Liverpool Women's NHS
NHS Foundation Trust

Annual Report and Accounts 2005/06

Presented to Parliament pursuant to Schedule 1, paragraph 25(4) of the Health and Social Care (Community Health and Standards) Act 2003

Contents

Chairman's Report

Welcome to the first Annual Report of Liverpool Women's NHS Foundation Trust. I am delighted to be able to look back upon such a successful a first year as an NHS Foundation Trust, in which we have delivered a strong overall performance, both in terms of service provision and financial management and in which we have achieved or made progress against all of our corporate objectives. Strong governance structures and integrated clinical and management responsibility continue to put the Trust on a sound footing for the future.

The Board's experience has been a very positive one, as we embraced our new status as a public benefit corporation and began to explore the opportunities afforded to us by our new financial and organisational flexibilities.

The Trust's governance arrangements have shown early promise of a much more engaged local community, with several members of our Membership Council actively involved in important work within the Trust, including the Smoke Free Hospitals' initiative, which has particular resonance here in Liverpool, a city which has led the campaign nationally to outlaw smoking in public places. These activities are in addition to the formal work of the Council, which has been fully engaged with us in our strategic thinking and planning for the coming year.

We were able to make significant progress in the year in a number of key areas of our service strategy, including the development of the Trust as the Gynaecological Cancer Centre for Cheshire and Merseyside and the expansion of assisted conception services to provide help to infertile couples in North Wales.

Financially, the Trust delivered a very strong performance across the year, although we saw a slight downturn in the final quarter, illustrating the potential volatility of the new payment by results system. This issue has highlighted the changing nature of the environment in which we are now working and the Board has been proactive in taking all reasonable steps to minimise the risks inherent in the implementation of the current NHS system reform.

The non-executive directors are satisfied with the Trust's performance against key national targets during the year; in July we received 3 Stars in the Healthcare Commission's ratings systems for the third year running. We have reported full compliance with the new core standards as part of the *Annual Health Check* assessment which now replaces the Stars as the currency for NHS performance measurement.

Looking ahead, the coming year is likely to be one of further change as new NHS structural reforms take place at Strategic Health Authority and Primary Care Trust levels. The Trust will continue to pursue its key objective of being 'the hospital of choice' for the women of Liverpool, Merseyside and, in some instances, beyond. Clearly risks to this strategy will emerge as "contestablity" becomes embedded within the healthcare system as more foundation trusts come into being, additional involvement by independent sector providers and as Primary Care Trusts develop their commissioning role. A critical factor in influencing this choice agenda will be the impact of the emerging payments by results system.

The Board therefore is reviewing developments in these areas as well as considering new or expanded opportunities for service provision. It will also look to make more extensive use of our new freedoms as a foundation trust. There is a drive within our organisation to make the most of the opportunities that this affords, particularly in the dynamic that has been created by our Membership Council in helping us to form more meaningful relationships with the unique communities of Liverpool.

In the immediate future however the non-executive directors consider there to be no significant obstacles to the continued delivery of our mission to provide high quality services to women and their families across Merseyside and beyond, and is confident that the Trust has the necessary capabilities to be successful as we go forward into the future.

Ken Morris

Ken Morris
Chairman

Chief Executive's Report

2005/06 was a landmark year for the Liverpool Women's as we became the first NHS foundation trust in the City and established ourselves as a public benefit corporation. The experience of working with our new Membership Council has been of immense benefit not only for the Board but for the organisation as a whole. I am confident that as we move forward our members, working through the Membership Council, will add increasing value and insight to the work of the Trust and will enable us to respond ever more sensitively to the needs of local women and their families.

I would like to reflect on the Trust's performance during the year by highlighting some of our key achievements against the corporate objectives agreed by the Board. We started the year with two very commendable successes; retaining our 3 star status and achieving Level 3 CNST in both maternity and general standards. In our first year as an NHS Foundation Trust, we set ourselves a challenging agenda and one that strived to further improve the quality of our clinical services and the experience of our patients and to provide a sound financial platform for future development.

During the year we again dramatically reduced waiting times for all patients requiring an outpatient consultation or inpatient surgery. By March 2006 almost 90% of patients waited 8 weeks or less for their first appointment and over 90% of all our patients needing surgery were offered a date within 13 weeks. All patients now also have the opportunity to book their appointment or attendance for surgery to take place at a date and time convenient to them.

We also delivered a range of service developments designed to really make a difference to the quality of care that women receive from us:

- We invested further in specialist high dependency care for our cancer patients and appointed a 4th sub-specialist trained oncologist.
- We introduced pre-operative assessment for breast surgery.
- We opened another midwifery led antenatal community centre in Speke incorporating full ultrasound facilities for pregnant women in the area.
- Better smoking cessation services within pregnancy and support services for domestic violence were introduced.
- The Neonatal hearing screening programme was rolled out across the Trust designed to ensure all of our babies receive a hearing screening prior to discharge.
- We established a pre-operative clinic to provide specialist antenatal care for women who are undergoing planned elective Caesarean section.

Our financial performance was satisfactory and we ended the year with a small surplus. Our main challenge for the coming year is to become more efficient in the way that we do things in order to guarantee our financial future in an increasingly competitive environment. We also need to continue to seek the views of our patients to ensure services are designed around their needs.

Finally, I would like to return again to the staff at Liverpool Women's and on behalf of myself and the Board pay tribute to each one of them for their endless commitment and hard work which is the very essence of our organisation.

Louise Shepherd

Louise Shepherd
Chief Executive

Operating and Financial Review

About the Trust

Liverpool Women's Hospital

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

Each year, the Trust now delivers almost 8,000 babies per year, carries out 11,500 gynaecological procedures and cares for 1,000 preterm infants on our Neonatal Unit.

Our clinical services have, in accordance with our mission, been created and developed in response to the specific needs of local women and their families. We manage our services though five directorates, each led by a Clinical Director who is a senior consultant and a Directorate Manager who reports directly to the Chief Executive. Directorate managers, clinical directors and the executive team sit on the Management Executive Board, which has overall responsibility for the operational management and leadership of the Trust and is accountable to the Board of Directors.

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

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

Developing our Workforce

The Trust was awarded the Department of Health *Improving Working Lives* Practice Plus accreditation in November 2005 with the assessors identifying high standards and innovation in flexible working, training and development and healthy workplace standards.

This accreditation was further demonstrated through significant improvements in the satisfaction of staff in the 2005 Annual Staff Attitude Survey from the previous year. These results earned the Trust 5th place in the national ranking of specialist trusts across the country. The Trust was also delighted to be re-accredited with *Investors in People* status when assessed in December 2005.

A partnership approach with staff organisations has enabled the successful implementation of Agenda for Change, the new NHS Pay system during 2005/06 with 90% of staff being assimilated onto the new terms and conditions of service by 31st March 2006.

The Trust's commitment to leadership development has been consolidated during the year with a bespoke clinical leadership programme for Matrons and Ward Managers. This will be rolled out to all other people managers during 2006/07.

Aintree Centre for Women's Health

Our Services

Gynaecology

- General gynaecology
- Urogynaecology
- Termination of pregnancy
- Gynaecological cancer
- Family planning
- Miscarriage clinic
- Emergency Room
- Menopause
- Assisted conception

Critical Care

- Theatres and Anaesthesia
- Radiology
- Pharmacy
- Physiotherapy

Obstetrics

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

Neonatology

- Neonatal Intensive Care
- Neonatal High dependency care
- Transitional care (with Obstetrics)
- Newborn hearing screening
- Newborn eye screening

Genetics

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

Our Objectives for 2005/06

1 To operate and develop as a successful NHS Foundation Trust.

We have….

- Achieved and maintained a risk rating of 3 against Monitor's 'metrics' throughout the year, signalling good all round performance.
- Held four formal meetings of the Membership Council and they began to consider the Trust's service strategy. It also established a number of sub-groups to ensure that it is able to fulfil its constitutional roles and responsibilities.
- Achieved contract sign offs and reconciliation with all our PCTs

2 To ensure the Trust retains and enhances its position as provider of first choice for women and families who need and wish to access our services.

We have….

- Achieved the National Waiting time targets for Inpatients, Daycases and Outpatients
- Reduced the number of patients waiting for outpatient appointments and for inpatient/day case surgery
- Achieved of 100% booking for inpatients and over 98% booking for outpatients

3 To further develop appropriate "women centred" and "managed pathway" models of care across organisational boundaries in conjunction with other healthcare partners.

We have….

- Opened the additional midwifery led antenatal community centre in Speke achieving a reduction in DNA rates.
- Implemented the neonatal hearing screening programme across the trust with the majority of babies receiving a hearing screening prior to discharge.

4 To further develop our Specialist Services in Conjunction with Specialist Commissioners and appropriate clinical networks.

We have….

- Integrated the low risk and high risk pathway for patients with gynaecological cancer from Warrington, Southport & Ormskirk
- Developed a proposal for a network wide Neonatal Transport Service in conjunction with Specialist Commissioners,
- Reduced the cancellation and transfer of patients requiring access to High Dependency Care as a result of fully establishing two beds in Gynaecology

5 To further enhance the Quality and Safety of all Services for all patients.

We have….

- Achieved CNST Level 3 (1 of only 3 Trusts in the UK) for General and Maternity Standards
- Reduced the risk of missed pathology results through the deployment of the ICE laboratory results reporting system.
- Achieved 90% response rate within 20 days for all complaints against a national response rate of 74.7%

6 To provide the best possible facilities and environment for patients and staff.

We have....

- Developed a specialist obstetric antenatal day assessment unit and feto-maternal medicine unit at the Aintree Centre, as well as re-furbishment of the existing antenatal clinic.
- Secured funding for additional parent accommodation in Neonates.
- Invested £350,000 in refurbishing our Emergency Room.

7 To ensure our staff are equipped with the right training and support to deliver this agenda.

We have....

- Achieved the NHS *Improving Working Lives* Practice Plus standard.
- Made improvements in all areas of Staff Attitude on the previous year as demonstrated by the 2005 Staff Attitude Survey
- Achieved Birthrate Plus staffing levels in Obstetrics

8 To further enhance the Trust's reputation as a centre of excellence for Research.

We have....

- Developed a Trust Research Strategy that will integrate research and build on the Trust's reputation in this field and built on strong base for midwifery research.

9 To further develop our IT systems to support service delivery.

We have...

- Reduced the risk of systems failure for Trust IT systems through the replacement of IT infrastructure.
- Developed and launched an interim intranet and website to improve communication at all levels and to host all policy documents.
- Maintained electronic access for primary care referrals into the Trust through Choose & Book software.

How We Performed

Key Indicators

The Trust has performed well during 2005/06 across the key performance indicators set out by the Healthcare Commission. Significant improvements have been made in the number of patients having the opportunity to book an appointment or surgery at a time convenient to them. At the end of March, 99.6% of outpatients and 100% of inpatients were offered this choice. Following the refurbishment and redesign of our Emergency Room, high standards have been maintained with 99.93% of our patients being seen within 4 hours.

Performance Indicator	2005/6 Position Target	2005/6 Position 31.03.06
Total Time in A&E: 4 hours from arrival to admission, transfer or discharge (Q4)	98%	99.93%
Convenience and choice		
Directory of services uploaded	Yes	Yes
Information uploaded onto Dr Foster	Yes	Yes
Outpatient Booking (Q1-Q3)	99%	90.11%
Outpatient Booking (Q4)	99%	99.66%
Elective inpatient booking (Q1-Q3)	99%	97.80%
Elective inpatient booking (Q4)	99%	100%
Outpatients waiting longer than 13 weeks (Q1-Q3)	0.00%	0.00%
Outpatients waiting longer than 13 weeks (Q4)	0.00%	0.00%
Elective patients waiting longer than 9 months (Q1-Q3)	0.03%	0.08%
Elective patients waiting longer than 6 months (Q4)	0.03%	0.51%
All Cancers: Two week wait	100%	99.85%
All Cancers: One month diagnosis to treatment	95%	98.15%
All Cancers: Two month GP urgent referral to treatment	98%	93.33%
Cancelled operations – last minute cancellations for non clinical reasons/total number of finished consultant episodes.	1.30%	0.005%
Cancelled operations – cancellations for non clinical reasons not readmitted within 28 days/no of last minute cancellations for non clinical reasons		0.0175%

In year the Trust has reported a small number of patients whose operation was cancelled on the day of surgery for non clinical reasons. Only one of these patients was unable to be reappointed within 28 days.

As a result of the late onward referral of patients from other hospitals, the Trust was unable to treat three patients with suspected cancer within the national timescales. These breaches are shared with the referring hospital. Once patients were referred to the Trust they were treated as quickly as possible. The Trust also faced a challenge at the end of the year to offer all patients a date for surgery within six months. Only five patients were unable to be treated within this timescale.

Waiting Lists and Waiting Times

At 31st March 2006, the Trust had 1,547 patients on our outpatient waiting list with 88% of patients being offered appointments within 8 weeks of referral from their GP. There were also 886 patients waiting for surgery with over 90% of patients being offered a date for surgery within 13 weeks. This reduction in waiting times for surgery has been a result of the change in working practices at our Aintree Site, the appointment of a theatre scheduler and an improvement in utilisation of theatre lists.

Patient Quality Indicators

Smoke Free NHS

The Trust has actively participated in the Smoke Free Liverpool Campaign and the Trust became a completely smoke free site in January 2006. In order to assist patients, their smoking status is identified and recorded within their medical record. The Trust is then in a position to offer advice and onward referral for patients wishing to quit. Our staff are also able to benefit from smoking cessation services and support.

Breast feeding

Trust-based and community-based midwives work closely with colleagues in primary care and Sure Start Centres to encourage breast feeding. The Trust is currently working towards the UNICEF Baby Friendly Initiative which it is hoping to be awarded in 2006/07.

Progress against Service Developments

Our Service Development Strategy published in January 2004 identified two key strategic developments; Gynaecological Cancer and Reproductive Medicine. Our direction of travel also highlighted the Trust's aspiration to develop as a Women's Cancer Centre. All three areas have been progressed throughout 2005/06.

Gynaecological Cancer Services

The Trust has successfully concluded discussions with the Specialist Commissioning Team at Cheshire and Merseyside Strategic Health Authority for the pump priming of the movement of all high risk patients to the Liverpool Women's as the Gynaecological Cancer Centre for Cheshire and Merseyside. The principle has tested the commissioning arrangements in place and has taken the best part of the year to resolve.

The Trust has now secured £153,000 of non-recurrent revenue support for 2006/07 to support the transition of services. In year the Trust has employed a 4th Gynaecological Oncologist and supporting team and will benefit from the full year effect of this additional capacity in 2006/07. This has facilitated the implementation of Year 2 of the Improving Outcomes Guidance plan and has seen the transfer of activity from Warrington Hospital and Southport & Ormskirk Hospitals to this Trust.

Reproductive Medicine

The Reproductive Medicine Service has responded in-year to changes in commissioning policies recently published by the Specialist Commissioning Team from Cheshire and Merseyside on behalf of their PCTs. The policies reflect renewed eligibility criteria for access to secondary and tertiary infertility that have been agreed following public consultation.

The criteria restrict access to NHS infertility and assisted conception services for women who are over the age of 39, have a Body Mass Index outside of the 19-30 range and who have any living or adopted children either from previous or current relationships.

It has also responded to an increase in contracted activity as a result of agreements with Health Commission Wales and local PCTs.

The Trust has undertaken a rapid redesign project with the aim of optimising capacity and reducing inefficiency and ensuring a financially viable unit into the future. The rapid redesign project has identified four main actions to be taken to improve patient flow and service delivery within the unit. These areas were:

- Review of private patient charges and mechanism for recovering private fees.
- Scheduling activities within the unit to make best use of staff and resources and to provide certainty for patients
- Appraise the two IT systems used by the Hewitt Centre (Meditech and IDS) to ensure most appropriate levels of functionality and reporting to meet the needs of the Centre and the Trust
- Review the Pharmacy provision to the Centre and the potential to outsource the drugs and distribution of drugs to patients.

In addition to the issues described above, the Trust is progressing the proposed change of business model for the provision of private assisted conception services. North West Fertility is a company that has been set up by three Consultants from Liverpool Women's and one Consultant from the Countess of Chester NHS Foundation Trust. The Liverpool Women's has commenced contract negotiations with North West Fertility for them to provide private services from within the Trust's facilities for which there will be a rental and facilities charge. This business model and supporting contract is scheduled to come into force in the autumn of 2006.

Breast Surgery and Cancer Services

In 2005, local PCTs and the Merseyside and Cheshire Cancer Network instigated a pathway review of Breast Surgery. The service is provided over a number of sites currently, including Liverpool Women's and the patient pathway review highlighted a number of improvements that could be made if the service was integrated onto a single site. This has resulted in the Liverpool Primary Care Trusts issuing a service specification for the provision of an integrated Breast Service and has invited bids from both the Liverpool Women's NHS Foundation Trust and the Royal Liverpool and Broadgreen University Hospital as part of a pre-tender exercise.

It is the intention of the Liverpool Women's to put together an attractive bid for an integrated service that looks to build on strong local partnerships with patient and carer groups and other healthcare providers, including Clatterbridge Centre for Oncology. The membership Council is fully engaged with this strategy and is actively involved with our members to seek their views on the principles underlying the Trust's proposals.

The outcome of the pre-tender exercise should be known by the end of August 2006.

Risk Management

The Board Assurance Framework is the main vehicle through which the Trust manages the key risks to the organisation, shaped around the Operational Plan. The framework maps the individual goals that underpin the corporate objectives to the principal risks that threaten the achievement of the goals. In addition, the goals are also mapped to the relevant domains contained within the Healthcare Commission's *Standards for Better Health*. This has been done in order to support the work required to monitor the Trust's ongoing compliance against the standards going forward. The principal aim of the framework is to provide a tool for the Board of Directors to regularly assess the level of risk for each goal against the degree of control in place to mitigate it and consider the adequacy of assurance that is in place.

Information Management and Technology

Following the appointment of a new Director of IM&T in April 2005, the Trust has prioritised work programmes within the technical team and information services.

Technical Infrastructure

Through its assurance framework, the Trust identified its technical infrastructure as a primary risk and the Trust Board fully supported the rebuilding of this infrastructure through its capital programme. The Trust has successfully procured and replaced its entire fileserver infrastructure in a virtual environment. In year, this has provided a robust platform from which to secure digital images and relaunch the Trust intranet and website which have recently been redesigned. In the coming year, it provides the appropriate platform for PACS, Choose and Book and automated help desk services.

The hospital patient administration system MEDITECH, has been upgraded to provide an enhanced functionality for nursing and care records and has facilitated the implementation of a New User Interface, making the system easier to navigate. In conjunction with our system provider, we have also successfully introduced the real time allocation of NHS number of babies.

After prolonged negotiations with colleagues at the Royal Liverpool and Broadgreen Hospital, the Trust has gone live with ICE reporting. This allows for the online reporting of pathology results being accessible to clinicians across the Trust. This has improved clinical governance and timely management of patients. It is hoped to roll out this service to all other providers of pathology services to the Trust.

Information Services

Information services have been strengthened in a number of key areas to respond to the requirements of being a Foundation Trust, the introduction of Payment by Results and the ongoing need for timely and accurate management and clinical information.

The Trust now has a Data Quality Manager in post who also has responsibility for Information Governance. The production of reports in accordance with Schedule 5 of the Legally Binding Contract and regular reconciliation meetings with PCTs has resulted in improved data quality and contract monitoring and has built up a trust between ourselves and our commissioners.

Improvements have also been made to the timeliness and quality of clinical coding. The Team now consistently achieve 100% coding within timescales and have taken on the coding of outpatient activity in year. Recommendations for the regional coding audit have also seen a change in practice, with more procedures now being coded from casenotes.

Research & Development

Liverpool Women's has a strong track record in research and during 2005/06 has looked to the future development of this function through the Trust's Research and Development Committee, which has produced an integrated Research Strategy based upon six research themes and four methodological support groups. The themes, which reflect the Trust's research strengths, are:

- Miscarriage and preterm delivery
- Neonatology
- Optimising normal birth
- Cancer
- Reproductive medicine
- Urogynaecology

The Trust strategy is aimed at focussing the direction of Trust research for the next 5 years, providing a template to develop a culture of research across all Directorates and between all professionals within the Trust. The introduction of our strategy is timely due to ongoing national restructuring from implementing the new NHS R&D strategy. Our Trust strategy will evolve to maximise income from funding streams as they become available from the NHS strategy, adaptation will be the key to success in this new competitive environment of R&D funding.

The Trust enhanced its status as a leading centre for neonatal research in its successful bid, with partners, to secure a Local Research Network in addition to the National Co-ordinating Centre, achieved last year, for the Medicines for Children Research Network.

Trust researchers continue to be involved in a large number of research studies encompassing national multi-centre clinical trials and single centre qualitative studies resulting in over 90 publications in the year.

Our future developments

Whilst the Trust reflects on a successful first year as a NHS Foundation Trust it also looks forward to the year ahead. There continue to be a number of national initiatives that the Trust must respond to and local drivers and patient needs that will require improvements and changes in service provision.

These can be summarised as:

- Working with our colleagues in Primary Care and listening to the needs of patients to move services closer to the patient's home.
- Making sure that all patients are offered first treatment within 18 weeks of their referral to the Trust and develop diagnostic services to meet reduced waiting times.
- Further develop cancer services at the Trust based around clinical best practice, patient needs and the multi disciplinary team.
- Develop Specialist Urogynaecology Services in line with NICE Guidance and best clinical practice.
- Strengthen high dependency care in both Obstetrics and Gynaecology supporting patient complexity and co-morbidities.
- Continue to work with specialist commissioners to enhance our regional centres of excellence for Neonates and Assisted Conception.
- Deliver the national IT agenda and the associated service benefits.

Patient Care

Patient and Public Involvement

The Patient Quality Committee has been developed as a sub committee of the Clinical Governance Committee to ensure that there is a designated Trust forum to review, challenge, influence and monitor all aspects of patient quality. There is a representative of the Membership Council working with the Committee to ensure a joint approach to patient involvement across the Trust.

The committee meets on a monthly basis, the format of the meeting includes a presentation on various projects, facilities and resources within the Trust and regular reports such as the Patient Quality Report.

We have established the evaluation of patient experience as a core function of this group. Individual patients or members of the public share their experience of their care and the wider services provided. Positive comments are fed back to individual departments and areas of deficiency are incorporated into the quality improvement action plan.

Patient Information

The Trust has produced around 150 Patient Information leaflets, within the Gynaecology, Obstetric, Neonatal and Genetics Directorates. We have established a robust process of involving patients and members of the public in participating in the development of information.

The Patient Information Group reviews the information and comments on wording, readability and presentation and changes are made. During the past year 22 leaflets have been revised by the group.

The Link Information Project continues apace in support of our patients whose first language is not English. The aim of this project is to produce patient information in various languages and formats to enable women to make informed choices about their care and reduce the risk of poor pregnancy outcomes in vulnerable groups. Twelve Information leaflets have been translated into Arabic, French and Somali and are available in the antenatal clinic.

The Patient Survey

The Healthcare Commission 2005 Inpatient Survey results were released in February 2006. Postal questionnaires were sent to a random sample of 850 patients who attended the Gynaecology ward during 2005. Exclusion criteria included women who had undergone a termination of pregnancy, early pregnancy loss and investigations and treatment within the Hewitt Centre for Reproductive Medicine.

- 482 patients completed and returned the questionnaire, a response rate slightly higher than the national average.
- The benchmarked survey results indicated that the trust was significantly better than average for 46 questions, significantly worse than average for 3 questions and results fell in the average range for 29 questions
- There were three areas in which the Trust has made significant improvement since the previous survey which were cleanliness of toilets, explanation of possible risks of complications of surgery and written information provided on discharge from hospital

Infection Control

The Trust continues to perform well in infection control; the latest published figures show a rate of 0.09% MRSA bacteraemias per 1000 bed days in the Trust to March 2006. This places us as one of the best performers nationally.

The Trust launched both the 'clean your hands' campaign and *Saving Lives* initiative during 2005/06. In addition, prospective surgical site infection surveillance commenced and results demonstrate a wound infection rate in our hospital inpatients of approximately 1%.

Stakeholder Relations

We have formed close collaborative links with local partners including the six local Primary Care Trusts, the Local Authorities in Liverpool, Sefton and Knowsley and other agencies such as the police, the NSPCC and the City Safe initiatives. This has led to such developments as:

- a DVD produced in six languages by local police for women who are subjected to domestic violence;
- a grant from the NSPCC to support one of our midwives in planning effective services for women who misuse substances

and

- the development of community peer support schemes, supported by Sure Start to empower women in local communities to support other women during pregnancy and beyond.

Other partnerships with local Sure Starts and the Local Authority have continued to ensure we are actively contributing to the development of Children's Centres to benefit women and families in our care.

Complaints

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

In the period between April 2005 and March 2006, the Trust received 109 formal complaints, which is an increase of approximately 25% compared to the previous year. It is not clear why this increase has occurred and on analysis there does not appear to be a recurrent theme to account for this.

The main themes, which have emerged during this period were:

- Treatment & care
- Communication
- Facilities
- Cleanliness of ward area
- Attitude of staff

We aim to deal with all complaints within 20 days of receiving them and this was achieved in 79% of cases during 2005/06.

8 complaints were referred to the Healthcare Commission during this period. All 8 cases remain active and have required further investigation within the Trust and meetings with the complainants.

The Healthcare commission have not undertaken any full investigations nor held an independent panel during this period.

Examples of actions taken as a result of complaints include:

- Production of Information leaflet regarding Outpatient Hysteroscopy
- Use of management plan for CTG interpretation
- Use of management plan specifically for multiple pregnancy
- Implementation of storage of CTG recordings in specifically designed envelopes
- Review of Midwifery staffing levels
- Review of written information for patients attending for Glucose Tolerance test
- Review of information available regarding availability of epidural analgesia
- Review of procedure following GP referral for reversal of sterilisation procedure
- Review of information provided to patients prior to attendance at Physiotherapy Department
- Review of written information available to patients attending for Barium Enema

Finance

Performance

The Board of Directors is pleased to report achievement of a satisfactory financial performance in its first year of operation as an NHS Foundation Trust. This is summarised in the key financial measures set out below and detailed in full in the annual accounts on pages 31 to 56.

Measure	Performance
Earnings before Tax, Depreciation and Amortisation (EBITDA)	**£4.5 million**
EBITDA Margin	**6.4%**
EBITDA Achievement of Plan	**73.4%**
Income and Expenditure (I & E) Surplus	**£0.6 million**
I & E Surplus	**0.9%**
Return on Assets	**4.6%**
Liquidity	**25 days**
Monitor Risk Rating	**3**

The financial plan set out at the beginning of the year was ambitious and although it was not achieved in full the organisation did achieve a surplus and improve liquidity during the year. This the first year in which the organisation has generated over half of its income within the framework of "Payment by Results" (PbR), a system in which a standard, unitary tariff is received for services provided to patients. The Trust provided a level of clinical activity above that planned resulting in additional PbR income above contract. However, the PbR system allows for local flexibility on price in some areas and final settlements on prices for outpatient procedures were below those originally planned. Additionally, increased costs for medical and surgical equipment, drugs and utilities resulted in a dip in financial performance in the final quarter of the year. The Board has reviewed and realigned operating budgets for the forthcoming year and improved measures have been implemented for the control of costs.

The ongoing development of PbR into 2006/07 has resulted in the exclusion of many outpatient Gynaecological and Obstetric outpatient procedures and a reduction in the tariffs for inpatient Obstetric care. The Trust continues to work with its commissioners to ensure proper recognition of the cost of the specialist services it provides, particularly in an outpatient setting. However, changes in the PbR system will continue to present the major financial risk to the Trust. Other key risks lie in the Choice agenda, where patients are free to choose where they have their treatment and in the national policy to shift outpatient services from hospitals into the community. The Board also views these risks as opportunities and the organisation is striving to remain the provider of choice for women's services and to work with Primary Care in moving Outpatient Gynaecology closer to the patient's home.

Private Patient Income

The major component of private patient income for the Trust relates to In Vitro Fertilisation (IVF) services provided to self-funding patients. There are strict criteria for access to IVF services funded by the NHS and this restriction creates a demand for services to be provided privately. There are a number of health and demographic reasons why demand for both NHS and private services is increasing and the Trust expects growth in IVF service provision into the future. The Trust's Reproductive Medicine Unit is the biggest in the country and the only unit within Merseyside. During the year, demand from self funding patients was such that the Trust breached the Private Patient Cap for one month. The reasons peculiar to this service were discussed with Monitor and an action plan agreed to enter into a partnership with the private sector for self-funded work. This will ensure that a breach will not occur in future years.

Performance against the Private Patient Cap is detailed below.

Total patient related income	**£64,205**
Private patient income	**£1,230**
Proportion of private patient income as a percentage	**1.9%**
Private Patient Cap	**1.8%**

Prudential Borrowing Limit

The Trust had a prudential borrowing limit of £20.7 million in the year of which £15.7 million related to long term borrowing and £5 million to a working capital facility. The Trust has not borrowed against the limit during the year.

Capital Expenditure

A capital programme of £2.2 million was completed during the year. This was financed from a combination of internally generated funds and earmarked public dividend capital allocations from the Department of Health for specific projects. All capital expenditure related to protected assets providing the Trust's core clinical services. The objective for the schemes undertaken during the year was to improve the patient environment and to continue to ensure the most up to date technology for the care and treatment of patients. This supports the Trust objective of remaining the provider of choice for Obstetrics and Gynaecology services. The Trust has also invested capital in developing a business case for the expansion and refurbishment of its Reproductive Medicine Unit.

Details of the capital programme are set out below.

	£'000's
Department of Health Allocations:	
Neonatal Retinal Camera	62
Genetics Laboratory Equipment	435
Sub Total	**497**
Internally Generated Capital:	
Equipment:	
Replacement Medical Equipment	362
Replacement IM & T Infrastructure	405
New Equipment	102
Sub Total	**869**
Building	
Building Infrastructure	96
Building Environment	121
Modernisation of Antenatal Unit – Aintree Site	231
Refurbishment of Gynaecology Emergency Room and Neonatal Unit	310
Reproductive Medicine Unit Business Case	62
Sub Total	820
Total	**2,186**

Going concern

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

Our Board of Directors

Board of Directors

The Trust's constitution provides for a Board of Directors which is comprised of six executive and six non-executive directors including the Chairman.

The executive directors hold permanent NHS contracts subject to NHS terms and conditions.

Those non-executive directors in post before April 2005 were appointed by the NHS Appointments Commission and through the constitution's transition schedule continue in post for the unexpired period of their term of office.

After April 2005 non-executive directors are appointed by the Membership Council at a general meeting, following a selection process undertaken on behalf of the Council by its Nominations Committee. The Chairman and non-executive directors can also be removed by the Membership Council through a process which is described in section 13 of the constitution.

Non-Executive Directors

Ken Morris – Chairman

Ken Morris commenced with the Trust in August 2005; his initial period of appointment is 3 years. Ken has had over 20 years experience of working at Executive and Non Executive Director level in a variety of organisations in the public, private and not-for-profit healthcare sectors. For the last two years he has been Chair of a successful PCT. His management consultancy experience has been centred around change and improving overall performance in a variety of health and not for profit organisations. He has chaired and been a member of a number of national committees.

Hoi Yeung

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

Roy Morris

Roy Morris was appointed in February 2005 for a period of 4 years. Roy was until recently the Chief Executive of Rathbone Brothers Plc and Chairman of the Executive Committee, which manages the day to day affairs of the Group. Roy had been with Rathbones, involved in investment management throughout his working career. He was a Partner in Rathbone Bros. & Co and in 1988 he became Managing Director. He was appointed as Group Chief Executive in 1997. He is a Deputy Lord Lieutenant of Merseyside and is Chairman of the Mersey Partnership. Roy is the Chair of the Trust's Finance and Contracts Committee

Ann McCracken

Ann McCracken first joined the Trust as a non-executive Director in December 2001 and served two terms of office under NHS arrangements. She has been re-appointed for a further 3 years under the provisions of the constitution following a successful performance appraisal and approval by the Membership Council. A former journalist, she now works as Regional Communications manager for the large telecommunications company 02 where she has responsibility for external affairs. Her other commitments include Mersey Common Purpose advisory group, the Mersey Partnership and membership of the Board of Business Link Cheshire and Warrington. Ann is Chair of the Human Resources Committee.

David Carbery

David joined the Board in February 2004 for a period of 4 years after a long career in the civil service, working in a variety of government departments including social security. He was also the Regional Operations Manager in charge of the Charity Commission's Liverpool office, dealing with charities in the North West. He is the Senior Independent Director on the Board and is a member of the Audit Committee. David also Chairs the Charitable Funds Committee.

Gill Vince

Gill was appointed to the Board in December 1997 and was the lead non-executive on the Clinical Governance Committee. She chaired the Health at Work Committee and was Lay Chair for SpR Appointments Committee. Gill is a Lecturer in Reproductive Immunology at the University of Liverpool. She teaches undergraduate medical students, postgraduate students and is involved in the admissions process. Her research interest is in the immunology of human pregnancy including conditions such as recurrent pregnancy loss and preterm labour. Due to work commitments Gill decided not to go forward for re-appointment at the end of her term of office on 31st March 2006 and has now left the Trust. The Board would like to thank Gill for her immense contribution to the success of the organisation over the last nine years.

Executive Directors

Louise Shepherd MBA MA CPFA – Chief Executive

Louise Shepherd joined the Trust in August 2003 from the Countess of Chester NHS Trust where she was Deputy Chief Executive and Finance Director for five and a half years. During that time, she lead the Trust through a major financial recovery programme and, as part of the wider executive team, into a successful period of high performance and sustained service development. Prior to that, she was Director of Business Development at Birmingham Heartlands and Solihull NHS Trust. She originally trained as an accountant in local government before spending four years with KPMG in Birmingham as a financial and management consultant to the public sector. She is currently a Non- Executive Director of the Royal Liverpool Philharmonic Society and a Trustee of the Royal Liverpool Philharmonic Foundation.

David Richmond FRCOG – Medical Director

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

Liz Craig, RGN, RSCN – Director of Nursing, Midwifery and Patient Quality

Liz Craig was appointed as Director of Nursing and Midwifery in 1999. She has had extensive experience in clinical and managerial roles in women's, children's and neonatal services in Manchester and Liverpool. Liz plays a key role in the performance achievements for clinical governance and clinical risk management, which ensures that the highest quality patient care is provided for women and their families. She is committed to developing new roles for nurses and midwives and has introduced the first consultant midwife post for public health in the city. Liz has moved forward the public and patient involvement agenda through the setting up of the Trust's Patient Quality Committee. Liz decided to retire from the Trust at the end of the financial year. The Board would like to pay tribute to Liz for her enormous personal contribution to the success of the organisation during her time with us.

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

Kim has been the Director of Human Resources at the Trust since September 2003. She is responsible for ensuring the Trust delivers its objectives as a model employer in order that we can recruit and retain a highly skilled and motivated workforce. Kim started her career as a graduate trainee in NHS Human Resources in the West Midlands where she held a number of posts. Prior to joining the Liverpool Women's Hospital NHS Trust she held the post of Head of Human Resources & Planning at Clatterbridge Centre for Oncology NHS Trust. Kim is a member of and has previously held roles within both the Chartered Institute of Personnel and Development and the Association of Healthcare Human Resource Management. She is also a mentor and assessor for the National Health Service Management Training Scheme.

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

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

Sue Lorimer, ACMA - Director of Finance

Sue joined the Trust as Director of Finance in April 2005, shortly after it gained foundation status. She has the lead on ensuring sound financial management and achievement of contract performance targets. Sue has been an NHS Finance Director since 1990 and has worked in a variety of organisations. Before joining us she worked for Cheshire and Wirral Partnership NHS Trust and for 2 years helped develop systems and consolidate financial performance in the newly formed organisation. Prior to that she worked at Clatterbridge Centre for Oncology NHS Trust for 6 years during which time the Trust enjoyed a significant expansion of services. Sue is an Associate Member of the Chartered Institute of Management Accountants and until recently was a Member of its NHS Project Group producing technical guidance and support for NHS members and students.

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

Our Membership Council

The Membership Council was established on 1st April 2005 and held its first meeting on 6th April 2005. The Council met formally four times during 2005/06. The Membership Council is comprised of 33 governors under the leadership of Trust Chairman Ken Morris. Angela Douglas was elected Deputy Chairman of the Council during the year.

Public and staff members of the Membership Council are elected by the membership. Elections are held in accordance with the rules appended to the constitution using a single transferable vote system. The initial elections were held in October 2004, administered by Electoral Reform Services Limited on the Trust's behalf. Eventually all governors will serve a three year term of office, however in order to ensure continuity on the Council in its early life, the constitution's transition schedule provides for a rolling programme of elections, such that the initial governors were appointed for a period of one, two or three years depending upon the number of votes polled. Terms of office of elected members are shown in the table below on an individual basis; the term of office for all appointed members is three years. The next round of elections will begin in May 2006.

During the year the Membership Council has been actively involved in many areas of the Trust's work. Councillors have been co-opted on to a number of committees and working groups including research ethics, the Smoke Free steering group, marketing strategy group, Patient Quality Committee and maternity services liaison committee.

Three formal sub-committees of the Membership Council have been established this year: Membership Strategy Group, Nominations Committee and Remuneration Committee. The Membership Strategy Group has been proactive in taking forward the Trust's Membership Strategy, described in more detail later in this report. The Nominations Committee successfully appointed our new Chairman in June 2005, following the election of our former Chairman, Rosie Cooper, to the House of Commons as MP for West Lancashire at the General Election in May 2005. The Remuneration Committee has developed a new appraisal system for non-executive directors and has made a recommendation for a competitive remuneration rate for non-executives based upon extensive market research.

As a whole the Membership Council has worked with the Board to develop the Trust's strategy going into 2006/07 and has taken the decision to re-appoint our External Auditors for a further 12 months. Since March 2006 the Council has become very focused upon an emerging local issue in relation to the future provision of breast cancer services in Liverpool.

PUBLIC GOVERNORS 18 ELECTED SEATS

Central Liverpool
Roberta Chidlow (2 years)
Hilda Herr (1 year)
Jo Lazzari (3 years)
Shivakuru Selvathurai (1 year)
Betty Stopforth (2 years)
Maggi Williams (3 years)

North Liverpool
Angela Parker (3 years)
Kiki Doran* (1 year)

South Liverpool
Irene Drakeley (1 year)
Janine Wooldridge (2 years)

Sefton
Kathie Hare-Cockburn (1 year)
Janet Gilbertson (3 years)
Joanna Winter (2 years)

Knowsley
Ronnie Kehoe (3 years)
Anne Smith (2 years)

Rest of England & Wales
Miriam Burnside (1 year)
Charles Parkinson (1 year)
Deirdre Wood (1year)

STAFF GOVERNORS 6 ELECTED SEATS

Doctors – Jonathan Herod (2 years)
Nurses – Gill Murphy (3 years)
Midwives – Dorcas Akeju OBE** (1 year)
Scientists & Technical staff – Angela Douglas (3 years)
Non-clinical staff – Helen Gavin & Paul Young (1 year)

PCT GOVERNORS 3 APPOINTED SEATS

Dr Margaret Goddard, Medical Director, North Liverpool PCT
Dr Janet Atherton, Director of Public Health, South Sefton PCT
Dr Paula Grey, Director of Public Health, Central Liverpool PCT

LOCAL AUTHORITY GOVERNORS 2 APPOINTED SEATS

Jo Miller, Director of Consumer Services, Knowsley Borough Council
Liverpool City Council – vacancy

UNIVERSITY OF LIVERPOOL 1 APPOINTED SEAT

Professor Susan Wray

COMMUNITY/VOLUNTARY/ OTHER PARTNERSHIP ORGANISATIONS 3 APPOINTED SEATS

Sue Ryrie, Chief Executive, Brook Merseyside
Professor Godfrey Mazhindu, Liverpool John Moores University
Margaret Hogan, Down's Syndrome Liverpool

* replaced Elaine Kinahan, October 2005
** replaced Karen Comber, December 2005

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

Membership Council

Our Membership

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

We also need to ensure that our Membership Council reflects our membership and we aim to address this challenge by encouraging a large, genuine membership from all parts the community served by the trust.

The membership community of Liverpool Women's NHS Foundation Trust is drawn from our public and staff constituencies which are defined follows:

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

Membership Strategy

The Trust has developed a Membership Strategy which is led by a sub-committee of the Membership Council called the Membership Strategy Group. This group has been very active during the year and have given careful consideration to the development of the Trust as a membership organisation. The focus of the group during 2005/06 has been on consolidating and engaging with our existing members, numbering just over 10,000, rather than setting recruitment targets for substantial increases in members, although numbers have risen gradually as a result of the group's activities.

The main area of work has been to create the members' newsletter, the *Foundation Express*. The group produced its first two editions during the second half of the year, in September and February, having first spent some time thinking carefully about style, content and readability. The group intends to publish *Foundation Express* on a quarterly basis next year.

The second edition of the newsletter included a questionnaire aimed at public members, to find out more about their interests and desired level of involvement with the Trust. The group also took the opportunity to ask members about our services and to give their views on how we might encourage women to choose to come to us for their care.

As a result of the questionnaire we are becoming more familiar with our members' needs. We now have a database of 50 members whom we can call upon to join in focus groups and another cohort who would like to help us by responding to more detailed surveys about our services. On the basis of this intelligence we plan to begin a series of talks and workshops for members during 2006/07 to give our members more information about areas of work such as infection control and infertility.

Building and sustaining a representative membership

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

the membership community should include as diverse a range as possible and be representative of the local area. We have focused in the short term on the following specific targets:

- 18-34 year olds: this is almost the most difficult cohort with which to engage. According to the 2005 Liverpool Public Health Annual Report, people of this age comprise approximately 18% of the local population. Therefore, we seek to ensure that the percentage of public constituency members in this age range reflected this number.
- Black and Minority Ethnic Groups: again, according to the public health report, Asian, Black, Chinese and other ethnic groups make up approximately 6% of the local population. Again, we seek to ensure that the public constituency is comprised of a similar percentage.
- Men: whilst the services provided by the Trust are primarily aimed at women, it is critical to ensure that men are also active members of the Foundation Trust community. Therefore, we will seek to attain a balance of 85% women and 15% men.
- Social class: there is a social class correlation with regard to community engagement, which in turn correlates with health disadvantage. This makes it particularly important that we ensure that the Trust membership properly reflects the socio-economic strata of the local area.

Membership Profile

Constituency	Public	Staff	Total
Number at year start (1st April 2005)	8316	775	**9091**
Members joining	1656	123	**1779**
Members leaving	166	11	**177**
Number at year end (31st March 2006)	9239	887	**10693**

In terms of our diversity targets we have maintained just over 20% of members aged between 18 and 34. We moved from 5% to 4.5% of members from black and minority ethnic communities and our gender balance was steady at 17% men and 83% women.

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

- 60% of our members are resident in Liverpool
- 12% of our members are resident in Knowsley
- 14% of our members are resident in Sefton
- 14% of our members are from other parts of England and Wales

In the coming year therefore we will aim to recruit more members from the Sefton and Knowsley areas and from our local black and minority ethnic communities.

Public Interest Disclosures

Developments for staff

Liverpool Women's NHS Foundation Trust is a people based organisation; we employ just over 1500 staff, who are our most valuable asset. We are always keen therefore to be involved in any initiatives that are designed to improve the working lives of our staff. During 2005/06 we successfully obtained the 'Practice Plus' standard under the *Improving Working Lives* programme and will be working towards 'Model Employer' status as our next goal. In addition, the Trust was re-accredited as an *Investor in People* in December 2005. The Trust also introduced a childcare voucher scheme which is of immense benefit to our predominantly female workforce.

By the close of the year the Trust had virtually completed its implementation of Agenda for Change, the new national pay structure for all non-medical NHS staff and will focus in the coming year on realising the benefits of this far reaching pay reform. The programme was only achieved through close partnership working with Staff Side colleagues, two of whom were seconded on a full time basis to undertake the work necessary to match and assimilate all posts.

This year's staff survey saw greatly improved results for the Trust, particularly in terms of communication, the working environment and flexible working options. More action is still needed however to help staff reduce their levels of stress at work.

Staff Consultation & Policies

The Trust established a new Human Resources Committee during the year, as a formal sub-committee, comprising Non Executive and Executive Director membership, as well as clinical and union representation. The purpose of the Committee is to provide a strategic overview and an assurance framework for the Board of Directors on all Human Resources issues.

A revised formal mechanism for staff consultation, the Partnership Forum, was introduced in October 2005 and is supported by a specialist Human Resources Policy Sub Group which reviews existing and develops new policies applicable to the whole workforce. The Trust's "Eat and Meet" programme provides an opportunity for staff to meet Directors, to talk to them about their services and to question them on a range of policy and strategic matters. The Trust's Chief Executive also hosts a monthly Team Briefing forum where staff are encouraged to ask questions and provide suggestions on all current and future policy issues. A regular "slot" in this forum is a discussion on the Trust's latest key financial and activity performance information.

The Trust's Equality and Diversity Group continues to meet to agree priorities and actions relating to the whole diversity agenda, including ethnicity and disability issues affecting staff, patients and the public. As a part of this forum, the Trust's Race Equality Scheme has been reviewed and approved by the Board of Directors. The Trust continues to meet the "Positive about Disabled People" standard and has received both local and national recognition for the achievements of its Disability Advisor.

Health and Safety

The Trust has an excellent track record in health and safety issues and takes a proactive approach at ward and departmental level to ensure that policies are regularly reviewed and implemented. Appropriate training is provided for all staff, supported by the Trust's vibrant Health and Safety Committee which is well represented across the organisation. Occupational Health and Staff Counselling services continue to be provided by the Trust and receive regular positive feedback from staff.

Environmental Issues

The Trust has through the year commissioned two independent energy reviews to develop a structured approach to Energy Management. Both reviews - by Merseyside Internal Audit and The Carbon Trust - will form the basis of the Trust's Energy Policies now and into the Future. An Energy Management group is being formed to translate the findings of these reports into a structured response.

The Trust has also formed a recycling group to direct the organisation on all matters in relation to the environment. This group is establishing a number of link personnel throughout each department of the Trust.

Consultations

During 2005/06 the main focus of consultation with local partners has been in relation to the declarations required by the Healthcare Commission as part of its new Annual Health Check assessment, replacing the NHS Star Ratings. For both the October draft and the year end final declarations of compliance against the Commission's Core Standards, the Trust submitted information for consultation with the Overview and Scrutiny Committees of Liverpool City Council, Knowsley Borough Council and Sefton Borough Council. In addition, the Trust undertook a more detailed consultation on the standards with its Patient and Public Involvement Forum whereby the evidence portfolio was scrutinised by a panel of forum members in order that the Trust's position of full compliance could be objectively tested.

We have also participated in a variety of consultations relating to services issues during the year:

- Publication of Infertility Guidelines and Eligibility Criteria.
- Development of a Shared Health Informatics Service for North Mersey.
- The establishment of a Pathology Super Centre.
- The establishment of a Sterile Services Super Centre.

Remuneration Report

The Remuneration Committee of the Board of Directors comprises all non-executive directors. This Committee is responsible for determining the remuneration and terms and conditions of the executive directors and Trust Secretary, taking into account the results of the annual appraisal process. The Chief Executive is responsible for assessing the performance of the executive directors.

The Remuneration Committee of the Membership Council comprises two public, one staff and one appointed members. This Committee is responsible for determining the remuneration of the Chairman and non-executive directors, taking into account the results of the annual appraisal process. The Chairman is responsible for assessing the performance of the non-executive directors. The Chairman's appraisal is undertaken by the Remuneration Committee in accordance with their policy which has been developed to reflect best practice nationally.

Executive Directors are employed on permanent contracts of employment, subject to three months notice on either side. The Chief Executive is also employed on a permanent contract and is subject to a six months notice period.

Rates of pay for all senior managers are based on job size, market intelligence (including published remuneration surveys) and performance. The Chief Executive's appraisal is undertaken by the Chairman. Chief Executive and Executive Director remuneration packages comprise annual basic salary and normal NHS pension contributions; there are no non-pay benefits or bonus payments.

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

The Remuneration of all directors is set out at note 5.4 of the annual accounts below.

Signed

Louise Shepherd

Louise Shepherd
Chief Executive
June 2006

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

The Health and Social Care (Community Health and Standards) Act 2003 states that the Chief Executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of 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 accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ('Monitor').

Under the Health and Social Care (Community Health and Standards) Act 2003, Monitor has directed the Liverpool Women's NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Liverpool Women's NHS foundation trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the NHS foundation trust Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statement s on a going concern basis.

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

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

Signed

Louise Shepherd

Louise Shepherd
Chief Executive
June 2006

Statement on Internal Control

1. Scope of responsibility

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

2. The purpose of the system of internal control

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

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

The principal mechanism for this is the Board Assurance Framework and risk registers generated at Directorate and Department level. From 2005/06 the Trust's responsibilities for internal control have been considered in the quarterly monitoring returns and discussions with Monitor. Monitor utilises a risk based approach across the key areas of finance, governance and mandatory services in accordance with the compliance framework criteria. Much of the groundwork for meeting these requirements was put in place during 2004/05 as part of the assessment process for Foundation Trust status.

The system of internal control has been in place at Liverpool Women's NHS Foundation Trust for the year ended 31st March 2006 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

The Trust's Risk Management Strategy sets out the responsibility and role of the Chief Executive in relation to risk management. During the year 2005/06, delegated responsibility operated through the Clinical Governance Committee and the Corporate Assurance and Standards Committee. The latter was created to provide the Board of Directors with a formal structure for addressing risk at the corporate level; the committee, whose membership consists of all Board members, meets on alternate months. Together these Committees embrace strategic risk issues, implementation of the Standards for Better Health, the Board Assurance Framework and key risk performance indicators and have reported regularly to the Board of Directors. A new committee structure based upon principles of integrated governance and designed to better support the Trust's operation as an NHS foundation trust, operated from 1st April 2005.

The Trust built upon and developed its Board Assurance Framework during the year, achieving a rating of 'significant assurance', confirmed by the Director of Internal Audit Opinion.

Ward, departmental and directorate risk registers have been in place for the full year and continue to be promulgated by robust systems for risk assessment across all areas of the organisation. There is an escalation process whereby risks that cannot be managed locally are reviewed at the appropriate level within the organisation to ensure that reasonable measures are taken. This is a continuous process that assists with the development of an organisation-wide risk-aware culture and enables risk management decision making to occur as near as practicable to the risk source. In January 2005, the Trust became one of only three NHS organisations nationally to secure CNST Level 3 for both general and maternity standards.

Risk management, risk assessment and incident reporting is included in core induction and within the Trust's mandatory training programme. This approach will be continued during 2006/07 with specific emphasis on maintaining the exceptional standards of training required for CNST level 3 across all staff groups.

4. The risk and control framework

The risk management framework is set out in the Risk Management Strategy and is underpinned by the policies and procedures for risk management. These documents were reviewed during the year and approved by the Corporate Assurance and Standards Committee.

The key elements of the strategy include:

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

The Board Assurance Framework, which focuses on identifying the principal risks at corporate level has been a standing item on the agenda of the Corporate Assurance and Standards Committee during the year and covers the following:

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

Although there is no longer a requirement to address Controls Assurance Standards a report identifying any residual actions from this system was presented to the Corporate Assurance and Standards Committee in December 2005. In terms of the Healthcare Commission's Standards for Better Health, the Trust submitted a position of full compliance against the core standards in its final Declaration in May 2006.

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

- Ward, department and directorate risk assessments which are formally updated on an annual basis. The finance risk register includes areas of financial risk emerging from the impact of the new NHS initiatives, such as Payment by Results and Agenda for Change.
- The Ulysses system, a software package for risk management that has been utilised to record non-clinical incidents, complaints and claims for a number of years and which generates risk registers. The roll-out process to encompass clinical incident reporting commenced during 2005, to support the aim of an integrated risk management system across the Trust and enable direct reporting to the National Patient Safety Agency.
- Education and training programmes.
- Policy approval and ratification by appropriate sub-committees in support of the integrated governance framework.
- A timetable of directorate progress reports to the Clinical Governance Committee.
- Risk assessment inbuilt within all new projects.

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

As Accountable Officer, I am responsible for ensuring that the organisation has arrangements in place for securing value for money in the use of its resources. To do this I have implemented systems to:

- Set, review and implement strategic and operational objectives
- Engage with patients, members and other stakeholders to ensure key messages about services are received and acted upon

- Monitor and review organisational performance
- Deliver efficiency gains and savings targets.

Annually, the Trust produces a 5 year service strategy which incorporates a supporting financial plan for approval by the Board of Directors. This informs the annual detailed operational plan and budget which is also approved by the Board. Views of the Trust's 10,000 members are gained through their representatives on the Trust's Membership Council. For 2005/06 the Membership Council were involved in the development of Trust strategy across a range of themes such as patient choice, quality and access. This plan informs the Trust's corporate objectives and provides the basis for quarterly performance reviews at directorate level. The Board of Directors monitors performance monthly through the corporate report which provides integrated information on financial performance, achievement of savings targets, contract activity, human resource indicators and key service performance indicators. The Finance and Contracts Committee of the Board also meets monthly to provide dedicated time to review financial and contract performance in detail prior to Board meetings.

Reports on specific issues relating to economy, efficiency and effectiveness are commissioned by the Audit Committee within the Internal Audit plan and the implementation of recommendations made by Internal Audit is overseen by the Audit Committee. In 2005/06 Internal Audit has produced reports on energy management and the capital expenditure system.

The Healthcare Commission has commissioned the Trust's external auditors to undertake comprehensive benchmarking exercises on the Trust's processes for Medicines Management and Diagnostic Services as part of national work on the Acute Hospitals Portfolio. The reports from these exercises will be reviewed by the Audit Committee and will feed into the Healthcare Commission's assessment of the Trust's rating as part of the the Annual Health Check.

Specific reviews have also been identified by the Board of Directors, Executive Directors and Directorate Management as a result of risks to performance identified from the performance management system. In 2005/06 reviews were undertaken of service level agreements with other NHS trusts, operating theatre utilisation at the Aintree site and processes within the Reproductive Medicine Unit. These reviews all resulted in positive outcomes in terms of cost reduction or improved productivity.

6. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Corporate Assurance and Standards Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

- The Board of Directors' role is to provide active leadership of the Trust within a framework of prudent and effective controls that enable risk to be assessed and managed.
- The Audit Committee, as part of an integrated governance structure, is pivotal in advising the Board on the effectiveness of the system of internal control.
- The Corporate Assurance and Standards Committee which was specifically created as part of the Trust's wide-ranging review of governance during 2004/05 to facilitate regular discussion of risk issues at the highest level.
- The sub-committees of the Board are key components by which I am able to assess the effectiveness and assure the Board of risk management generally and clinical risk.
- Internal Audit provides quarterly reports to the Audit Committee and full reports to the Director of Finance. The Audit Committee also receives details of actions that remain outstanding following any follow up of previous audit work. The Director of Finance also meets regularly with the Audit Manager.
- Other explicit review and assurance mechanisms include Directorate risk registers linked to the Operational Plan, the Healthcare Commission's acute hospital portfolio assessments and a range of other independent assessments against key areas of control, as set out in the Assurance Framework.

Any significant internal control issues would be reported to the Corporate Assurance and Standards Committee via the appropriate sub-committee. There have been no significant internal control issues identified during 2005/06. All significant risks identified within the Board Assurance Framework have been regularly reviewed in-year by the Corporate Assurance and Standards Committee and appropriate control measures put in place.

Independent assessment has been provided by the NHS Litigation Authority assessors who awarded the Trust CNST Level 3 for general standards in October 2004, CNST Level 3 for maternity standards in January 2005. The Trust has been designated as a pilot site by the NHSLA for the new CNST standards. Mersey Internal Audit Agency undertook a review of the Trust's processes to support the Healthcare Commission's core standards declaration, prior to the submission of the draft in October 2005.

During the year progress has been made with the action plan to manage the risk of hospital-acquired infection, led by the Director of Infection Prevention and Control. Major initiatives have included the Matrons' Charter, the Clean Your Hands Campaign and the Winning Ways Action Plan. I receive reports from the Royal Colleges and following Deanery visits. In addition, there are a range of other independent assessments against key areas of control, for example:

- Healthcare Commission performance review – Three Star rating awarded in July 2005 for the third time.
- Health and Safety Executive visits to review specific policies
- CPA accreditation for Genetics Laboratories (unconditional accreditation until 2007).
- Achievement of 'excellent' category in PEAT assessment.
- Information Governance Toolkit validation.
- The attainment of Improving Working Lives Practice Plus accreditation in November 2005.
- Reaccreditation as an 'Investor in People' in December 2005.
- The 'Bugwatch' initiative undertaken by the Patients' Forum in September 2005.
- A report by the Human Fertility and Embryology Authority providing a positive review of the Trust's Reproductive Medicine Unit.

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

Louise Shepherd

Louise Shepherd
Chief Executive
June 2006

Annual Accounts 2005/2006

Foreword to the Accounts

These accounts for the year-ended 31st March 2006 have been prepared by the Liverpool Women's NHS Foundation Trust under schedule 1 sections 24 and 25 of the Health and Social Care (Community Health and Standards) Act 2003 in the form which Monitor, the Independent Regulator of NHS Foundation Trusts has, with the approval of the Treasury directed.

Signed

Louise Shepherd

Louise Shepherd
Chief Executive
June 2006

Income and Expenditure Account for the financial year ended 31st March 2006

	Note	2005/06 £000
Income from activities	3.1 - 3.3	64,205
Other operating income	4.1	6,794
Operating expenses	5.1	(68,776)
OPERATING SURPLUS		**2,223**
Profit/(Loss) on disposal of fixed assets	7.1	(9)
SURPLUS BEFORE INTEREST		**2,214**
Interest receivable		161
Interest payable	8.1	0
Other finance costs – unwinding of discount	8.1	(24)
Other finance costs – change in discount rate on provisions	8.1	(94)
SURPLUS FOR THE FINANCIAL YEAR		**2,257**
Public Dividend Capital (PDC) dividends payable		(1,614)
RETAINED SURPLUS FOR THE YEAR		**643**

Balance Sheet for the financial year ended 31st March 2006

	Note	31st March 2006 £000	1st April 2005 £000
FIXED ASSETS			
Intangible assets	11.1	137	184
Tangible assets	11.2	50,108	50,173
TOTAL FIXED ASSETS		**50,245**	**50,357**
CURRENT ASSETS			
Stocks and work in progress	12.1	571	969
Debtors	13.1	3,789	3,618
Cash at bank and in hand		4,152	197
TOTAL CURRENT ASSETS		**8,512**	**4,784**
CREDITORS			
Amounts falling due within one year	14.1	(8,337)	(5,184)
NET CURRENT ASSETS/(LIABILITIES)		175	(400)
TOTAL ASSETS LESS CURRENT LIABILITIES		50,420	49,957
PROVISION FOR LIABILITIES AND CHARGES	15.1	(1,172)	(1,966)
TOTAL ASSETS EMPLOYED		**49,248**	**47,991**
FINANCED BY TAXPAYERS' EQUITY	21.1		
Public dividend capital	21.2	32,373	31,781
Revaluation reserve	16.1	16,411	16,820
Donated asset reserve		224	202
Income and expenditure reserve		240	(812)
TOTAL TAXPAYERS' EQUITY		**49,248**	**47,991**

Signed

Louise Shepherd

Louise Shepherd
Chief Executive
June 2006

Statement of total recognised gains and losses for the financial year ended 31st March 2006

	2005/06 £000
Surplus for the financial year before dividend payments	2,257
Fixed assets impairment losses	0
Unrealised surplus/(deficit) on fixed assets and current asset investment revaluations	0
Increase in the donated asset reserve due to receipt of donated assets	45
Reductions in the donated asset reserve due to depreciation, impairment, and/or disposal of donated assets	(23)
Additions/(reductions) in "Other reserves"	0
Other recognised gains and losses	0
TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR	**2,279**
TOTAL RECOGNISED GAINS AND LOSSES IN THE FINANCIAL YEAR	**2,279**

Cash flow statement for the financial year ended 31st March 2006

	Note	£000	2005/06 £000
Operating Activities			
Net cash inflow from operating activities	18.1		6,998
Returns on Investments and Servicing of Finance			
Interest received			161
Net Cash inflow from returns on investments and servicing of finance			**0**
Capital Expenditure			
Payments to acquire tangible fixed assets		(2,186)	
Receipts from sale of tangible fixed assets		4	
Net cash outflow from capital expenditure			(2,182)
Dividends Paid			(1,614)
Net cash outflow before financing			**3,363**
Management of Liquid Resources			
Movement in short-term deposits			0
Net cash outflow from management of liquid deposits			**0**
Net cash inflow before financing			**3,363**
Financing			
Public dividend capital received		592	
Government grant received		0	
Other capital receipts		0	
Net cash inflow from financing			**592**
Movement in cash			**3,955**

Notes to the accounts

1. Accounting policies and other information

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the NHS Foundation Trust Financial Reporting Manual, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2005/06 NHS Foundation Trust Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of tangible fixed assets at their value to the business by reference to their current costs. NHS foundation trusts, in compliance with HM Treasury's Financial Reporting Manual, are not required to comply with the FRS 3 requirements to report "earnings per share" or historical profits and losses.

1.2 Acquisitions and discontinued operations

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

- the sale (this may be at nil consideration for activities transferred to another public sector body) or termination is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- if a termination, the former activities have ceased permanently;
- the sale or termination has a material effect on the nature and focus of the reporting NHS foundation trust's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular activity or from a material reduction in income in the NHS foundation trust's continuing operations; and
- the assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.
- Operations not satisfying all these conditions are classified as continuing.
- Activities are considered as 'acquired' whether or not they are acquired from outside the public sector. There have been no such activities during 2005/06

1.3 Income recognition

Income is accounted for applying the accruals convention. The main source of income for the trust is under contracts from commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where income is received for a specific activity, which is to be delivered in the following financial year that income is deferred. The NHS foundation trust changed the form of its contracts with NHS commissioners to follow the Department of Health's Payment by Results (PbR) methodology in 2005/06. To manage the financial impact of this change on the NHS foundation trust and its commissioners PbR is being phased in. The Trust therefore accounts for its income from Commissioners at full tariff with a 50% clawback of the benefit arising from the introduction of PbR being levied by the Department of Health. This clawback is envisaged to reduce to 25% and 0% in subsequent financial years.

Expenditure

Expenditure is accounted for applying the accruals convention.

1.4 Tangible fixed assets

Capitalisation

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

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

Valuation

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

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

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The last asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005.

The revaluation undertaken at that date was accounted for on 31 March 2005.
The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value.
Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.
Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.
Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land, and assets surplus to requirements. An asset in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.
Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS foundation trust's professional valuers. Leaseholds are depreciated over the primary lease term.
Equipment is depreciated on current cost evenly over the estimated life utilising standard lives set out in the NHS Foundation Trust Capital Accounting Manual namely:

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

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

Intangible fixed assets

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

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

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

Donated fixed assets

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

1.5 Investments

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

1.6 Government Grants

Government grants are grants from Government bodies other than income from primary care trusts or NHS trusts for the provision of services. Grants from the Department of Health, including those for achieving three star status, are accounted for as Government grants. Where the Government grant is used to fund revenue expenditure it is taken to the Income and Expenditure account to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to the income and expenditure account over the life of the asset on a basis consistent with the depreciation charge for that asset. There have been no such transactions during 2005/06.

1.7 Private Finance Initiative (PFI) Transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of application note F to FRS 5.
Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the trust has contributed land and buildings, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the income and expenditure account. Where, at the end of the PFI contract, a property reverts to the trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.
Where the balance of risks and rewards of ownership of the PFI property are borne by the trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.8 Stocks and work-in-progress

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

1.9 Cash bank and overdrafts

Cash, bank and overdraft balances are recorded at the current values of these balances in the NHS foundation trust's cashbook. These balances exclude monies held in the NHS foundation trust's bank account belonging to patients (see "third party assets" below). Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.10 Research and Development

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

- there is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and its resulting in a product or services that will eventually be brought into use; and
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.
- Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Where possible, NHS foundation trusts disclose the total amount of research and development expenditure charged in the Income and Expenditure account separately. However, where research and development activity cannot be separated from patient care activity it cannot be identified and is therefore not separately disclosed.

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

1.11 Provisions

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

Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed as a note where an inflow of economic benefits is probable.

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

Clinical negligence costs

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

Non-clinical risk pooling

The NHS foundation trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises. The Trust has also taken out "top up" property insurance via a commercial insurer with premiums charged to operating expenses.

Pension costs

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

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

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

Employer contribution rates are reviewed every four years following the scheme valuation. At the last valuation on which contribution rates were rebased (March 1999) employer contribution rates from 2003/04 were set at 14% of pensionable pay.

1.12 Value Added Tax

Most of the activities of the NHS foundation trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.13 Foreign Exchange

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

1.14 Third Party Assets

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

1.15 Leases

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

1.16 Public Dividend Capital (PDC)

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities i.e. the net assets of a public benefit corporation.
A charge, reflecting the forecast cost of capital utilised by the NHS foundation trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

1.17 Prior Year Comparatives

Liverpool Women's Hospital NHS Trust was authorised as a Foundation Trust with effect from 1st April 2005. As this is the first year of operation as a Foundation Trust comparative figures are not required for the Income and Expenditure Account, Statement of Recognised Gains and Losses and Cash Flow Statement. The opening Balance Sheet at 1st April 2005 is presented along with the opening balance for certain Balance Sheet notes. The Trust has however adjusted its opening balances on its Income and Expenditure Reserve and Revaluation Reserve to reflect the excess depreciation compared to the historic cost depreciation charges, together with a small adjustment on the Donated Asset reserve. This is disclosed under note 16.1.

Segmental Reporting

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

Income from Activities

3.1 Income from Activities comprises

	2005/06 £000
Elective income	8,739
Non elective income	21,805
Outpatient income	11,830
Other type of activity income	21,425
Accident and Emergency income	1,065
Total Income	**64,864**
PbR clawback	(1,889)
Income from Activities (before private patient income)	**62,975**
Private patient income	1,230
TOTAL INCOME FROM ACTIVITIES	**64,205**

The Trust changed the form of its contracts with NHS commissioners to follow the Department of Health's Payment by Results (PbR) methodology in 2005/06. To manage the financial impact of this change on the NHS foundation trust and its commissioners PbR is being phased in. The Trust therefore accounts for its income from Commissioners at full tariff with a 50% clawback of the benefit arising from the introduction of PbR being levied by the Department of Health. This clawback is envisaged to reduce to 25% and 0% in subsequent financial years.

All the income from activities (before private patient income) is derived from the provision of mandatory or protected services set out within the Trust's Terms of Authorisation.

3.2 Private Patient Income

	2005/06 £000	Base Year 2002/03 £000
Private patient income	1,230	939
Total patient related income	64,205	52,145
Proportion of private patient income as a percentage	1.9%	1.8%

Section 15 of the Health and Social Care (Community Health and Standards) Act 2003 requires that the proportion of private patient income to the total patient related income of NHS Foundation Trusts should not exceed its proportion whilst the body was an NHS Trust in 2002/03. The Trust was in breach of this target by £73,000 which equates to less than one month of 2005/06. The Trust has agreed an action plan with Monitor to ensure a further breach will not occur in 2006/07.

3.3 Income from Activities comprises

	2005/06 £000
NHS Foundation Trusts	114
NHS Trusts	1,916
Strategic Health Authorities	0
Primary Care Trusts	60,956
Department of Health – grants	0
Department of Health – other	(641)
NHS other	589
Non NHS – Private patients	1,230
Road Traffic Act (RTA)	14
Non NHS – other	27
TOTAL INCOME FROM ACTIVITIES	**64,205**

Other Operating Income

4.1 Other operating income comprises

	2005/06 £000
Research and development	595
Education and training	4,354
Transfers from the donated asset reserve	23
Other	1,822
TOTAL OTHER OPERATING INCOME	**6,794**

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

- Car Parking £259,000;
- Provision of Laboratory Services £200,000;
- Improving Hospitals Programme £150,000;
- Catering £140,000, and Perinatal Audit £118,000.

Operating Expenses

5.1 Operating expenses comprise:

	2005/06 £000
Services from NHS Foundation Trusts	13
Services from NHS Trusts	6,497
Services from other NHS bodies	69
Purchase of healthcare from non NHS bodies	0
Executive director costs	665
Non-executive director costs	52
Staff costs	42,983
Drug costs	2,277
Supplies and Services – clinical (excluding drug costs)	3,008
Supplies and Services – general	2,394
Establishment	975
Research and development *	0
Transport	107
Premises	2,213
Bad debts	0
Depreciation and amortisation	2,330
Fixed asset impairments and reversals	0
Audit fees	65
Clinical negligence	3,553
Exceptional items	0
Other	1,575
TOTAL OPERATING EXPENSES	**68,776**

* Research and development expenditure is not separately disclosed above as it cannot be identified separately from Trust patient care activity.

5.2 Operating Leases:

5.2.1 Operating expenses include:

	2005/06 £000
Hire of plant and machinery	30
Other operating lease rentals	29
TOTAL OPERATING LEASE RENTALS	**59**

5.2.2 Annual commitments under non-cancellable operating leases are:

Operating leases which expire:	Land and Buildings 2005/06 £000	Other Leases 2005/06 £000
Within 1 year	0	21
Between 1 and 5 years	0	13
After 5 years	0	0
TOTAL OPERATING LEASE RENTALS	**0**	**34**

5.3 Audit fees comprise:

	2005/06 £000
Audit services – statutory audit	65
Audit services – regulatory reporting	0
Other auditors remuneration further assurance services	0
Other auditors remuneration other services	0
TOTAL AUDIT FEES	**65**

5.4 Salary and Pension Entitlements of Senior Managers:

5.4.1 Salary entitlements:

		Note	Salary (bands of £5,000) 2005/06 £000	Other Remuneration (bands of £5,000) 2005/06 £000
Rosemary Cooper	Chair	i	0 – 5	0
Ken Morris	Chair	ii	15 - 20	0
Louise Shepherd	Chief Executive		105 - 110	0
David Richmond	Medical Director		35 - 40	115 -120
Sue Lorimer	Director of Finance	iii	75 - 80	0
David Renouf	Acting Director of Finance	iv	20 – 25	0
Liz Craig	Director of Nursing	v	65 - 70	0
Caroline Salden	Director of Service Development		55 – 60	0
Kim Doherty	Director of Human Resources		45 - 50	0
David Carbery	Non executive director	vi	5 – 10	0
Roy Morris	Non executive director		5 – 10	0
Hoi Yeung	Non executive director		5 – 10	0
Dr. Gill Vince	Non executive director		5 - 10	0
Ann McCracken	Non executive director		5 – 10	0

Note:

(i) Rosemary Cooper resigned on 15th April 2005.

(ii) Ken Morris commenced on 15th August 2005.

(iii) Sue Lorimer commenced as Director of Finance on 25th April 2005 and was acting Chief Executive for the period 10th October 2005 to 13th February 2006.

The Trust employed an interim Finance Director for the period to 25th April 2005 via an agency to whom the Trust paid £9,125

(iv) David Renouf was acting Director of Finance for the period 10th October 2005 to 13th February 2006.

(v) Liz Craig left the Trust on 31st March 2006.

(vi) David Carbery acted as Chair for the period 18th April 2005 to 14th August 2005.

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

5.4.2 Pension entitlements:

Executive Directors		Real increase in pension and related lump sum at age 60 (bands of £2,500)	Total accrued pension and related lump sum at age 60 31st March 2006 (bands of £2,500)	Real increase in CETV £000	CETV at 31st March 2006 £000	Cash Equivalent Transfer Value (CETV) at 31st March 2005 £000
Louise Shepherd	Chief Executive	12.5 - 15	95 - 97.5	52	293	241
David Richmond	Medical Director	10 – 12.5	157.5 - 160	110	663	553
Sue Lorimer	Director of Finance	Not applicable	82.5 - 85	-	307	Not applicable
Liz Craig	Director of Nursing	Not available	62.5 - 65	-	292	Not available
Caroline Salden	Director of Service Development	5 - 7.5	37.5 - 40	18	98	80
Kim Doherty	Director of Human Resources	10 – 12.5	32.5 - 35	29	87	58

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

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

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

Staff Costs and Numbers

6.1 Staff costs including director and non executive director costs:

	2005/06 £000
Salaries and wages	36,525
Social Security costs	2,725
Employer contributions to the NHS pensions agency	4,061
Agency and Contract staff	389
Seconded-in staff	0
TOTAL STAFF COSTS	**43,700**

6.2 Average number of persons employed:

	TOTAL Number	Senior Managers Number	Others Number	Staff on Inward Secondment	Agency, Temporary and Contract staff Number
Medical and Dental	125	1	124	0	0
Administration & Estates	234	5	229	0	0
Healthcare Assistants & Other Support staff	109	0	109	0	0
Nursing, Midwifery & Health visiting staff	668	0	648	0	20
Nursing, Midwifery, & Health visiting learners	0	0	0	0	0
Scientific, Therapeutic & Technical staff	109	0	109	0	0
TOTAL	**1,245**	**6**	**1,219**	**0**	**20**

6.3 Employee benefits:

There were no employee benefits attributable to individual employees during 2005/06

6.4 Retirements due to ill-health

During 2005/06 there were no early retirements from the Trust agreed on the grounds of ill-health.

6.5 Management Costs:

	2005/06 £000
Management Costs	2,973
Relevant Income	66,645

Management Costs are calculated on the basis of definitions contained within the Management Costs web site of the Department of Health.

6.6 Pension Costs:

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

The Scheme is subject to a full valuation by the Government Actuary every four years which is followed by a review of the employer contribution rates. The last valuation took place as at 31st March 2003 and has yet to be finalised.The last published valuation covered the period 1st April 1994 to 31st March 1999. Between valuations the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions Agency website at www.nhspa.gov.uk. Copies can also be obtained from the Stationery Office.

The conclusion of the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions remain at 7% of pensionable pay until 31st March 2003 and then be increased to 14% of pensionable pay with effect from 1st April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

Disposal of Fixed Assets

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

	2005/06 £000
Profit on disposal of other tangible fixed assets (equipment)	0
Loss on disposal of other tangible fixed assets (equipment)	(9)
TOTAL PROFIT/(LOSS) ON DISPOSAL OF FIXED ASSETS	**(9)**

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

Interest Payable and Similar Charges

8.1 Interest payable:

	2005/06 £000
Overdrafts	0
Finance leases	0
Other unwinding of discount	(118)
TOTAL INTEREST PAYABLE	**(118)**

8.2 The Late Payment of Commercial Debts (Interest) Act 1998:

	2005/06 £000
Amounts included within other interest payable arising from claims made under this legislation	0
Compensation paid to cover debt recovery costs under this legislation	0

8.3 Better Payment Practice Code – Measure of Compliance:

The above Code requires the Trust to aim to pay all valid non NHS invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. Performance against this target is set out in the table below

	2005/06 Number	2005/06 £000
Total Bills paid in the year	12,672	14,248
Total Bills paid within target	10,610	12,921
Percentage of bills paid within target	84%	91%

Public Dividend Capital Dividend

9.1 The Trust is required to pay a dividend to the Department of Health at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that dividends paid on PDC, totalling £1,614,000 bears to the average relevant net assets of £46,197,500 that is 3.5%.

Losses and Special Payments

10.1 NHS Foundation Trusts are required to record cash payments and other adjustments that arise as a result of losses and special payments. In the year the Trust had 24 separate losses and special payments, totalling £19,425. The bulk of these were in relation to the write-off of pharmacy stock.

Fixed Assets

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

	Software Licences £000	Total £000
Gross Cost at 1st April 2005	**291**	**291**
Additions – purchased	0	**0**
Additions – donated	0	**0**
Reclassifications	0	**0**
Other revaluations	0	**0**
Disposals	0	**0**
Cost or Valuation at 31st March 2006	**291**	**291**
Amortisation at 1st April 2005	107	**107**
Provided during year	47	**47**
Other revaluations	0	**0**
Amortisation at 31st March 2006	**154**	**154**
Net book value:		
Purchased at 1st April 2005	184	**184**
Donated at 1st April 2005	0	**0**
Total as at 1st April 2005	**184**	**184**
Purchased at 31st March 2006	137	**137**
Donated at 31st March 2006	0	**0**
Total at 31st March 2006	**137**	**137**

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

	Land £000	Buildings ex dwellings £000	Dwelling £000	Assets under construction £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or Valuation at 1st April 2005	**8,055**	**36,403**	**0**	**947**	**10,742**	**0**	**875**	**112**	**57,134**
Additions – purchased	0	678	0	94	946	0	399	69	2,186
Additions –donated	0	0	0	0	33	0	0	12	45
Transfers between categories	0	436	0	(560)	125	0	0	(1)	0
Other revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(370)	0	0	0	(370)
Cost or Valuation at 31st March 2006	**8,055**	**37,517**	**0**	**481**	**11,476**	**0**	**1,274**	**192**	**58,995**
Accumulated depreciation at 1st April 2005	0	0	0	0	6,737	0	188	36	6,961
Provided during year	0	1,110	0	0	1,002	0	153	18	2,283
Disposals	0	0	0	0	(357)	0	0		(357)
Accumulated depreciation at 31st March 2006	**0**	**1,110**	**0**	**0**	**7,382**	**0**	**341**	**54**	**8,887**
Net book value									
Purchased at 1st April 2005	8,055	36,307	0	947	3,931	0	687	76	50,003
Donated at 1st April 2005	0	96	0	0	74	0	0	0	170
Total as at 1st April 2005	**8,055**	**36,403**	**0**	**947**	**4,005**	**0**	**687**	**76**	**50,173**
Purchased at 31st March 2006	8,055	36,282	0	481	4,007	0	933	126	49,884
Donated at 31st March 2006	0	125	0	0	87	0	0	12	224
Total at 31st March 2006	**8,055**	**36,407**	**0**	**481**	**4,094**	**0**	**933**	**138**	**50,108**

There are no restrictions on the use of donated assets

11.3 The net book value of land, buildings, and dwellings at 31st March 2006 comprises:

	2005/06 £000
Freehold	44,462

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

Stocks and Work in Progress

12.1 Stocks and work in progress comprise:

	2005/06 £000
Raw materials and consumables	571

Debtors

13.1 Debtors comprise:

	2005/06 £000
Amounts falling due within one year:	
NHS Debtors	2,220
Amounts recoverable on contracts	137
Provision for irrecoverable debts	(40)
Other Debtors	738
Other Prepayments and Accrued Income	734
Sub-Total Amounts falling due within one year	**3,789**
Amounts falling due after one year:	
NHS Debtors	0
Sub-Total Amounts falling due after one year	**0**
TOTAL DEBTORS	**3,789**

Creditors

14.1 Creditors comprise:

	2005/06 £000
Amounts falling due within one year:	
NHS creditors	1,733
Tax and Social Security	1,441
Other creditors	3,368
Accruals and deferred income	1,795
Sub-Total Amounts falling due within one year	**8,337**
Amounts falling due after one year:	
Other creditors	0
Sub-Total Amounts falling due after one year	**0**
TOTAL CREDITORS	**8,337**

Provisions for Liabilities and Charges

15.1 Provisions for liabilities and charges comprise:

	TOTAL £000	Pensions Former directors £000	Pensions Other Staff £000	Other Legal Claims £000	Restructurings £000	Other £000
As at 1st April 2005	**1,966**	0	1,109	0	0	857
Change in discount rate to 2.2%	**94**	0	94	0	0	0
Arising during the year	**20**	0	0	0	0	20
Utilised during the year	**(692)**	0	(78)	0	0	(614)
Transfer to accruals	**(240)**	0	0	0	0	(240)
Unwinding of discount	**24**	0	24	0	0	0
As at 31st March 2006	**1,172**	**0**	**1,149**	**0**	**0**	**23**
Expected timing of cashflows:						
- within one year	**83**	0	60	0	0	23
- between one and five years	**232**	0	232	0	0	0
- after five years	**857**	0	857	0	0	0

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

£25,445,297 is included within the provisions of the NHS Litigation Authority as at the 31st March 2006 in respect of the clinical negligence liabilities of the Trust.

Movement on Reserves

16.1 Movements on reserves in the year comprise:

	Revaluation Reserve £000	Donated Asset Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	TOTAL £000
As at 1st April 2005	18,655	170	0	(2,615)	**16,210**
Other reserve movements reclassification	(32)	32	0	0	**0**
Transfers to the income and expenditure account in respect of depreciation charge in excess of that on historic cost	(1,803)	0	0	1,803	**0**
Re-stated opening reserve balances as at 1st April 2005	**16,820**	**202**	**0**	**(812)**	**16,210**
Transfer from the income and expenditure account	0	0	0	643	**643**
Transfers to the income and expenditure account in respect of depreciation charge in excess of that on historic cost	(409)	0	0	409	**0**
Surplus on other revaluations	0	0	0	0	**0**
Receipt of donated assets	0	45	0	0	**45**
Transfers to the Income and Expenditure Account for depreciation, impairment and disposal of donated assets	0	(23)	0	0	**(23)**
Other reserve movements	0	0	0	0	**0**
As at 31st March 2006	**16,411**	**224**	**0**	**240**	**16,875**

Prudential Borrowing Limit

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

a) the maximum cumulative amount of long term borrowing. This is set by reference to five ratio tests set out in Monitor's Prudential Borrowing Code further details of which can be found on the website of Monitor.

b) the amount of any working capital facility approved by Monitor

The Trust had a prudential borrowing limit (PBL) of £20.7million in 2005/06 of which £15.7m related to long-term borrowing and £5m to a working capital facility. The Trust has not yet borrowed against this limit and thus the only ratio of relevance is that of the Minimum Dividend Cover. The table below confirms that the Trust was within the approved ratios.

	2005/06 Actual Ratio	2005/06 Approved Ratio
Maximum Debt/Capital Ratio	Not applicable	25%
Minimum Dividend Cover	2.94	1
Minimum Interest Cover	Not applicable	3
Minimum Debt Service Cover	Not applicable	2
Maximum Debt Service to Revenue	Not applicable	3%

On 31st March 2006 the Trust had in place an actual facility of £5million.

Notes to the Cash Flow Statement

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

	2005/06 £000
Total Operating Surplus	2,223
Depreciation and amortisation	2,330
Transfer from donated asset reserve	(23)
Other Movements	(118)
(Increase)/Decrease in Stocks	398
(Increase)/Decrease in Debtors	(171)
Increase/(Decrease) in Creditors	3,153
Increase/(Decrease) in Provisions	(794)
Net Cash inflow from operating activities	**6,998**

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

	2005/06 £000
Increase in cash in the year	3,955
Cash used to increase liquid resources	0
Cash and Liquid resources 1st April 2005	197
Cash and Liquid Resources 31st March 2006	**4,152**

18.3 Analysis of changes in cash and liquid resources

	As at 31st March 2006 £000	Cash Changes in Year £000	As at 31st March 2005 £000
Cash at bank and in hand	4,152	3,955	197
Liquid resources	0	0	0
Total	**4,152**	**3,955**	**197**

Capital Commitments

19.1 At the balance sheet date of 31st March 2006 the Trust had a capital commitment of £104,575 in respect of the provision of a clinical information system within the Neonates department.

Post Balance Sheet Events

20.1 There are no disclosable post balance sheet events.

Movements in Taxpayers Equity

21.1 Movement in taxpayers equity comprises.

	2005/06 £000
Taxpayers equity at 1st April 2005	47,991
Prior period adjustments	0
Taxpayers Equity restated at 1st April 2005	47,991
Surplus for the financial year	**2,257**
Public Dividend capital dividends	(1,614)
Gains from revaluation/indexation of purchased fixed assets	0
New Public Dividend Capital received	592
Movement on Donated Asset reserve	22
Movement on other Reserves	0
Taxpayers equity at 31st March 2006	**49,248**

21.2 Movement in Public dividend capital comprises.

	2005/06 £000
Public dividend capital at 1st April 2005	31,781
Public dividend capital received in year	592
Public dividend capital at 31st March 2006	**32,373**

Related Party Transactions

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

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the Liverpool Women's NHS Foundation Trust.

The Department of Health is regarded by the Trust as a related party. During the year the Liverpool Women's NHS Foundation Trust has had a number of significant transactions with the Department, and with other entities for which the Department is regarded as the parent body. These entities are listed below:

Primary Care Trusts (PCTs)
South Liverpool, North Liverpool, Central Liverpool, Knowsley, South Sefton , Halton , Warrington, Saint Helens, Southport and Formby, Birkenhead and Wallasey, Bebington and West Wirral, Central Cheshire , West Cheshire , Eastern Cheshire,
Ellesmere Port and Neston, West Lancashire.

NHS Trusts
Royal Liverpool University and Broadgreen Hospital, Aintree University Hospital,
Royal Liverpool Children's Hospital

Strategic Health Authority
Cheshire and Merseyside

Other
NHS Litigation Authority
NHS Purchasing and Supplies Agency

In addition the Trust has had a number of material transactions with other Government Departments and other central and local government bodies which it regards as Related Parties. The most significant of these have been with Liverpool City Council and Liverpool University.
The Trust has also received revenue and capital payments from a number of charitable funds for which the Trust acts as Corporate Trustee.

22.2 At the 31st March 2006 the following balances were held by the Trust in respect of related parties.

	Debtors £000	Creditors £000
Board Members or Senior Managers	0	0
Other related party	2,115	1,214

Financial Instruments

23.1 FRS 13 Derivatives and other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

As allowed by FRS13 debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile.

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

The Trust finances its capital expenditure from internally generated funds or Public Dividend Capital made available by the Department of Health.

The Trust is therefore not exposed to significant liquidity risks.

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

Foreign Currency Risk.
The Trust has negligible foreign currency income or expenditure.

23.2 Financial Assets

	TOTAL £000	Floating Rate £000	Fixed Rate £000	Non Interest Bearing £000	Fixed Rate	
					Weighted Average interest rate %	Weighted average period for which fixed
At 31st March 2006						
Sterling	**4,152**	4,152	0	0		
Gross financial Assets	**4,152**	**4,152**	**0**	**0**		
At 31st March 2005						
Sterling	**1,848**	86	0	1,762		
Gross financial Assets	**1,848**	**86**	**0**	**1,762**		

23.3 Financial Liabilities

	TOTAL £000	Floating Rate £000	Fixed Rate £000	Non Interest Bearing £000	Fixed Rate	
					Weighted average period for which fixed	Weighted Average interest rate %
At 31st March 2006						
Sterling	(33,522)	0	(1,149)	(32,373)	2.2%	indeterminate
Gross financial Liabilities	(33,522)	0	(1,149)	(32,373)		
At 31st March 2005						
Sterling	(34,472)	(1,582)	(1,109)	(31,781)	3.5%	indeterminate
Gross financial Liabilities	(34,472)	(1,582)	(1,109)	(31,781)		

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

23.4 Fair values

	Book Value £000	Fair Value £000	Basis of fair valuation
Financial Assets			
Cash	4,152	4,152	
Financial Liabilities			
Provisions under contract	(1,149)	(1,149)	a)
Public Dividend Capital	(32,373)	(32,373)	
Total	**(33,522)**	**(33,522)**	

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

Third Party Assets

24.1 The Trust held no cash or other assets on behalf of patients at the 31st March 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERSHIP COUNCIL OF LIVERPOOL WOMEN'S NHS FOUNDATION TRUST

We have audited the financial statements on pages 31 to 56.

This report is made solely to the Membership Council of Liverpool Women's NHS Foundation Trust ("the Trust"), as a body, in accordance with the Health and Social Care (Community Health and Standards) Act 2003. Our audit work has been undertaken so that we might state to the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Executive and auditors

The Chief Executive's responsibilities for preparing the financial statements in accordance with directions issued by Monitor and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Accounting Officer's responsibilities on page 36.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with directions issued under paragraph 25 of Schedule 1 of the Health and Social Care (Community Health and Standards) Act 2003, and whether the accounts comply with the requirements of all other provisions contained in, or having effect under, any enactments which are applicable to the accounts. We also report to you if, in our opinion, the Trust has not observed proper practices in compilation of the accounts, the information given in the Annual Report is not consistent with the financial statements, the Trust has not kept proper accounting records, we have not received all the information and explanations we require for our audit, if information specified regarding directors' remuneration and other transactions is not disclosed or if we cannot conclude that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We review whether the Statement on Internal Control on page 38 is misleading or inconsistent with other information we are aware of from our audit of the financial statements and our knowledge of the Trust. We are not required to consider, nor have we considered, whether the Statement on Internal Control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Report, the Chief Executive's Report, the Operating and Financial Review and the Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Trust's affairs at 31 March 2006 and of its surplus for the year then ended and have been properly prepared in accordance with the direction issued by Monitor on 8 November 2005 under the Health and Social Care (Community Health and Standards) Act 2003.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Health and Social Care (Community Health and Standards) Act 2003 and the Audit Code for Foundation Trusts issued by Monitor.

We have examined the consolidation schedules (FTC's) of Liverpool Women's NHS Foundation Trust for the year ended 31 March 2006.

This report is made solely to Monitor in accordance with the Audit Code for Foundation Trusts.

In our opinion these consolidation schedules are consistent with the audited accounts.

BAKER TILLY
Registered Auditor
Chartered Accountants
Brazennose House
Lincoln Square
Manchester
M2 5BL

15th June 2006

Independent Auditor's Report to Monitor on Liverpool Women's NHS Foundation Trust Consolidation Schedules

We have examined the consolidation schedules (FTC's) of Liverpool Women's NHS Foundation Trust for the year ended 31 March 2006.

This report is made solely to Monitor in accordance with the Audit Code for Foundation Trusts.

In our opinion these consolidation schedules are consistent with the audited accounts.

BAKER TILLY
Registered Auditor
Chartered Accountants
Brazennose House
Lincoln Square
Manchester
M2 5BL

15th June 2006

Liverpool Women's NHS
NHS Foundation Trust

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