9 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 Foundation 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 Foundation Trust becomes a party to the contractual provisions of the instrument.

De-recognition

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

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

Classification and measurement

Financial assets are categorised as loans and receivables.

Financial liabilities are classified as other financial liabilities.

Loans and receivables

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

The Foundation Trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and other receivables.

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

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Other financial liabilities

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

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

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the revised future cash flows discounted at the asset’s original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a bad debt provision

A provision for the impairment of receivables has been made against specific debtor amounts where there is reasonable uncertainty of obtaining settlement.

Note 1.10 Leases

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Where the Foundation Trust acts as the Lessor, operating lease income is recognised for the lease of buildings or land where the risks and rewards of ownership of the leased asset are retained by the Foundation Trust. Lease income received in advance is deferred over the life of the lease.

Note 1.11 Provisions

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

Clinical negligence costs

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 21.2 but is not recognised in the NHS foundation trust’s accounts.

Non-clinical risk pooling

The Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Foundation 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.

Pension provisions

Pension provisions relating to former employees, have been estimated using the life expectancy from the Government's actuarial tables. Provisions are recognised when the Foundation Trust has a present legal or constructive obligation as a result of a past event. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 0.24% for employee early departure obligations.

Legal claims

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

Other provisions

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

Note 1.12 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 22 where an inflow of economic benefits is probable. Contingent liabilities are not recognised, but are disclosed in note 22, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

Note 1.13 Public dividend capital

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

A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.14 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.

Note 1.15 Corporation tax

The Foundation 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 specialist advice when necessary.

Note 1.16 Foreign exchange

The functional and presentational currencies of the Foundation Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

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

Note 1.17 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the 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 HM Treasury's *FReM*.

Note 1.18 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.19 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.20 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2016/17.

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

The DH GAM does not require the following Standards and Interpretations to be applied in 2016/17. These standards are still subject to HM Treasury FReM adoption, with IFRS 9 and IFRS 15 being for implementation in 2018/19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 Revenue from Contracts with Customers – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration – Application required for accounting periods beginning on or after 1 January 2018.

Note 1.22 Critical accounting estimates and judgements

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

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

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

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

Note 2 Operating income from patient care activities**Note 2.1 Income from patient care activities (by nature)**

	2016/17 £000	2015/16 £000
Acute services		
Elective income	9,346	9,583
Non elective income	21,036	19,316
Outpatient income	11,204	11,102
A & E income	1,347	1,288
Other NHS clinical income	49,746	47,283
All services		
Private patient income	2,979	3,682
Other clinical income	1,879	2,895
Total income from activities	97,537	95,149

The figures quoted are based upon income received in respect of actual activity undertaken within each category. The Terms of Authorisation set out the mandatory goods and services that the Trust is required to provide (protected services). All of the income from activities before Private Patients and other clinical income shown above is derived from the provision of protected services.

Note 2.2 Income from patient care activities (by source)

Income from patient care activities received from:	2016/17 £000	2015/16 £000
CCGs and NHS England	87,864	84,146
Local authorities	47	237
Other NHS foundation trusts	3,414	3,083
NHS trusts	1,401	1,343
Non-NHS: private patients	2,979	3,682
Non-NHS: overseas patients (chargeable to patient)	288	165
NHS injury scheme (was RTA)*	41	66
Non NHS: other	1,503	2,427
Total income from activities	97,537	95,149

*The Injury Costs Recovery Scheme income has been provided for as an impairment of receivables at 22.94% to reflect the expected rates of collection (2015/16: 21.99%).

All the Foundation Trusts' activities relate to a single operating segment in respect of the provision of healthcare services. The Trust does not consider that segmental reporting would be appropriate in the 2016/17 annual accounts as:

- The Trust Board reviews the financial position as a whole in its decision making process, rather than individual components included in the totals.
- The Trust shares its assets across all areas to provide healthcare.
- The Trust workforce works flexibly across all areas to provide healthcare.
- IFRS 8: Operating Segments allows the aggregation of segments that have similar economic characteristics and types and class of customer. Therefore, all the Foundation Trusts activities relate to a single operating segment in respect of the provision of specialist acute health care.

Note 2.3 Overseas visitors (relating to patients charged directly by the NHS foundation trust)

	2016/17 £000	Restated * 2015/16 £000
Income recognised this year	288	165
Cash payments received in-year	191	120
Amounts added to provision for impairment of receivables	92	48
Amounts written off in-year	-	-

* The 2015/16 figures have been restated to identify the cash payments received in year and the amount that was added to the provision for impairment of receivables.

Note 3 Other operating income

	2016/17	2015/16
	£000	£000
Research and development	837	778
Education and training	5,497	5,029
Non-patient care services to other bodies	9	7
Sustainability and Transformation Fund income **	4,462	-
Rental revenue from operating leases	232	229
Car parking	559	584
Clinical excellence awards	335	354
Property rentals	9	48
Other income	80	14
Total other operating income	12,020	7,043

** During 2016/17 NHS England established a Sustainability and Transformation Fund to stabilise NHS operational performance. Included above is the share that has been allocated to Liverpool Women's NHS Foundation Trust.

Note 4.1 Operating expenses

	2016/17	Restated ** 2015/16
	£000	£000
Services from NHS foundation trusts	2,611	2,280
Services from NHS trusts	3,069	3,062
Services from CCGs and NHS England	-	11
Purchase of healthcare from non NHS bodies	152	328
Employee expenses - executive directors	946	905
Remuneration of non-executive directors	136	109
Employee expenses - staff	64,975	62,626
Supplies and services - clinical	6,295	6,178
Supplies and services - general **	3,076	3,015
Establishment	1,186	2,048
Research and development	296	11
Transport	324	370
Premises	4,986	5,849
Increase/(decrease) in provision for impairment of receivables	78	24
Increase/(decrease) in other provisions	122	360
Change in provisions discount rate(s)	86	-
Drug costs	787	549
Inventories consumed	1,799	2,173
Rentals under operating leases	139	130
Depreciation on property, plant and equipment	4,240	3,869
Amortisation on intangible assets	195	154
Audit fees payable to the external auditors		
audit services- statutory audit	49	48
other auditors remuneration (external auditors only)	87	186
Clinical negligence *	14,307	10,371
Legal fees	124	297
Consultancy costs	472	615
Internal audit costs **	82	79
Training, courses and conferences	375	347

Patient travel	14	19
Hospitality	1	-
Insurance	75	71
Other services, e.g. external payroll	90	95
Losses, ex gratia & special payments	25	1
Other	1,030	1,526
Total	112,229	107,706

* The Clinical negligence costs relates to the Trusts contribution to the NHS Litigation Authority risk pooling scheme under which the Trust pays an annual contribution.

** The 2015/16 figures have been restated to separately identify internal audit costs which were previously disclosed in 'Supplies and services - general'.

Note 4.2 Other auditors remuneration

	2016/17 £000	2015/16 £000
Other auditors remuneration paid to the external auditors:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	10	9
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above	77	177
Total	87	186

Note 4.3 Limitation on auditors' liability

The limitation on auditors' liability for external audit work is £1m (2015/16: £1m).

Auditor's liability is limited with regard to the following:

Limitation period - Any claim must be brought no later than two years after the claimant should have been aware of the potential claim and, in any event, no later than four years after any alleged breach.

Liability - Total liability (including interest) for all claims connected with the services (including but not limited to negligence) is limited to three times the fees payable for the services or £1m, whichever is the greater.

Note 5 Employee benefits

	2016/17	Restated *
	Total	2015/16
	£000	£000
Salaries and wages	54,951	53,353
Social security costs	4,485	3,568
Employer's contributions to NHS pensions	5,584	5,550
Pension cost - other	5	3
Termination benefits *	222	105
Temporary staff (including agency)	1,252	1,535
Total staff costs	66,499	64,114
Of which		
Costs capitalised as part of assets	578	583

* The 2015/16 figures have been restated to separately identify termination benefits which were previously disclosed in 'Salaries and wages'. Further details of exit packages can be found in the staff report section of the annual report.

Note 5.1 Retirements due to ill-health

During 2016/17 there was 1 early retirement from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2016). The estimated additional pension liabilities of this ill-health retirement is £13k (£221k in 2015/16).

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

Note 6 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this

actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out on data as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

Note 7 Operating leases

Note 7.1 Liverpool Women's NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Liverpool Women's NHS Foundation Trust is the lessor.

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

	2016/17 £000	2015/16 £000
Operating lease revenue		
Minimum lease receipts	232	229
Contingent rent	-	-
Other	-	-
Total	232	229
	31 March 2017 £000	31 March 2016 £000
Future minimum lease receipts due:		
- not later than one year;	72	72
- later than one year and not later than five years;	289	289
- later than five years.	1,736	1,808
Total	2,097	2,169

Note 7.2 Liverpool Women's NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Liverpool Women's NHS Foundation Trust FT is the lessee.

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

	2016/17 £000	2015/16 £000
Operating lease expense		
Minimum lease payments	139	130
Contingent rents	-	-
Less sublease payments received	-	-
Total	139	130
	31 March 2017 £000	31 March 2016 £000
Future minimum lease payments due:		
- not later than one year;	111	126
- later than one year and not later than five years;	72	145
- later than five years.	-	-
Total	183	271
Future minimum sublease payments to be received	-	-

Note 8 Finance income

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

	2016/17 £000	2015/16 £000
Interest on bank accounts	16	29
Total	16	29

Note 9.1 Finance expenses

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

	2016/17 £000	2015/16 £000
Interest expense:		
Loans from the Department of Health	225	119
Commercial loans	-	-
Total interest expense	225	119

Note 9.2 The late payment of commercial debts (interest) Act 1998

No payments were made for the late payment of commercial debts (2015/16: £nil)

Note 10 (Losses)/gains on disposal of non-current assets

	2016/17	2015/16
	£000	£000
Profit on disposal of non-current assets	-	70
Loss on disposal of non-current assets	(2)	(44)
Net (loss)/profit on disposal of non-current assets	(2)	26

Note 11.1 Intangible assets - 2016/17

	Software licences	Total
	£000	£000
Valuation/gross cost at 1 April 2016 - brought forward	1,050	1,050
Additions	22	22
Disposals / derecognition	(14)	(14)
Gross cost at 31 March 2017	1,058	1,058
Accumulated amortisation at 1 April 2016 - brought forward	404	404
Provided during the year	195	195
Disposals / derecognition	(14)	(14)
Accumulated amortisation at 31 March 2017	585	585
Net book value at 31 March 2017	473	473
Net book value at 1 April 2016	646	646

Note 11.2 Intangible assets - 2015/16

	Software licences	Total
	£000	£000
Valuation/gross cost at 1 April 2015 - brought forward	520	520
Additions	530	530
Valuation/gross cost at 31 March 2016	1,050	1,050
Accumulated amortisation at 1 April 2015 - brought forward	250	250
Provided during the year	154	154
Accumulated amortisation at 31 March 2016	404	404
Net book value at 31 March 2016	646	646
Net book value at 1 April 2015	270	270

Note 11.3 Economic life of Intangible assets

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

	Min life Years	Max life Years
Software licenses	1	5

Note 12.1 Property, plant and equipment - 2016/17

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2016 - brought forward	4,000	54,035	270	-	22,173	11,302	570	92,350
Additions	-	260	-	1,381	1,592	1,696	72	5,001
Revaluations	-	1,310	30	-	-	-	-	1,340
Disposals / derecognition	-	(17)	-	-	(666)	(12)	(60)	(755)
Valuation/gross cost at 31 March 2017	4,000	55,588	300	1,381	23,099	12,986	582	97,936
Accumulated depreciation at 1 April 2016 - brought forward	-	-	-	-	16,326	6,294	427	23,047
Provided during the year	-	866	8	-	1,491	1,837	38	4,240
Revaluations	-	(866)	(8)	-	-	-	-	(874)
Disposals/ derecognition	-	-	-	-	(162)	(2)	(4)	(168)
Accumulated depreciation at 31 March 2017	-	-	-	-	17,655	8,129	461	26,245
Net book value at 31 March 2017	4,000	55,588	300	1,381	5,444	4,857	121	71,691
Net book value at 1 April 2016	4,000	54,035	270	-	5,847	5,008	143	69,303

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Standards. An assessment of the value of the Foundation Trust's land and buildings was carried out by Cushman and Wakefield, a firm of professionally qualified, RICS Registered surveyors and valuers, at 31 March 2017. The Depreciated Replacement Cost (DRC) basis of valuation was used to value land and buildings. Dwellings were valued at market value in existing use.

Note 12.2 Property, plant and equipment - 2015/16

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2015 - brought forward	4,000	51,656	270	853	20,286	11,240	456	88,761
Additions	-	1,017	-	-	2,015	1,469	114	4,615
Reclassifications	-	853	-	(853)	-	-	-	-
Revaluations	-	514	-	-	-	-	-	514
Disposals / derecognition	-	(5)	-	-	(128)	(1,407)	-	(1,540)
Valuation/gross cost at 31 March 2016	4,000	54,035	270	-	22,173	11,302	570	92,350
Accumulated depreciation at 1 April 2015 - brought forward	-	-	-	-	15,132	5,986	398	21,516
Provided during the year	-	847	4	-	1,321	1,668	29	3,869
Revaluations	-	(842)	(4)	-	-	-	-	(846)
Disposals / derecognition	-	(5)	-	-	(127)	(1,360)	-	(1,492)
Accumulated depreciation at 31 March 2016	-	-	-	-	16,326	6,294	427	23,047
Net book value at 31 March 2016	4,000	54,035	270	-	5,847	5,008	143	69,303
Net book value at 1 April 2015	4,000	51,656	270	853	5,154	5,254	58	67,245

Note 12.3 Property, plant and equipment financing - 2016/17

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2017								
Owned	4,000	55,474	300	1,381	5,444	4,857	121	71,577
Donated	-	114	-	-	-	-	-	114
NBV total at 31 March 2017	4,000	55,588	300	1,381	5,444	4,857	121	71,691

Note 12.4 Property, plant and equipment financing - 2015/16

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2016								
Owned	4,000	53,918	269	-	5,847	5,008	143	69,185
Donated	-	117	1	-	-	-	-	118
NBV total at 31 March 2016	4,000	54,035	270	-	5,847	5,008	143	69,303

Note 12.5 Economic life of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	36	81
Dwellings	66	66
Assets under construction	-	-
Plant & machinery	1	10
Information technology	1	5
Furniture & fittings	1	10

Note 13 Investments in associates (and joint ventures)

	2016/17 £000	2015/16 £000
Carrying value at 1 April	10	10
Share of loss	(310)	-
Write off	(10)	-
Disposals	310	-
Carrying value at 31 March	-	10

Note 14 Disclosure of interests in other entities

A Joint Venture Agreement between Liverpool Women's NHS Foundation Trust and Kings College Hospital (KCH) was approved on 6 November 2014 in relation to the provision of assisted conception services. Profits and Losses of the Joint Venture are shared between the Trust and KCH on a 50 / 50 basis. The Joint Venture ceased on 30 November 2016 and the brought forward profit was written off and the Joint Venture disposed of. The transactions in the accounts of the Liverpool Women's NHS Foundation Trust are disclosed in note 13.

The gross assets of the Joint Venture shared between Liverpool Women's NHS Foundation Trust and KCH are £nil at the balance sheet date (2015/16: £1,325k).

Note 15 Inventories

	31 March 2017 £000	31 March 2016 £000
Drugs	189	154
Consumables	177	172
Total inventories	366	326

Inventories recognised in expenses for the year were £1,799k (2015/16: £2,173k). Write-down of inventories recognised as expenses for the year were £0k (2015/16: £0k).

Note 16.1 Trade receivables and other receivables

	31 March 2017 £000	31 March 2016 £000
Current		
Trade receivables due from NHS bodies	2,531	1,550
Receivables due from NHS charities	479	214
Provision for impaired receivables	(532)	(550)
Deposits and advances	5	23
Prepayments (non-PFI)	1,313	648
Accrued income	3,406	371
VAT receivable	28	276
Other receivables	971	1,760
Total current trade and other receivables	8,201	4,292

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

Non-current

Provision for impaired receivables	(27)	(24)
Prepayments (non-PFI)	434	496
Other receivables	117	108
Total non-current trade and other receivables	524	580

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

Note 16.2 Provision for impairment of receivables

	2016/17 £000	2015/16 £000
At 1 April	574	550
Increase in provision	229	24
Amounts utilised	(93)	-
Unused amounts reversed	(151)	-
At 31 March	559	574

The current provision for impairment of receivables has been identified following a review of all debt greater than 90 days old. This is conducted on a line by line basis to determine whether the debt is deemed collectable or not.

As per note 2.2 the provision for the impairment of receivables includes a provision regarding the NHS Injury Scheme of 22.94% to reflect the expected rates of collection (2015/16: 21.99%).

Note 16.3 Analysis of financial assets

	31 March 2017		31 March 2016	
	Trade and other receivables	Investments & Other financial assets	Trade and other receivables	Investments & Other financial assets
	£000	£000	£000	£000
Ageing of impaired financial assets				
0 - 30 days	-	-	-	-
30-60 Days	26	-	11	-
60-90 days	12	-	8	-
90- 180 days	(1)	-	67	-
Over 180 days	522	-	488	-
Total	559	-	574	-
Ageing of non-impaired financial assets past their due date				
0 - 30 days	882	-	849	-
30-60 Days	561	-	513	-
60-90 days	206	-	354	-
90- 180 days	248	-	251	-
Over 180 days	1,188	-	601	-
Total	3,085	-	2,568	-

The Foundation Trust has no concerns over the credit quality of the receivables shown above that are neither past due nor impaired.

Note 17.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2016/17 £000	2015/16 £000
At 1 April	3,225	6,108
Net change in year	1,672	(2,883)
At 31 March	4,897	3,225
Broken down into:		
Cash at commercial banks and in hand	50	71
Cash with the Government Banking Service	4,847	3,154
Total cash and cash equivalents as in SoFP	4,897	3,225
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
Total cash and cash equivalents as in SoCF	4,897	3,225

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

Note 17.2 Third party assets held by the NHS foundation trust

Liverpool Women's NHS Foundation Trust held no monies held of patients or other parties at 31 March 2017 (31 March 2016: £nil).

Note 18.1 Trade and other payables

	31 March 2017 £000	31 March 2016 £000
Current		
NHS trade payables	1,627	1,620
Other trade payables	844	978
Capital payables	121	100
Social security costs	(2)	-
Other taxes payable	(2)	-
Other payables	588	677
Accruals	5,975	3,610
PDC dividend payable	-	28
Total current trade and other payables	9,151	7,013

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

Note 19 Other liabilities

	31 March 2017 £000	31 March 2016 £000
Current		
Deferred grants income	-	-
Deferred goods and services income	-	-
Deferred rent of land income	-	-
Other deferred income	1,426	1,043
Total other current liabilities	1,426	1,043
Non-current		
Deferred grants income	-	-
Deferred goods and services income	-	-
Deferred rent of land income	-	-
Other deferred income	1,717	1,748
Total other non-current liabilities	1,717	1,748

Note 20 Borrowings

	31 March 2017 £000	31 March 2016 £000
Current		
Bank overdrafts	-	-
Drawdown in committed facility	-	-
Capital loans from the Department of Health	612	612
Working capital loans from the Department of Health	5,600	-
Other loans	-	-
Total current borrowings	6,212	612
Non-current		
Capital loans from the Department of Health	3,971	4,583
Working capital loans from the Department of Health	6,992	5,600
Other loans	-	-
Total non-current borrowings	10,963	10,183

During 2016/17 the Foundation Trust arranged a £3.65m Working Capital Facility with NHS Improvement and the Department of Health to resource the underlying 2016/17 cash deficit of the Trust. This was repaid and converted to an Interim Revenue Support Facility in January 2017 which is to be repaid in January 2020 and has an interest rate payable of 1.50%. An additional Interim Revenue Support Facility of £3.342m was arranged in March 2017 which is to be repaid in March 2020 and also has an interest rate payable of 1.50%.

During 2015/16 the Foundation Trust arranged a £5.6m Distressed Financing loan with Monitor and the Department of Health to resource the underlying 2015/16 cash deficit of the Trust. The £5.6 million Distressed Financing loan is to be repaid at the end of March 2018 and has an interest rate payable of 1.50%.

During 2014/15 the Foundation Trust arranged a £5.5m loan with the Foundation Trust Financing Facility. The loan is repayable over 10 years and has an interest rate payable of 2.00%.

Note 21.1 Provisions for liabilities and charges analysis

	Pensions - early departure costs £000	Other legal claims £000	Re- structurings £000	Other £000	Total £000
At 1 April 2016	585	517	741	548	2,391
Change in the discount rate	86	-	-	-	86
Arising during the year	129	1,851	111	67	2,158
Utilised during the year	(61)	(173)	(36)	(218)	(488)
Reversed unused	(12)	(29)	(705)	(397)	(1,143)
Unwinding of discount	7	-	-	-	7
At 31 March 2017	734	2,166	111	-	3,011
Expected timing of cash flows:					
- not later than one year;	61	2,166	111	-	2,338
- later than one year and not later than five years;	246	-	-	-	246
- later than five years.	427	-	-	-	427
Total	734	2,166	111	-	3,011

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

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

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

The Contingent Liability for the maximum possible but not probable cost of claims is shown in Note 21.2.

Note 21.2 Clinical negligence liabilities

At 31 March 2017, £289,457k was included in provisions of the NHSLA in respect of clinical negligence liabilities of Liverpool Women's NHS Foundation Trust (31 March 2016: £296,910k).

Note 22 Contingent assets and liabilities

	31 March 2017 £000	31 March 2016 £000
Value of contingent liabilities		
NHS Litigation Authority legal claims	(18)	(27)
Employment tribunal and other employee related litigation	-	-
Redundancy	-	-
Other	-	-
Gross value of contingent liabilities	(18)	(27)
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	(18)	(27)
Net value of contingent assets	-	-

The NHS Litigation Authority Legal Claim contingent liabilities are in relation to legal claim costs which are unlikely to be payable as notified by the NHS Litigation Authority in relation to "Liabilities to Third Parties" (LTPS). The value of Provisions for the expected and probable cases is shown in Note 21.1.

Note 23 Contractual capital commitments

	31 March 2017 £000	31 March 2016 £000
Property, plant and equipment	1,388	872
Intangible assets	-	-
Total	1,388	872

The majority of the capital commitment included in the note above relates to the completion of two main projects that the Trust is undertaking which will be completed in 2017/18: the Gynaecology Unit Refurbishment; and the Outpatients Facilities Improvement Programme.

Note 24 Financial instruments

Note 24.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Foundation Trust has with commissioners and the way those commissioners are financed, the Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Foundation Trust in undertaking its activities.

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

Currency risk

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

Interest rate risk

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

Credit risk

Because the majority of the Foundation Trust's revenue comes from contracts with other public sector bodies, the Foundation Trust has low exposure to credit risk. The maximum exposures as at 31 March 2017 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

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

Price risk

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

Note 24.2 Financial assets

	Loans and receivables £000	Total £000
Assets as per SoFP as at 31 March 2017		
Trade and other receivables excluding non-financial assets	3,986	3,986
Cash and cash equivalents at bank and in hand	4,897	4,897
Total at 31 March 2017	8,883	8,883

	Loans and receivables £000	Total £000
Assets as per SoFP as at 31 March 2016		
Embedded derivatives	-	-
Trade and other receivables excluding non financial assets	3,418	3,418
Other investments	-	-
Other financial assets	-	-
Cash and cash equivalents at bank and in hand	3,225	3,225
Total at 31 March 2016	6,643	6,643

Note 24.3 Financial liabilities

	Other financial liabilities £000	Total £000
Liabilities as per SoFP as at 31 March 2017		
Borrowings excluding finance lease and PFI liabilities	17,175	17,175
Trade and other payables excluding non financial liabilities	9,155	9,155
Provisions under contract	3,011	3,011
Total at 31 March 2017	29,341	29,341

	Other financial liabilities £000	Total £000
Liabilities as per SoFP as at 31 March 2016		
Borrowings excluding finance lease and PFI liabilities	10,795	10,795
Trade and other payables excluding non financial liabilities	6,277	6,277
Provisions under contract	2,391	2,391
Total at 31 March 2016	19,463	19,463

Note 24.4 Maturity of financial liabilities

	31 March 2017 £000	31 March 2016 £000
In one year or less	17,705	8,757
In more than one year but not more than two years	673	674
In more than two years but not more than five years	9,012	7,621
In more than five years	1,951	2,411
Total	29,341	19,463

Note 24.5 Fair values of financial liabilities at 31 March 2017

	Book value £000	Fair value £000
Provisions under contract	673	673
Loans	10,963	10,963
Total	11,636	11,636

Note 25 Losses and special payments

	2016/17		2015/16	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Bad debts and claims abandoned	108	118	50	1
Total losses	108	118	50	1
Total special payments	-	-	-	-
Total losses and special payments	108	118	50	1

Note 26 Events after the reporting date

There are no events after the reporting year which require disclosure.

Note 27 Related parties

Ultimate parent

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

Transactions with related parties are undertaken on a normal commercial basis. During the year none of the Department of Health Ministers, Foundation Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Liverpool Women's NHS Foundation Trust.

The Liverpool Women's NHS Foundation Trust is the corporate trustee of the Liverpool Women's NHS Foundation Charitable Trust (Registration No. 1048294). The Foundation Trust does not consolidate the Charitable Trust on the grounds of materiality. As at 31 March 2017, there is an outstanding receivable with the Charitable Trust of £479k (31 March 2016: £214k) as disclosed in note 16.

Liverpool Women's NHS Foundation Trust is a public interest body authorised by Monitor, the Independent Regulator for NHS Foundation Trusts. It undertakes as part of its ongoing provision of healthcare services, in accordance with the terms of its authorisation, a number of transactions with bodies defined as being within the scope of the Whole of Government Accounts (WGA) including the Department of Health and other entities that the Department is regarded as the parent department.

During the year Liverpool Women's has had a significant number of material transactions (totalling £1million or more) with the Department, and with other entities for which the Department is regarded as the parent Department. In addition, the Foundation Trust has material transactions with other government departments. Transactions and balances with these organisations are disclosed below.

	Receivables		Payables	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Aintree University Hospital NHS Foundation Trust	54	127	45	55
NHS Liverpool CCG	5	171	0	0
NHS South Sefton CCG	1	(57)	282	0
NHS Knowsley CCG	0	20	0	0
Health Education England	13	89	9	0
NHS Wirral CCG	146	(9)	0	0
NHS Halton CCG	0	(25)	43	0
NHS Warrington CCG	53	55	0	0
NHS Southport and Formby CCG	0	25	91	0
NHS St Helens CCG	1	(18)	0	0
Royal Liverpool and Broadgreen University	153	513	876	748

Hospitals NHS Trust				
NHS England - Core	2,362	(112)	0	3
NHS England - North West Specialised				
Commissssioning Hub	45	3	0	0
NHS Litigation Authority	0	0	3	0
NHS Pension Scheme	0	0	0	0
HM Revenue and Customs	28	276	(4)	0
Welsh Health Bodies - Betsi Cadwaladr				
University Local Health Board	0	201	277	0
	<u>2,861</u>	<u>1,259</u>	<u>1,622</u>	<u>806</u>

	Income		Expenditure	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Aintree University Hospital NHS Foundation Trust	186	194	1,208	1,201
NHS Liverpool CCG	40,137	38,107	0	0
NHS South Sefton CCG	9,784	9,769	0	0
NHS Knowsley CCG	7,205	6,669	0	0
Health Education England	5,495	4,528	16	0
NHS Wirral CCG	2,736	2,529	0	0
NHS Halton CCG	1,455	1,528	0	0
NHS Warrington CCG	1,515	1,436	0	0
NHS Southport and Formby CCG	1,265	1,369	0	0
NHS St Helens CCG	1,336	1,221	0	0
Royal Liverpool and Broadgreen University Hospitals NHS Trust	920	918	3,297	2,936
NHS England - Core	4,462	84	0	0
NHS England - North West Specialised				
Commissssioning Hub	18,801	17,466	0	0
NHS Litigation Authority	0	0	14,308	10,338
NHS Pension Scheme	0	0	5,584	5,550
HM Revenue and Customs	0	0	4,485	3,571
Welsh Health Bodies - Betsi Cadwaladr				
University Local Health Board	790	1,012	0	0
	<u>96,087</u>	<u>86,830</u>	<u>28,898</u>	<u>23,596</u>



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