NHS
Mersey and West Lancashire Teaching Hospitals
NHS Trust

Annual Report and Accounts 2023/24

Contents

SECTION 1 - PERFORMANCE REPORT

SECTION 2 - ACCOUNTABILITY REPORT

SECTION 3 - ANNUAL ACCOUNTS

Section 1 - Performance Report

1. Performance Report

This section provides the reader with information on the organisation, its purpose, how it has performed in 2023/24 and the key risks to the achievements of its objectives.

1.1 Statement from the Chief Executive

We are pleased to present the first annual report and accounts for Mersey and West Lancashire Teaching Hospitals NHS Trust (MWL) which was formed on 1st July 2023 following the acquisition of Southport and Ormskirk Hospital NHS Trust (S&O) by St Helens and Knowsley Teaching Hospitals NHS Trust (STHK). The annual report reviews the performance and achievements over the past year, as well as outlining the priorities for improvement in the coming year.

2023/24 has been a year of transition for MWL as we started our journey to integrate the two legacy trusts to create a new distinct identity and realise the benefits of bringing the organisations together. Because St Helens and Knowsley Teaching Hospitals NHS Trust continued to exist as a legal entity, albeit with a new name, the annual report and accounts reflect the whole of the 2023/24 operating year. There are therefore 12 months of information relating to this organisation plus wherever feasible 9 months' worth of combined information from 1st July 2023/24, when Southport and Ormskirk Hospital NHS Trust was incorporated into MWL.

The main driver for the transaction was to stabilise the services for patients from Southport and Formby and West Lancashire and ensure that this population had access to a full range of general and acute hospital services. This included re-opening some of the identified "fragile services" to new referrals or ensuring they were sustainable, and to move forward the Shaping Care Together Programme which is reviewing the strategic configuration of services between the Southport and Ormskirk hospital sites. MWL is a key partner in the Shaping Care Together Programme with NHS Cheshire and Merseyside and NHS Lancashire and South Cumbria.

MWL has faced many of the same challenges as the rest of the NHS acute sector during 2023/24 and was successful in meeting the targets set by the Cheshire and Merseyside ICB for elective activity, to reduce the backlog of patients waiting for procedures, following the COVID-19 pandemic. The Trust was also successful in eliminating the longest waiting times to complete elective treatments and there were no patients waiting for more than 78 weeks at the end of March 2024.

Achieving the cancer access targets has been challenging, due to both COVID backlogs and increased demand, but steady progress has been made, particularly to increase the diagnostic capacity needed at the start of the cancer pathways to either confirm or eliminate a cancer diagnosis.

Urgent and elective care has faced consistent pressure throughout the year. Although the overall number of Emergency Department (ED) attendances has not increased significantly, the proportion of patients brought by ambulance and with severe and acute illnesses has risen. This, combined with the system pressures on delayed discharges from hospital due to the lack of sufficient social and step-down care provision, has led to some severe difficulties with patient flow. At times the Trust has been operating the adult bed base at over 100% occupancy and has had the equivalent of over 3 wards of patients who no longer meet the criteria to reside in an acute hospital setting and are awaiting discharge. A significant proportion of these patients experience delays in waiting for the discharge care they need to be arranged. This has a negative impact on the individuals who are at risk of losing function and independence the longer they remain in hospital. There is also a significant impact on patient flow, as there are no beds free for new patients from the ED to be admitted to. This has led to an increase in corridor care in our EDs, delays in ambulance handovers and an increase in 12-hour breaches. The trust has increased staffing, capacity, and facilities in these services at both Whiston and Southport Hospitals and opened as many additional escalation beds as possible across our sites.

Despite working with our Place and Adult Social Care colleagues, efforts to improve patient flow on a sustained basis have not yet made a significant difference, and this has been recognised as the priority for service improvement across NHS Cheshire and Merseyside in 2024/25.

Since July 2023 MWL has been working hard to create single management and operational structures across the new organisation and to review the governance, and align control systems and processes, to ensure they are fit for purpose for a large Trust delivering services across 5 main hospital sites, in the community and multiple other premises. This process will be on-going into the first half of 2024/25, but the Board are satisfied that good progress is being made to create the right conditions for services across the organisation to flourish. There has been a unique learning opportunity, as across all functions and services staff have been able to compare practices from the two legacy organisations and select the one that will best serve MWL going forward. Another area of focus has been to create a set of new MWL values and behaviours to support the delivery of the Trust vision for "five star patient care". From September 2023 to February 2024 multiple staff were consulted on their views to reach a consensus on these values and behaviours which were then formally launched in April 2024.

During the preparation for the transaction and the formal approval process with NHS England a number of due diligence risks were identified, these included the underlying financial deficit of Southport and Ormskirk Hospital, the estate infrastructure, and the IT infrastructure. A three year programme started in 2022/23 to address the high risk backlog maintenance risks at the Southport and Ormskirk Hospital sites, and this has continued into 2023/24, with key electrical and fire safety infrastructure being upgraded and numerous schemes to improve the hospital environment and condition. Work has also been completed to upgrade the IT infrastructure and equipment which has laid the foundations for a single Electronic Patient Record (EPR) and other shared systems across MWL to deliver the IT strategy for the new organisation.

Major capital schemes, such as the completion of the new Paediatric Emergency Department and Children's Observation ward, increased decontamination and endoscopy facilities, and the development of two new theatres have also been progressed across the other MWL sites.

Trust staff have continued to deliver high quality patient care, throughout the year, coping with organisational uncertainty and sustained operational pressures. The 2023 staff survey was undertaken only a few months after the transaction and provided positive feedback in many areas with most scores increasing compared to 2022. There were of course areas for further improvement, and these are the focus of our 2024 staff survey action plans.

The MWL team continues to embed system working across a number of areas, for example through our work with the Place Partnership Boards, the Cheshire and Merseyside Provider Collaboratives and with specific improvement networks, such as stroke, cancer, and pathology.

MWL retains the Outstanding CQC rating from the legacy St Helens and Knowsley Teaching Hospitals Trust. There have been 5 CQC inspections during 2023/24. In December the Maternity Units at Ormskirk and Whiston Hospitals were inspected as part of the national Ockenden inspection programme. In January there was a focused inspection of some aspects of care provided in Medicine and the Spinal Injuries Unit at Southport Hospital and in March the Emergency Departments at Southport and Whiston hospitals were inspected. At the time of writing the Maternity and Medicine/Spinal Injuries reports have been published and the drafts for the Emergency Departments have not yet been received. As the legacy S&O services had transferred to the new Trust less than 12 months before the inspections, the ratings do not yet count towards the overall Trust rating. Both Maternity units received an overall rating of good and the focused inspection found no issues of concern.

The Trust has continued to have close contact with our CQC relationship manager throughout the year and monitors key quality, safety, and performance indicators via the monthly comprehensive committee performance reports (CPR) and the Board-level integrated performance report (IPR).

During 2023/24 there were six methicillin- resistant staphylococcus aureus (MRSA) bacteraemia cases reported and one never event, which was classified of wrong implant or prosthesis. Details of performance against the key quality and infection prevent control performance indicators are included later in this report. As a Trust, we remain committed to learning from all incidents and putting measures in place to improve the care we provide, these are outlined in more detail in the 2023/24 Quality Account.

The Board reviewed the corporate governance structure as part of the preparation for establishing MWL and this was adopted from 1st July.

The new corporate governance structure retains three statutory and four assurance committees, but several new supporting councils have been added to the structure to reflect the expanded range of assurance that is needed to feed into these committees. Because of the geographical area now covered by the Trust many committee and council meetings are held virtually to maximise attendance, but the Board always meets in person.

I am very proud of all MWL staff who have come together over the last year to build our new organisation and respond to the pressures and demands faced by the NHS. The whole MWL team have shown extraordinary resilience and unwavering commitment to deliver Five Star Patient Care. I would like to offer my sincere gratitude and ongoing thanks to all our staff for everything they do to care for our patients.

1.2 Overview of the purpose and activities of the Trust

The Trust provides acute healthcare services at Whiston, Southport, Ormskirk, St Helens hospitals and Community and Intermediate Care services are delivered from Newton Community Hospital in Newton-le-Willows. The Trust delivers an Urgent Treatment Centre, operating from the Millennium Centre, which is in the centre of St Helens and a range of other community nursing services from clinics and GP surgeries across St Helens. MWL provides the community services for St Helens but works closely with Mersey Care NHSFT and Bridgewater Community Services NHSFT in the other boroughs covered by the Trust's services.

Alongside these community and secondary care services, the Trust also provides primary care services from the Marshalls Cross Medical Centre, which is located at St Helens Hospital.

The Trust provides care to patients across five boroughs: St Helens, Sefton, Knowsley, West Lancashire, and Halton and two Integrated Care Systems – NHS Cheshire and Merseyside and NHS Lancashire and South Cumbria. The catchment population for MWL is approximately 650,000 people. There are also attendances from Liverpool, Warrington, and Wigan at our hospitals. MWL hosts the Mersey Regional Burns and Plastic Surgery Unit at Whiston Hospital and the Regional Spinal Injuries Unit at Southport Hospital which provides care and treatment for patients from across Merseyside, Cheshire, North Wales, the Isle of Man, and other parts of the North West, serving a population of over 4 million. St Helens Hospital also houses one of the networked specialist neuro-rehabilitation wards for patients from the mid-Mersey area and has been designated as a Community Diagnostic Centre.

St Helens and Whiston Hospitals were both constructed less than 15 years ago and continue to provide modern state of the art facilities under a Private Finance Initiative (PFI) agreement that is in place. Newton Hospital is of a similar age and is a community hospital managed by NHS Property Services and houses several Trust services including an intermediate care ward and several clinics.

Southport and Ormskirk Hospitals are both 40 years old and had suffered from a lack of investment in recent years. The facilities in many cases do not meet current hospital building standards, but a three year programme of backlog maintenance is now in place to address this, wherever feasible.

The new organisational structure being implemented by MWL is based on four Clinical Divisions – Medicine and Urgent Care, Surgery, Women and Children, Community and Clinical Support, which are supported by the collective corporate services (Human Resources, Finance and Information, Estates and Facilities, Corporate Nursing, Governance and Risk, Informatics and Medicines Management).

The Trust acts as a Lead Employer for over 13,000 Doctors in Training across the country, on behalf of NHS England.

The Trust provides the payroll function for other organisations in Cheshire and Merseyside, delivering both a weekly and monthly payroll service and administers the Cheshire and Merseyside Collaborative Bank on behalf of the ICS.

The Trust hosts the Mid-Mersey Digital Alliance which provides informatics services to other NHS bodies and GP surgeries.

The Trust employed an average of 10,382 whole time equivalent (WTE) staff during 2023/4 (from 1st July). The Trust's turnover grew from £586m in 2022/23 (as St Helens and Knowsley Teaching Hospitals NHS Trust) to £817m in 2023/24.

Our catchment population

The areas served by the Trust range from urban and densely populated to rural and sparsely populated. A significant proportion of the Trust's catchment area has a high level of health inequalities, with local people being generally less healthy than the rest of England, and a higher proportion suffering from at least one long-term health condition. Rates of smoking, cancer, obesity, and heart disease, related to poor general health and nutrition, remain significantly higher than the national average. Many areas also have high levels of deprivation, which has a strong correlation to health inequalities. The local population has not historically been ethnically diverse, although this is gradually changing.

The population in our catchment area is growing because of new housing developments, especially in Knowsley and areas of Southport, and urban regeneration but is also ageing faster than the general population of the UK. This means there are proportionally more older people who are living in poor health.

These characteristics give rise to a population with greater health needs that require increased access to both health and social care.

Collaborative working

The Trust is part of the Cheshire and Merseyside Integrated Care System, but also provides services to the population of West Lancashire which is part of the Lancashire and South Cumbria ICB. The Trust is a member of both Provider Collaboratives in Cheshire and Merseyside and is also a partner in four of the 9 Place Based Partnership Boards that are the constituent parts of the Cheshire and Merseyside and one that is part of Lancashire and South Cumbria.

The Trust's Chief Executive is the Chair of Cheshire and Merseyside Acute and Community Provider Collaborative (CMAST) and holds one of the provider Partner Member positions on the Cheshire and Merseyside Integrated Care Board.

CMAST coordinates elective and diagnostic recovery, investment, and transformation; clinical pathways and networks; and workforce.

1.3 The Trust's vision and objectives

The Trust vision is to deliver Five Star Patient Care. This is achieved by making incremental improvements to safety, care, pathways, communication, and systems. Each year the Board agrees objectives under these five domains to move the Trust towards the achievement of its vision.

The Trust Board agreed objectives for 2023/24 in anticipation of the completion of the transaction with Southport and Ormskirk and the creation of Mersey and West Lancashire Teaching Hospitals NHS Trust on 1st July 2023. The Trust objectives were reviewed ahead of 2024/25 and in light of the experience of the new Trust, and a summary of the 2024/25 objectives is provided in the following table:

2024/25 Trust Objectives

5 STAR PATIENT CARE – Care
We will deliver care that is consistently high quality, well organised, meets best practice standards and provides the best possible experience of healthcare for our patients and their families
• Continue to improve the experience for women and their families using the Trust's Maternity Services • Ensure patients in hospital remain hydrated, to improve recovery times and reduce the risk of deterioration, kidney injury, delirium or falls • Implement and deliver a new Trust-wide Nursing Pride quality programme to support consistently high-quality compassionate care
5 STAR PATIENT CARE – Safety
We will embed a culture of safety improvement that reduces harm, improves outcomes and enhances patient experience. We will learn from mistakes and near-misses and use patient feedback to enhance delivery of care
• Continue to ensure the timely and effective assessment and care of patients in the Emergency Departments • Maintain high levels of compliance with infection prevention policies to reduce avoidable healthcare associated infections • Reduce avoidable harm by preventing falls
5 STAR PATIENT CARE – Pathways
As far as is practical and appropriate, we will reduce variations in care pathways to improve outcomes, whilst recognising the specific individual needs of every patient
• Continue to improve the effectiveness of the discharge process for patients and carers • Ensure all diagnostic and treatment targets for cancer referrals are met • Implement unified clinical pathways across MWL aligned to best practice

5 STAR PATIENT CARE – Communication

We will respect the privacy, dignity and individuality of every patient. We will be open and inclusive with patients and provide them with more information about their care. We will seek the views of patients, relatives and visitors, and use this feedback to help us improve services

- Implement a new speech recognition system to improve the turnaround times for clinic letters
- Complete the roll-out of the patient engagement portal (PEP)
- Develop innovative digital communications channels to ensure patients and staff can access clear information

5 STAR PATIENT CARE – Systems

We will improve Trust arrangements and processes, drawing upon best practice to deliver systems that are efficient, patient-centred, reliable and fit for their purposes

- Review clinical digital systems and develop a programme to unify systems to ensure collaborative working across the Trust
- Improve access to patient information for clinicians and reduce repetition in records
- Ensure staff across the Trust can access technology systems from any site and from any device

DEVELOPING ORGANISATIONAL CULTURE AND SUPPORTING OUR WORKFORCE

We will use an open management style that encourages staff to speak up, in an environment that values, recognises and nurtures talent through learning and development. We will maintain a committed workforce that feel valued and supported to care for our patients

- Launch the new Trust values and promote a positive culture across MWL
- Continue to provide accessible and proactive wellbeing support services to meet the needs of staff and managers
- Improve mandatory training compliance, so that staff are equipped with the core skills and knowledge they need to perform effectively
- Develop workforce plans to support with the delivery of the Trust's Clinical Strategy
- Empower staff to feel confident to suggest new ways of working in order to improve care, outcomes for patients and reduce health inequalities

OPERATIONAL PERFORMANCE

We will meet and sustain national and local performance standards

- Maximise the capacity and efficiency of the Trust's resources to reduce waiting times for elective and diagnostic activity
- Continue to improve ways that we deliver timely and effective assessment of patients requiring urgent or emergency care
- Deliver activity targets assigned to the Trust by NHS England

FINANCIAL PERFORMANCE, EFFICIENCY AND PRODUCTIVITY

We will achieve statutory and other financial duties set by regulators within a robust financial governance framework, delivering improved productivity and value for money

- Deliver the agreed financial plans for 2024/25
- Deliver the agreed capital schemes to increase capacity and improve clinical facilities for patients
- Work with healthcare organisations across Cheshire and Merseyside to develop and deliver opportunities for collaboration to increase efficiency

STRATEGIC PLANS

We will work closely with NHS Improvement, and commissioning, local authority, and provider partners to develop proposals to improve the clinical and financial sustainability of services

- Continue to deliver plans to fully integrate services and systems across MWL
- Work with Place-based partners to improve the health of the local population
- Provide leadership and direction for the future of health and care services
- Deliver plans as part of the Shaping Care Together programme that will deliver sustainable clinical services at the Southport and Ormskirk hospital sites

1.4 Key issues and risks

The Chief Executive's opening statement highlights the key pressures that the Trust has experienced during 2023/24 and these are the basis of the Trust's identified key risks going forward. Demand, access and reducing waiting lists and waiting times, continue to be key priorities for the NHS, but in an increasingly constrained financial environment. An increased focus on efficiency, transformation and productivity are expected in 2024/25. Urgent and emergency care pressures also mean that additional bed stock needs to be maintained for which additional workforce is required. Capacity and resources have therefore been identified as key risks.

The historic configuration of services between the Southport and Ormskirk hospital sites has for many years been recognised (by clinical senate and independent reviews) as being sub optimal and inefficient. The Shaping Care Together Programme was re-started following the transaction to put forward options for the optimum strategic service configuration between the two sites, focusing initially on urgent and emergency care provision. Neither Southport or Ormskirk hospital currently has the capacity to accommodate all the urgent and emergency care services and therefore it is highly likely that significant capital investment will be needed to deliver the clinical model that is agreed, following public consultation. The availability of capital to deliver this option is a strategic risk that the Board and its partners will need to manage.

Industrial action taken by several NHS staff groups during 2023/24 had a significant impact on the delivery of operational plans, and there is a risk that for some staff groups this could continue into 2024/24. The national disputes in relation to pay are with the government and cannot be directly influenced by the Trust. MWL is establishing effective local working relationship with staff side locally, building on the foundations from the two legacy organisations.

The Trust will continue with its post transaction plans for staff communication and engagement in 2024/25 to cement the MWL identity. Across a range of services, both clinical and corporate teams will continue to integrate and review ways of working to create the streamlined and common systems and process needed across our new Trust.

The Trust's general approach to managing risks is covered in detail within the Annual Governance Statement later in this document. This describes the Trust's Board Assurance Framework for addressing strategic risk, and how, on a day-to-day basis, the Trust utilises an effective web-based recording and reporting system which all senior managers can use to document risks, gauge their potential impact, capture appropriate mitigation plans, and then report across the organisation, as appropriate.

The Board remains committed to realising the potential of MWL to improve care for our catchment population and provide greater opportunities for staff. Despite the financial challenges facing the NHS, the ICB and the Trust in the year ahead the main purpose of the Trust will continue to be to deliver high standards of patient care and improved health outcomes for all our patients.

2. Performance Analysis

2.1 Key activity and performance measures

Throughout 2023/24, the Trust remained under pressure with a continued need to manage and respond to the care and treatment of increasing numbers of patients, focussing on those who had waited the longest, as well as those most clinically urgent, whilst managing very high and sustained levels of non-elective demand and bed occupancy.

With a continued focus on recovery, and a marked increase in referrals, the Trust undertook significantly more activity across all areas, including outpatient attendances and elective procedures. The targeted effort to reduce the number of patients waiting for appointments, tests, and procedures, has had the intended outcome of reducing the number of longest waiting patients to meet, and in some areas exceed, the targets set.

However, the greatest impact on activity and performance during 2023/24 continued to be the number of patients attending our urgent and emergency services, with increasing levels of acuity and dependency which translated into a significant increase in non-elective admissions. Against a backdrop of increasing urgent and emergency activity, alongside consistently high numbers of delayed discharges across the Trust, the resulting increase in length of stay and bed occupancy led to congestion within our emergency departments across the Trust which had a direct impact on the ambulance service being able to handover patients to the Emergency Department in a timely manner. This position is not unique to MWL, as many other acute Trusts across the country are experiencing the same challenges despite increasing the number of acute beds, and this situation has persisted.

Throughout 2023/24, we have continued to experience disruption in our ability to function optimally, because of the health unions industrial action. In some instances, to ensure the safety of patients and provide sufficient capacity to respond to urgent and emergency care, elective activity had to be suspended as part of a planned approach to reschedule procedures during the periods of industrial action. As per previous years, when such activity has impacted on elective care, we have ensured all patients on waiting lists were clinically reviewed and the Trust maintained emergency, urgent and cancer surgery, and treatments.

The table opposite compares activity in 2023/24 to the preceding year (2022/23) and to 2019/20 which was the last year of "normal" activity before the COVID-19 pandemic and the baseline used for assessing elective recovery.

2.2 Performance in 2023/24

		STHK				MWL (Combined STHK and S&O for 2022/23 as a comparator)	
Key access and quality targets	**Target**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2022/23**	**2023/24**
% of urgent care patients seen within 4 hours (mapped)	95%	85.40%	87.30%	78.00%	74.40%	67.76%	74.90%
% of patients first seen within two weeks when referred from their GP with suspected cancer	93%	95.20%	91.30%	81.00%	83.50%	80.27%	78.08%
% of patients receiving cancer treatment within 62 days of GP referral	85%	80.20%	76.90%	66.20%	57.90%	76.87%	78.30%
% of admitted patients treated in 18 weeks of referral	92%	93.00%	76.60%	81.40%	68.00%	66.04%	60.80%
% waiting more than 6 weeks for a diagnostic test	1%	3.10%	24.50%	32.80%	34.70%	29.95%	12.20%
Hospital-acquired MRSA bacteraemia	0	1	2	2	0	1	6
C Difficile cases (Trust-attributed)**	<49	31	34	43	48	104	114

Activity Type	**STHK**				**STHK + S&O***	**MWL****
	19/20	**20/21**	**21/22**	**22/23**	**23/24**	**23/24**
Outpatient 1st attendances	149,517	120,103	150,170	163,217	249,915	232,382
Outpatient follow-up attendances	318,294	268,300	318,554	327,816	524,529	481,732
Ward attenders	21,893	17,467	23,068	22,581	22,398	21,116
Outpatient procedures	98,444	58,267	90,455	86,599	134,227	123,558
Elective inpatients	6,206	3,725	5,556	5,342	7,913	7,374
Day case	45,935	30,889	43,150	47,033	70,232	65,395
Non-elective inpatients	69,315	62,324	68,077	75,012	110,410	103,629
Non-elective inpatients (less Obstetrics)	56,458	49,771	54,166	61,254	95,062	88,844
A&E attendances (inc. GPAU Atts)	119,181	102,404	121,809	116,203	210,870	188,695
A&E attendances (excl. GPAU Atts)	112,743	97,885	116,728	111,216	200,394	179,072
Births	3,983	3,738	3,995	3,770	5,941	5,451

*Total combined activity for both legacy organisations for all 2023/24

**Total activity for STHK and S&O from 01/07/23

Health Inequalities

The Trust has an internal Health Inequalities dashboard to monitor ED attends, Referrals, Outpatient Activity, Waiting Lists and Mortality across gender, age, ethnicity, and deprivation. Our metrics are calculated per 1,000 population rates to account for varying sizes in population demands from our area. This ensures all metrics are standardised and comparable.

The dashboard is being expanded to cover all Places/Boroughs served by MWL following the transaction.

2.3 Financial performance in 2023/24

The Trust posted a year end surplus of £2.6m, taking the Trust's assessed cumulative surplus to £10.3m (Annual Accounts Note 40.2). This overall position reflects continued sound financial management and efficiency in the Trust within a landscape of continuing change and challenge.

The adjusted financial performance surplus/deficit in any given year is very closely related to the Trust's surplus/deficit, which can be seen in the Annual Accounts. It is the measure of financial performance (the 'bottom line') that is most closely monitored in the financial regime of NHS providers. The Trust's financial plan for 2023/24 included a £7.6m surplus as its adjusted financial performance. The Trust's performance against its 2023/24 financial plan, and the relationship between the two types of surplus/deficit, are shown in the table below.

	2023/24 **Actual** £m	**Plan** £m
Surplus/(deficit) per Annual Accounts Statement of Comprehensive Income (SoCI)	76.8	132.7
Remove net impairments [Annual Accounts Note 6]	(2.3)	0.0
Remove gains on transfers by absorption	(115.9)	(125.5)
Remove SoCI impact of capital grants and donations	0.0	0.4
Add back net impact of consumables donated from other DHSC bodies	0.1	0.0
Add back actual IFRIC 12 scheme finance costs	69.8	0.0
Remove forecast IFRIC 12 scheme finance costs	(8.0)	0.0
Remove forecast IFRIC 12 interest on an IAS 17 basis	(14.6)	0.0
Remove PDC dividend benefit arising from PFI liability remeasurement	(3.3)	0.0
Adjusted financial performance surplus/(deficit)	**2.6**	**7.6**

2.3.1 Income

For the financial year 2023/24, the Trust received income totalling £817.4m, which is a 39.5% increase on the previous year.

Of the income received by the Trust, £709.7m (86.8%) came from patient care activities. Year on year there has been 43.3% increase in income from patient care activities. This increase is mainly related to St Helens & Knowsley Teaching Hospitals NHS Trust and Southport and Ormskirk Hospitals NHS Trust coming together.

The chart (right) depicts the Trust's total income for 2023/24, split by customer or commissioner type.

Most income comes from the Trust's local NHS partners.

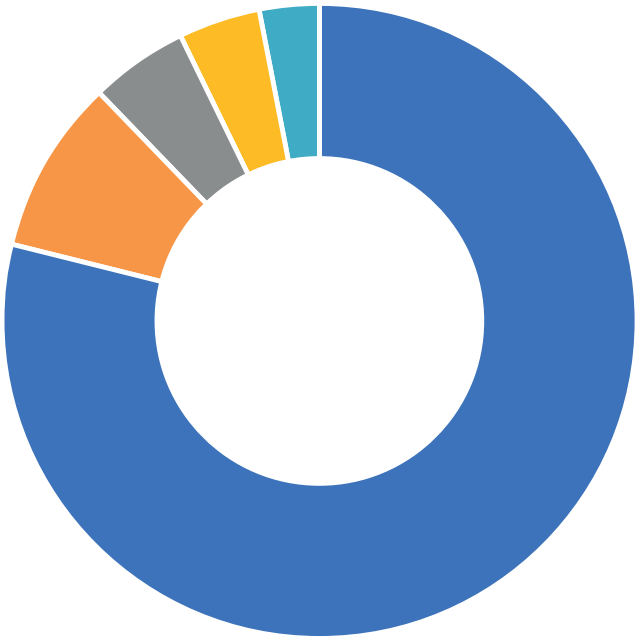
The largest source of patient-related income remains at a local level with Cheshire & Merseyside Integrated Care Board and Lancashire & South Cumbria Integrated Care Board.

In accordance with Section 114A of the Health and Social Care Act 2012 (the 2012 Act), as amended by the Health and Care Act 2022, the NHS funding arrangements for NHS health care services and some public health services in England changed on the 1st April 2023 to conform with the NHS Payment Scheme 2023/25.

The 2023/25 NHS Payment Scheme enables different payment mechanisms to be used in different circumstances.

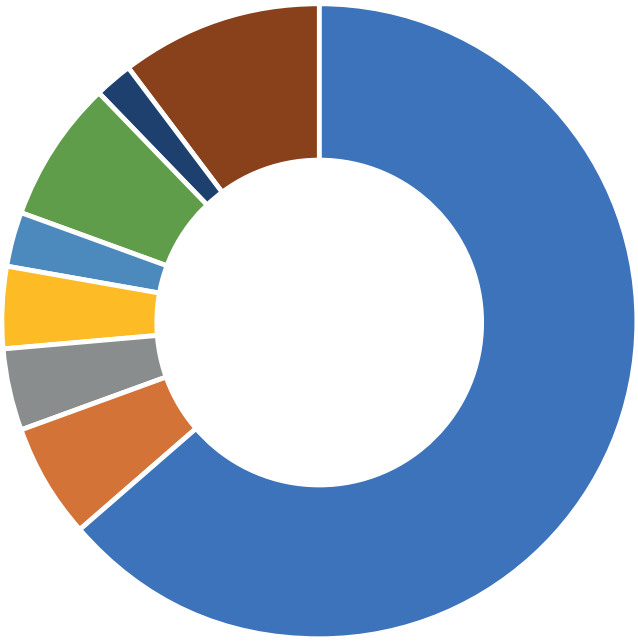
The majority of the Trust's NHS Patient Care Income for 2023/24 fell within the Aligned Payment and Incentives (API) payment mechanism. System envelope block top up funding arrangements continued in 2023/24, allocated at a Cheshire & Merseyside Integrated Care Board & Lancashire & South Cumbria Integrated Care Board level.

The remaining £107.7m (13.2%) of total operating income arose from a combination of sources. As in previous years, this included revenues from NHS England for the education and training of junior doctors, and services provided to other organisations, such as IT, HR, pharmacy, pathology services. In 2023/24, this other operating income also included PFI income support £15.2m.



Total income £817.4m

- 79% Integrated Care Boards
- 9% NHS England and its sub-entities
- 5% Bodies external to Government
- 4% NHS Providers (Trusts)
- 3% Other Government Bodies (including DHSC bodies, special health authorities, local authorities)



Total expenditure and losses £860.8m

- 63% Pay
- 6% Clinical supplies
- 4% PFI
- 4% Drugs
- 3% Depreciation
- 7% Finance costs
- 2% CNST
- 10% Other

2.3.2 Expenditure

The Trust incurred expenditure and losses totalling £860.8m. Staff pay – and the day-to-day purchasing of care related goods and services – continue to comprise most of the Trust expenditure.

The chart (left) depicts the main categories within total reported expenditure for 2023/24.

'Other' includes premises, training, leasing, professional fees and IT-related costs.

The Trust also experiences significant annual finance costs related to its PFI arrangements (£36.5m) and an annual clinical negligence insurance (CNST) premium of £19.6m. A further £23.8m in 2023-24 related to depreciation and amortisation, which are non-cash expenditures. They are charged annually to reflect the usage and consumption of capital assets which were purchased in this and previous years.

2.3.3 Capital expenditure

In order to address the long standing funding requirements of the Southport and Ormskirk hospital sites NHS England provided £14m funding to support required refurbishments in 2023/24. Further funding of £8m in 2024/25 and £8m 2025/26 has been approved which will, all combined, see significant improvements in the patient experience and safety of both sites.

Capital expenditure on tangible (for example, equipment), intangible (for example, software) and prepayment assets was higher than initial plan figures as the Trust secured £3.8m additional PDC funding for additional schemes.

Leases increased capital expenditure through a technical £4.5m remeasurement on the value of existing leases – this did not impact on the Trust's cash expenditure but aims to fairly reflect the full value of assets in use within the accounts. New leases of £1.6m were agreed during the financial year.

At a headline level, the Trust's 2023/24 capital schemes, totalling £61.8m, can be broken down as follows.

- **£5.1m Community Diagnostic Centre** estate and medical equipment improvements to speed access to treatment including work to expand CT capacity at Southport.
- **£4.0m Improvements to the Trust's built estate** including ongoing work to expand the Whiston theatre complex.
- **£14.0m Refurbishments** to Southport & Ormskirk hospital.
- **£5.6m Land and building purchases** to allow future improvements to patient care.
- **£5.3m Private Finance Initiative** lifecycle replacement expenditure.
- **£13.4m Medical equipment** including replacement theatre equipment and diagnostic equipment.
- **£8.4m Information technology schemes**, including improvements funded by DHSC's Frontline Digitalisation programme.
- **£6.0m New leased equipment** and required accounting valuation of existing of leases.

2.3.4 Other financial results

The Trust's closing cash balance was £24.7m, which was a £0.9m decrease from the start of the year. This cash balance does not indicate significant delays to payments, as the Trust maintained BPPC performance at over 85%, as shown in Note 35 to the Annual Accounts.

The Trust's borrowings (£478.2m) relate to its PFI and lease arrangements, these values have increased significantly from the application of an accounting standard (IFRS16) which changed the treatment of both. This resulted in a 2023/24 increase of £229.4m in PFI borrowing but does not change the cash paid for the underlying contracts.

The Trust has a duty to pursue CIPs (cost improvement plans) which improve value for money - reducing costs and maximising incomes - while maintaining quality services. The Trust delivered its efficiency target of £38.8m in 2023/24 (£31.8m recurrently and £7.0m non-recurrently).

2.3.5 Financial forward look

The financial year 2024/25 will be the first full year since the integration of St Helens and Knowsley Teaching Hospital NHS Trust and Southport & Ormskirk Hospital NHS Trust under the new banner of Mersey and West Lancashire Teaching Hospitals NHS Trust.

The Trust's current financial plan for 2024/25, has been agreed at system level, however, due to the system plan being a deficit, there may be further conditions and controls yet to be determined which may impact on the Trust plans.

The Trust's financial plan achieves a deficit of £37.1m and adjusted financial performance deficit of £26.7m. The deficit is driven by the changes in how funding is to be allocated at national and system level, which remains subject to review. The plan includes an efficiency challenge of £48m, with schemes exceeding this identified for delivery in year.

The indicative capital expenditure plan for the combined organisation is £40.3m.

The current plan is summarised below:

2024/25 PLAN	£m
Surplus/(Deficit)	**(37.1)**
Adjusted financial performance surplus/(deficit)	**(26.7)**
Assumed CIP achievement within the above deficit	**48.0**
Capital expenditure (capex)	**40.3**
PDC funding for capex schemes	**17.0**
Closing cash balance	**2.7**

Performance Report signed by

Ann Marr OBE
Chief Executive

15th August 2024

Section 2 - Accountability Report

3. Corporate Governance Report

This section provides the reader with information on the composition and organisation of the Trust's governance structures and how they support the achievement of objectives.

3.1 Directors Report

3.1.1 The Board of Directors

The Trust is managed by a Board of Directors that consists of both Executive and Non-Executive Directors (NED) with a Non-Executive Chairman. The composition of the Board during 2023/24 was as follows:

	Position	Name	Term of Office	Committee Membership
Non-Executive Directors	Chair	Richard Fraser	Appointed May 2014, 2016, 2020, 2022 & 2023	Remuneration
	Deputy Chair	Geoffrey Appleton	Board Advisor from November 2021 then appointed July 2022	Charitable Funds Finance & Performance Quality Remuneration Strategic People
	Non-Executive Director	Jeff Kozer	Appointed January 2018 & 2022 Left December 2023	Audit Finance & Performance Remuneration
	Non-Executive Director	Lisa Knight	Associate NED from July 2019 the substantively appointed September 2022	Remuneration Strategic People
	Non-Executive Director	Ian Clayton***	Appointed September 2019 & 2021	Audit Finance and Performance Remuneration Strategic People
	Non-Executive Director	Gill Brown***	Appointed January 2020 & 2022	Audit Quality Remuneration Strategic People
	Non-Executive Director	Stephen Connor	Appointed February 2024	Audit Finance & Performance Remuneration
	Non-Executive Director (university nominated)	Professor Hazel Scott	Appointed November 2023	Remuneration
Executive Directors	Chief Executive	Ann Marr*	Appointed January 2003	Executive
	Deputy CEO/ Director of Human Resources	Anne-Marie Stretch**	Appointed July 2003	Executive Finance & Performance Quality Strategic People
	Medical Director	Dr Peter Williams	Appointed July 2022	Executive Quality Finance and Performance
	Director of Nursing, Midwifery and Governance	Sue Redfern	Appointed May 2013	Executive Quality Strategic People

	Position	Name	Term of Office	Committee Membership
Associate Directors	Managing Director	Rob Cooper	Appointed January 2017 as Director of Performance and Operations, appointed Managing Director from July 2023	Executive Finance & Performance Quality Strategic People
	Director of Corporate Services	Nicola Bunce***	Appointed July 2017	Executive Quality Finance & Performance Strategic People
	Director of Informatics	Christine Walters***	Appointed September 2015 Left 31st March 2024	Executive
	Chief Operating Officer	Lesley Neary***	Appointed July 2023	Executive Finance & Performance Quality Committee
	Associate Non-Executive Director	Paul Growney	Appointed September 2018 and 2020–stepped back from being a substantive Non- Executive Director June 2022	Audit Charitable Funds Finance & Performance Remuneration
	Associate Non-Executive Director	Rani Thind	Appointed September 2021	Quality Renumeration

*With effect from 20th September 2021 also became the accountable officer of Southport and Ormskirk Hospital NHS Trust and the Cheshire and Merseyside Acute and Specialist Trust Provider Collaborative Lead, and as a result withdrew from attending some of the Trust Committee meetings

**With effect from 20th September 2021 also became Managing Director of Southport and Ormskirk Hospital NHS Trust, and as a result withdrew from attending some Trust Committee meetings during Quarter 1

***Also held formal positions as part of the Southport and Ormskirk Hospital NHS Trust Board until July 2023

With the creation of MWL the Trust establishment order stipulated an additional university nominated Non-Executive Director, meaning that from November 2023 the Board was made up of seven statutory Non-Executive Directors and five Executive Directors as detailed in the table above. This ensures that there is always a majority of Non-Executive voting members, in line with the Code of Governance for NHS Provider Trusts. Associate Non-Execuitve and Executive Directors also attend Trust Board meetings.

Directors are appraised each year to review their contribution over the previous 12 months and to set objectives linked to those of the Trust for the following year. The Chairman is appraised by the Deputy Chair in conjunction with NHS England and the Cheshire and Merseyside ICB using the NHS standard appraisal template. From 2024 the Trust will be adopting the NHS Directors Leadership Competency Framework for Director appraisals.

Any skills gaps and training or development requirements are also reviewed annually against the NHS and Care Quality Commission (CQC) Well Led Framework to ensure continuous development and optimum functioning as a unitary board. In preparation for the transaction with Southport and Ormskirk Hospital NHS Trust the corporate governance framework of the organisation was reviewed to ensure it will continue to be fit for purpose for the new larger organisation and was then reviewed again after six months of operation to ensure that it was effective and meeting the needs of the Trust.

Board meetings were held in person, with the option for members to join virtually and most committee meetings remain virtual. This method of operating was adopted to recognise the additional time required of STHK Board members to fulfil the ALTC management arrangements with Southport and Ormskirk Hospital NHS Trust alongside attendance at the STHK corporate governance meetings up to July 2023 and has been retained as a means to maintain inclusive participation of the staff from across the whole of MWL, who are asked to attend committees.

3.1.2 Fit and Proper Persons requirements

The 2014 Health and Social Care Act imposed additional requirements on the posts of Directors to be 'Fit and Proper Persons', and in August 2023 NHS England published a Fit and Proper Person Test Framework in response to the recommendations of the 2019 Kark Review. In assessing whether a person is of good character, the matters considered must include convictions, whether the person has been struck off a register of professionals, bankruptcy, sequestration and insolvency, appearing on barred lists and being prohibited from holding directorships under other laws. In addition, Directors should not have been involved or complicit in any serious misconduct, mismanagement or failure of care in carrying out an NHS regulated activity.

The Trust requires all Directors to make an annual declaration of compliance with the FPPR standards. In 2023/24 all Board members were required to complete a self-certificate to confirm compliance with these standards, and where appropriate external assessments, including Disclosure and Barring Service (DBS) checks were undertaken. The results were scrutinised by the Trust Chairman who concluded that the Board members were, and remain, fit to carry out the roles they are in. This is evidenced in the Trust Board papers in June 2023 and the process will be repeated for 2024/25 in accordance with the new guidance.

3.1.3 Statement on disclosure to auditors

So far as the directors are aware, at the time of approving this Annual Report there is no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware. In addition, each director has taken all of the steps that they ought to have taken to make themselves aware of any such information, and to establish that the auditors are aware of it.

3.2 Statements of Responsibilities

The Chief Executive of NHS England has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the Trust
- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

As far as I am aware, there is no relevant audit information of which the Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Ann Marr

Ann Marr OBE
Chief Executive

15th August 2024

3.3. Annual Governance Statement

3.3.1 Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS 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 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 Trust Accountable Officer Memorandum.

3.3.2 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 Mersey and West Lancashire Teaching Hospitals NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Mersey and West Lancashire Teaching Hospitals NHS Trust for the year ended 31st March 2024 and up to the date of approval of the annual report and accounts.

3.3.3 Capacity to handle risk

The Trust supports staff to identify and plan mitigations for risks to the delivery of the Trust's services and development objectives. All risks are owned by an appropriate manager and reviewed regularly to ensure the mitigation plans are effective in reducing the level of risk exposure. There is a Risk Management Council that is part of the Trust's corporate governance arrangements. The Trust has developed a new risk assurance framework to meet the needs of MWL.

The Trust risk profile is reviewed by the Risk Management Council each month. The Council's membership includes representation from each of the Clinical Divisions (or their predecessor Care Groups (legacy STHK sites) and Clinical Business Units (legacy S&O sites)) and corporate services and is chaired by a member of the Executive Team. A report is then drafted by the Council Chair for presentation to the Executive Committee, this includes any risks rated as high or extreme, which have been escalated to the Corporate Risk Register and assigned to a member of the Executive Team for oversight. The Corporate Risk Register and Trust risk profile are reported to the Trust Board four times a year.

The involvement of the Executive Committee and the Board in regularly reviewing risks ensures that the level of exposure that the Trust is willing to tolerate (the risk appetite) is regularly tested. The risk appetite reflects the balance between the impact of the risk materialising and the opportunity cost of full mitigation.

Although the two legacy Trusts did not have risk management systems that were the same, they both embodied the best practice principles of risk management, and it has been a relatively straightforward task to combine the system and create a new risk assurance framework for MWL. From July 2023 there was a single corporate risk register. Guidance in undertaking risk assessment, identifying and reporting risks and untoward incidents is part of the induction process for all staff joining the Trust. Specific training is also available for managers who have responsibility for managing their service or departmental risk registers and risk management is included as part of management development programmes. Guidance on the risk reporting and management is also accessible to staff via the Trust intranet.

The Trust has continued to operate two incidences of the risk management system (DATIX), inherited from the legacy organisations throughout 2023/24, with plans to move to a new reporting and management system in 2024. However, the reporting at Trust level has been integrated since the transaction in July 2023 with a single corporate risk register. The Trust's risk management process was audited in 2023/24 as part of the internal audit programme and the audit was rated as providing high assurance.

3.3.4 The risk and control framework

The Trust promotes a culture of openness and encourages all staff and service users to actively report any issues, risks, incidents or near misses, where they feel inappropriate action may have occurred, or systems and practices could be improved. In this way the Trust learns from mistakes and can identify areas where there is opportunity for improvement.

The Trust also learns from others and bases its service pathways on best practice models, such as the recommendations of NICE, GiRFT, Model Hospital and a range of other national guidance and benchmarking information.

Clinical risk assessments, incident reports, complaints, claims, patient feedback (via FFT feedback and national patient surveys), staff feedback (via the national staff survey and local surveys), and social media channels are other sources of information which support the Trust in identifying and responding to any underlying themes.

The Trust has electronic risk and incident reporting and management systems and all staff within the organisation have access to be able to register new risks or report incidents. Potential risks are identified and assessed (using the recognised NPSA 5 x 5 matrix of likelihood and consequence) and added to the register. The risk owner details controls and assurances that are within their remit and then re-assesses the risk to see whether these mitigations have reduced the risk score. The risk owner also identifies the relevant line manager to have oversight of the risk and be able to review the actions in mitigation.

Incidents are also reported and investigated and categorised to identify any trends or themes and potential on going risks.

Risks with a score below 15 are managed at Divisional (or formerly Care Group and Clinical Business Unit) or corporate department level (as the new operational structure for MWL was not fully implemented for several months after the date of the transaction). Each risk is allocated an appropriate review date and each month local governance meetings, with clinical and operational managers, consider the risk profile, any missing risks, and those requiring review. Frequent evaluation of risks takes place to ensure that the plans in mitigation are updated and their impact on the risk scores recorded.

If, following review and mitigating action within the care group or corporate department, the risk score is still 15 or above, it is automatically escalated to the Corporate Risk Register and "owned" by the most appropriate Director to see if more senior intervention can further mitigate the risk to the organisation.

The Trust's Cost Improvement Programme (CIP) plans are also risk rated using DATIX which then tracks that they have been through quality risk assessment process and are not closed until there is evidence that implementing the scheme has not impacted the quality of care that the Trust provides.

On 31st March 2024 there were a total of 1046* risks on the MWL risk register. The table below shows the profile of the risk scores (between 1 and 25):

Very Low Risk			Low Risk			Moderate Risk				High/Extreme Risk			
1	2	3	4	5	6	8	9	10	12	15	16	20	25
28	**44**	**22**	**94**	**11**	**217**	**98**	**204**	**39**	**234**	**19**	**23**	**13**	**0**
28			**94**			**98**				**19**			

*The risk management systems (DATIX) are live systems so there will always be some risks reported but not scored

Of the 55 risks that score 15 or above, 44 were on the live Corporate Risk Register while 11 were on the historic legacy S&O tolerated risk register. None of these risks arise from significant internal control issues or gaps in control.

Risks are categorised into broad themes, relating to patient care, staffing, activity, governance, and money (finance), as can be seen from the table most risks related to patient care.

Category	Risk Register	Corporate Risk Register
Patient Care	543	32
Activity	117	4
Staff	138	4
Governance	93	2
Finance	155	2
Total	**1046**	**44**

In addition, the Board has identified the strategic risks that in theory could be catastrophic to the delivery of the organisation's long-term purpose and goals, and these are captured in the Board Assurance Framework (BAF) which is also considered by the Board four times per year. The BAF was revised and updated at the time of the transaction to ensure that the risks associated with the former S&O services were incorporated.

Strategic concerns for MWL captured in the BAF on 31st March 2024 were:

- Systemic failures in the quality of care
- Failure to develop or deliver long term financial sustainability plans for the Trust and with system partners
- Sustained failure to maintain operational performance/deliver contracts,
- Failure to protect the reputation of the Trust
- Failure to work in partnership with stakeholder
- Failure to attract and retain staff with the skills required to deliver high quality services
- Major and sustained failure of essential assets, infrastructure
- Major and sustained failure of essential IT systems

In developing its plans for the post transaction organisation in 2023/24 the Board has assessed the future risks that will need to be managed, these continue to include recovering the elective activity backlog and reducing waiting lists in line with national targets, delivering both financial and activity plans in a challenged financial context for the NHS, integrating services, systems and policies for the new organisation, creating a single operating model, and a shared culture for all our staff. There were also very specific risks associated with the fragile services at the legacy S&O sites and the outstanding question of the strategic configuration of some key services between the Southport and Ormskirk Hospitals, which is being reviewed by the Shaping Care Together Programme, that was re-started after the transaction was completed.

Copies of the corporate risk register and Board Assurance Framework reports to the Trust Board are available on the Trust website: https://www.merseywestlancs.nhs.uk/trust-board-meetings-and-papers

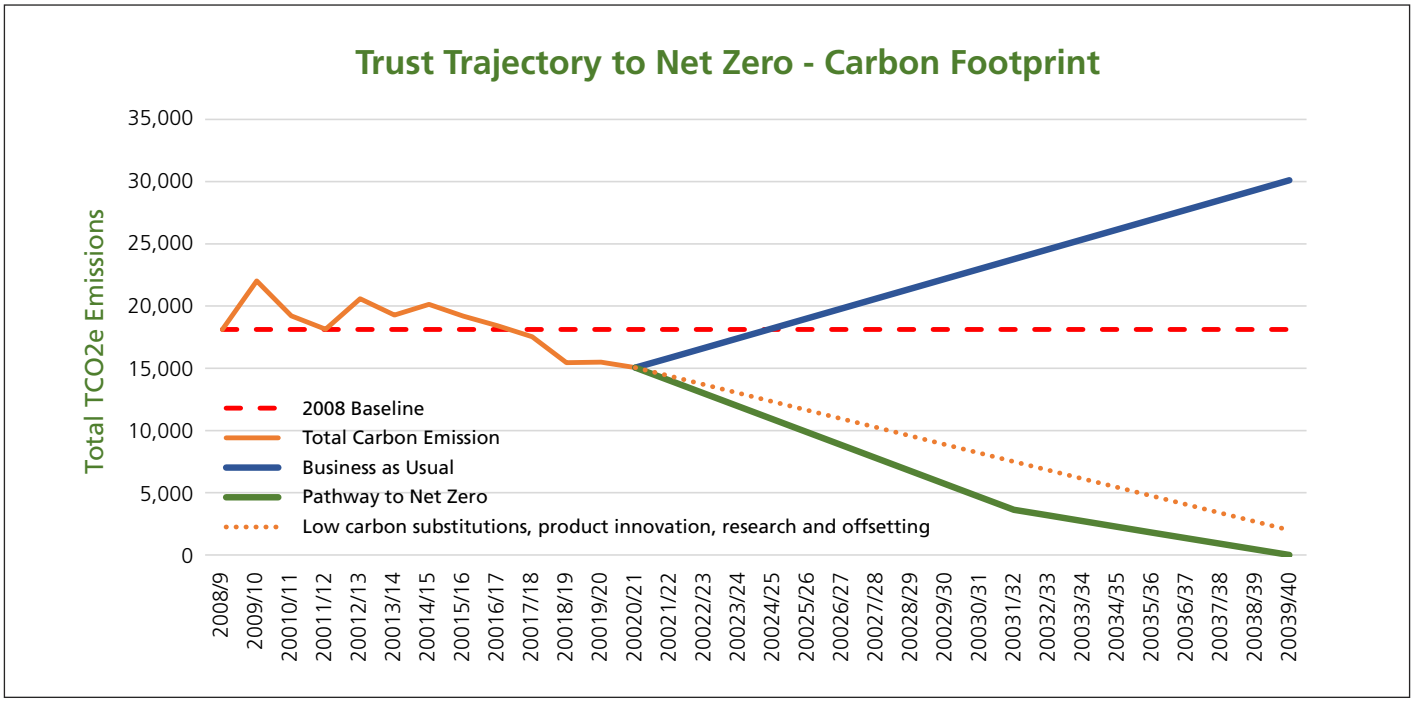
Carbon Reduction – St Helens and Whiston Sites

The Green Plan adopted by the former St Helens and Knowsley Teaching Hospital NHS Trust outlines a robust, ambitious, and attainable strategy for mitigating climate risk. It takes into consideration the 'Delivering a Net Zero Health Service' report from the Greener NHS programme. The Trust diligently adheres to its obligations under the Climate Change Act and the Adaptation Reporting requirements, ensuring ongoing progress in reducing its carbon footprint and maintaining a trajectory toward net zero by 2040.

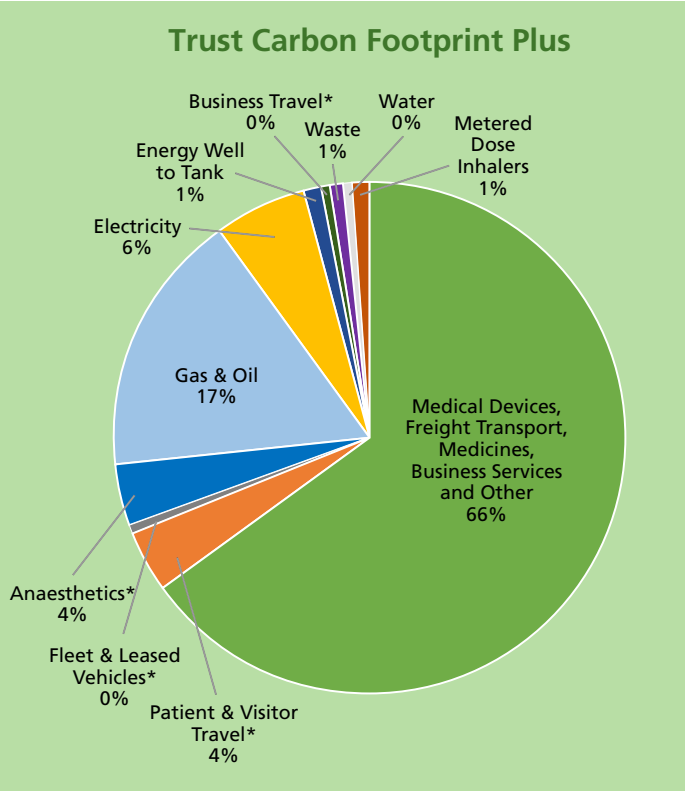
In 2023/24 progress was made in a number of areas:

- **Developed a detailed heat decarbonisation plan** for each building at our Whiston and St Helens sites. This document provides a strategic blueprint to guide the Trust towards a greener operational model.
- **Secured funding for a solar PV installation:** After a successful bid to a central (NEEF) fund, we were granted £288,000 to install a 200KW solar PV system atop St Helens Hospital. This scheme not only promises an annual saving of approximately £50,000 but also a substantial reduction in emissions by around 35,000 kgCO2e annually.
- **Clinical Net Zero Initiatives:** The Intensive Care Unit (ICU) and Acute Medical Unit (AMU) departments established their own clinical net zero efforts, which contribute to the Trust's overarching Net Zero Action Group.
- **Reducing single use plastics:** AED are driving an initiative to reduce unnecessary coagulation tests, saving over £110,000 per annum, reducing single use plastic vials, and taking the burden of 37,000 tests off Pathology.
- **Leveraging insights from carbon management:** Insights gleaned from the Trust's Carbon Management system inform actionable strategies within the Net Zero Action Group. Notable achievements from this year's carbon assessment include:
  - A 13% reduction in anaesthetic gas emissions (equivalent to 237 tonnes CO2e)
  - A remarkable 135% increase in fleet claims for zero-emission vehicles, indicating a shift towards cleaner transportation
  - A 45% decrease in carbon emissions from Metered Dose Inhalers

These concerted efforts, combined with ongoing commitment from our carbon hotspot leaders and strategic financial investments, keep us firmly on the path toward net zero. The green line in the graph below visually demonstrates our downward trajectory:



However, our annual carbon assessment revealed two areas where emissions increased slightly: water usage and patient/visitor travel. These increases are directly related to the higher hospital activity. While they do not significantly impact the overall trajectory, they underscore the importance of heightened attention in these specific areas. The chart below shows how each of our carbon hotspots contribute to the Trust's overall Carbon Footprint Plus.



Moving forward, we are developing Green Plan for the whole of MWL and carbon management system that will consolidate data from all Trust sites, to promote net zero ambitions across the entire organisation.

The trust submits bids to the Low Carbon Skills Fund, the latest being to seek £116,000 to support a feasibility study, technical site survey, and detailed design for the introduction of Air Source Heat Pumps at St. Helens Hospital.

The implementation of this project represents a strategic step toward enhancing the Trust's eligibility for the subsequent phase of the Heat Decarbonisation Fund. Successful installation of the Air Source Heat Pumps is projected to significantly advance the decarbonisation of the St Helens Hospital heating system, contributing to a substantial reduction in carbon emissions and fostering a more sustainable future for our Trust.

Carbon Reduction – Southport and Ormskirk Sites

The former Southport and Ormskirk Hospital NHS Trust also had a Green Plan that was approved in January 2022, which included a three year plan to reduce carbon emissions and outlines several strategies to aid The UK Governments plan to be the world's first net zero national health service by 2040 for the emissions controlled directly and 2045 for the emissions we can influence (our NHS Carbon Footprint Plus).

The actions completed during 2023/24 include:

- **The development of a detailed heat decarbonisation plan:** With a successful bid for funding from the Carbon Skills Fund (Salix) 2023/24 an extensive heat decarbonisation plan has been developed for Southport & Ormskirk Hospitals.
- **Expansion of EV charging points:** The Trust plans to install 24 electric vehicle chargers and 2 fast charge points at Southport and 13 electric vehicle chargers at Ormskirk for both staff and public to use.
- **The team in Theatres have increased rates for recycling** within the department over the last year with the introduction of new bins and working processes.
- **Creation of green spaces:** Green spaces/wildlife areas have been created at both Southport and Ormskirk Hospital and were in full bloom spring/summer 2023.

- **Increased LED lighting:** The Trust has a continual programme of replacing lighting with LED fittings, with all new and refurbishment works including LED lighting as standard. During 2023/24 coverage at Southport increased from 23% to 43% and 6% to 72% coverage at Ormskirk.
- **Promotion of electric vehicles**, via salary sacrifice scheme to enable staff to change from petrol/diesel cars to electric.
- **A further all-electric van** from August 2023 for the next 3 years, loaned by Veolia who run the CHP plants at the Hospitals, to help reduce fuel emissions and reduce costs.
- **Zero landfill:** The Trust continues to not send any of its waste to landfill.
- **Reduced reliance on the National Grid:** Both Southport and Ormskirk hospitals generate their own energy from a combined heat and power (CHP) plant at each site. Excess energy from these plants is exported to the National Grid. In 2023/24 this was enough to supply 906 three-bedroomed houses for a whole year. The power plants have also reduced the Trust's reliance on the National Grid with only 16% of total power used on site being derived from that source (7% Ormskirk, 26% Southport).

2023/24 CO2 emissions show that although the Southport and Ormskirk Hospital sites increased Scope 2 consumption (mainly due to planned work on the CHP at Southport Hospital from May to July 2023) overall there is a downward trend in carbon emissions, with a 197 tonne decrease from the baseline year (2019/20).

Data for baseline year 2019/2020			
Baseline CO^2 emissions (tonnes)	Scope 1	Scope 2	Scope 3
	7,930	246	68
Total CO^2 Emissions (tonnes) 8,244			

Data for year 2023/2024			
Baseline CO^2 emissions (tonnes)	Scope 1	Scope 2	Scope 3
	7,619	383	45
Total CO^2 Emissions (tonnes) 8,047			

Additional projects planned for 2024/25 include:

- Prepare projects for Public Sector Decarbonisation Scheme (PSDS) funding phase 4a as highlighted in the Heat Decarbonisation Plan to prepare the Trust for decommissioning the CHPs, including ground source heat pumps, building fabric upgrades and Building Management System (BMS) optimisation.
- Achieve the Green ED Accreditation for our Southport Hospital Emergency Department by showing action on numerous green initiatives within the department, for example reducing cannulation equipment and eliminating excessive medication dispensing.
- Conduct a waste rationalisation survey, report and action plan with the aim of achieving the NHS target of 20/20/60 clinical waste split (20% incineration, 20% alternative processed and 60% offensive waste).

The two legacy teams are now working closely together to share learning and roll out the most effective projects across the whole of MWL.

Governance Framework of the organisation

The Board is collectively responsible for establishing a system of internal control and for putting in place arrangements for gaining assurance about the effectiveness of that system.

The Board has a suite of documents (the Corporate Governance Manual) which contains the Trust's standing orders, standing financial instructions, and scheme of reservation and delegation of powers, which set out the regulatory framework for the business conduct of the organisation. This was reviewed and updated for MWL in February 2024 and approved by the Board.

High standards of governance are maintained through the independence of the Non-Executive Directors (NEDs), achieved by the following:

- All NEDs are appointed for fixed terms ensuring a regular turnover and the introduction of new skills and experience.
- The Non-Executive membership of the Board outnumbers the executive element for all issues requiring a vote.
- The NEDs (including the Trust Chair) meet separately from the Executive Directors on occasion, to discuss Trust business.
- The composition of the Board is managed to ensure that the NEDs have a range of skills and experience that enables them to provide constructive challenge, fully understand the business of the Trust and participate in the Trust's governance arrangements. They are therefore able to hold the Executive Directors to account for the performance and delivery of the strategic agenda set by the Board.
- NEDs chair the Board and Board Committees (except for the Executive Committee), and through chair reporting, provide assurance to the Board that the Trust is effectively governed.

Changes to the Board during 2023/24

There were several changes to the Board during 2023/24.

Richard Fraser was extended in his role as Chair, recognising the need for stability of leadership while navigating the transition to a larger Trust and the immediate post transaction period.

Professor Hazel Scott was appointed as a Non-Executive Director following a nomination by the University of Liverpool in November 2023.

Jeff Kozer left the board in December 2023 after 6 years as a Non-Executive Director for St Helens and Knowsley Teaching Hospitals NHS Trust and since July 2023 for MWL.

Stephen Connor was appointed as Non-executive Director in February 2024.

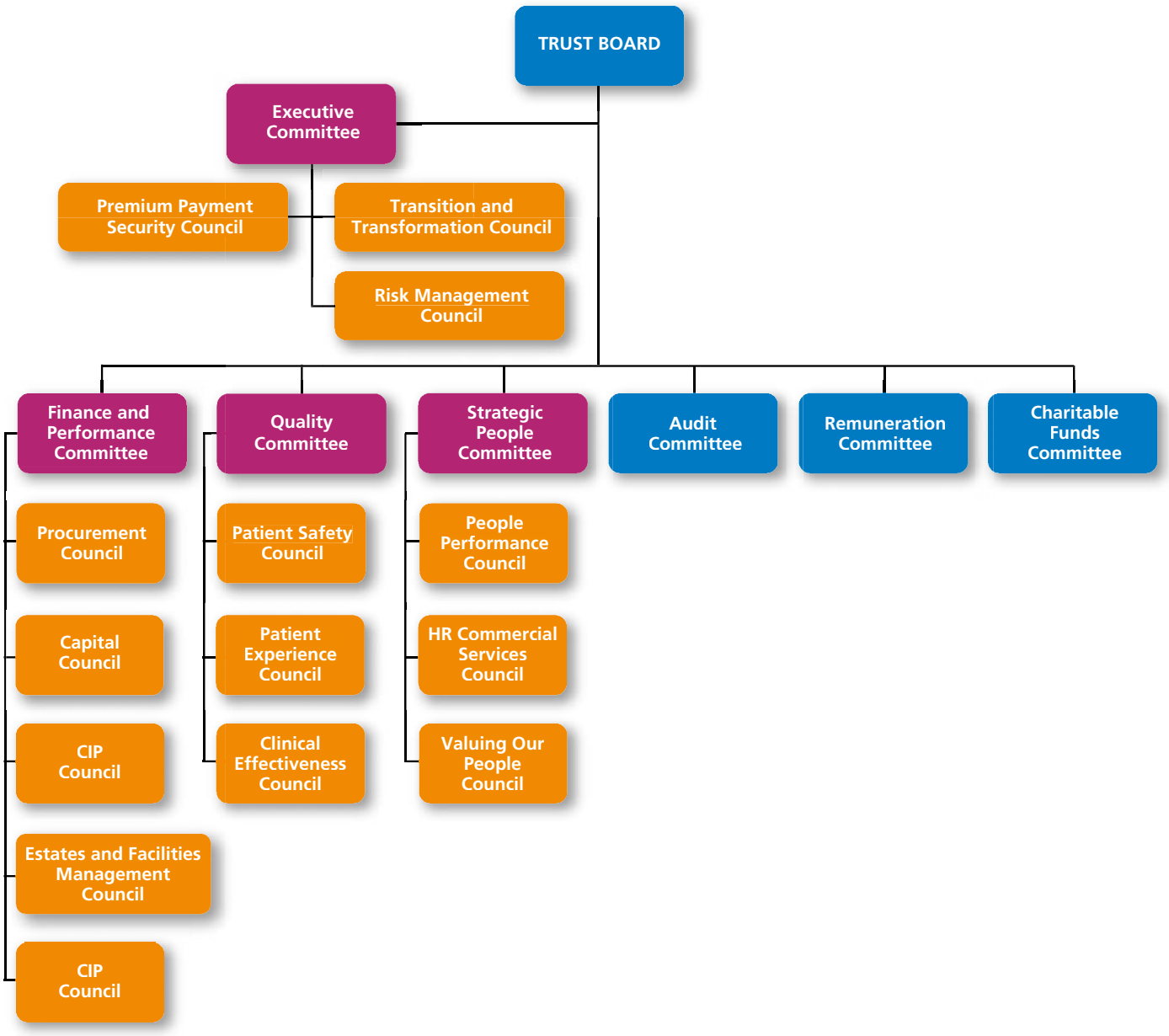
Following the acquisition of Southport and Ormskirk Hospital NHS Trust, Rob Cooper was appointed to the role of Managing Director in July 2023. Lesley Neary was appointed as Chief Operating Officer at the same time.

Christine Walters, Director of Informatics retired on 31st March 2024.

Governance structure

The Trust has a robust internal governance structure which maintains the systems of internal control. A Board and Committee effectiveness review is undertaken annually to confirm that the structure remains fit for purpose.

The Trust has seven committees reporting to the Board in line with the following structure. Each assurance committee is supported in its work by Councils.



All committees except the Executive Committee are chaired by a Non-Executive Director. The Executive Committee is chaired by the Chief Executive. After each meeting the respective chair prepares a report to the Trust Board on matters considered on the agenda, the areas where assurance is being provided, and any issues requiring escalation for Board intervention or decision.

Remuneration Committee

The Remuneration Committee is comprised of the Chair and all the NEDs.

Its duties include approving the remuneration and terms of service for the Chief Executive and Executive Directors, and to consider the appointment of Executive Directors and other very senior managers.

The Committee is required to meet at least once a year and during 2023/24 met on one occasion and conducted business via email (formal agreement of proposals previously discussed) on three other occasions. The meeting in January 2024 was quorate, and business via email was also quorate.

Audit Committee

The Audit Committee has a membership of three Non-Executive Directors, one of whom is a qualified accountant, and the others have commercial and business experience at a senior level.

In addition, the Trust's external and internal auditors along with the Director of Finance and Information are regularly invited to attend. In 2023/24 the Committee met on five occasions, two in quarter 1 for St Helens and Knowsley Teaching Hospitals NHS Trust, and three subsequently for Mersey and West Lancashire Teaching Hospitals NHS Trust.

The Audit Committee provides the Trust Board with independent and objective scrutiny of the financial systems and processes, risk management, and compliance with relevant legislation. The Committee also monitors and reviews clinical audit effectiveness.

Through the agreement of an annual programme of independent audits, the Committee gains assurance that the data being provided to the Board, on which decisions are based, is accurate and complies with guidance. The audit programme for 2023/24 was specifically designed to test the newly integrated systems and processes for MWL.

This programme included key financial controls, Cost Improvement Plan processes, Board reporting, data quality, Emergency Preparedness, Resilience and Response (EPRR), quality spot checks, the Trust's Maternity Incentive Scheme submissions, mandatory training, the data security and protection toolkit and other IT controls.

These audits provide independent assurance to the Board that the quality and accuracy of information reported and systems in place are sufficiently robust to be relied on.

Quality Committee

The Quality Committee provides assurance to the board on quality governance. Quality performance within the Trust is measured against a range of parameters, including patient safety, patient experience, clinical effectiveness, and some key workforce metrics such as safer staffing, and clinical skills mandatory training compliance. The performance metrics aligned to quality and quality governance are reported each month in the Committee Performance Report (CPR).

The Quality Committee usually meets each month (excluding August and December) to review all aspects of quality. During 2023/24 the Quality Committee met on 10 occasions, 3 times in quarter 1 for STHK and 7 times for MWL. All meetings were quorate.

The CEO no longer regularly attends the Quality Committee meetings due to her responsibilities for the Cheshire and Merseyside ICS. The Deputy CEO/Director of HR did not attend during Quarter 1 prior to the transaction with Southport and Ormskirk Hospital NHS Trust due to her commitment as managing director of that Trust.

The Quality Committee is made up of both Non-Executive and Executive members and is supported by Councils that consider in greater detail issues relating to the monitoring of patient safety, patient experience, and clinical effectiveness. Assurance reports from each of these Councils are reported to the Committee which include any matters for escalation.

Finance and Performance Committee

Like the Quality Committee, the Finance and Performance Committee is an assurance Committee that usually meets each month (excluding August and December) and reviews the financial and activity metrics reported in the CPR, reflecting the annual financial and operational plans and targets agreed by the Trust Board. During 2023/24 the Finance and Performance Committee met 10 times, three 3 as STHK in quarter 1 and 7 times as MWL. Members of the committee include Non-Executive and Executive Board members and all the meetings held during 2023/24 were quorate.

The Committee is also supported in its work by the Capital Planning, Cost Improvement and Procurement Councils that undertake detailed reviews to ensure that the data received by the Committee is robust and provides the appropriate basis for forward planning and decision making. As part of the updated governance structure for Mersey and West Lancashire Teaching Hospitals NHS Trust, from July 2023, the Committee has also been supported by the Estates and Facilities Management Council and the IT Council.

Strategic People Committee

The Strategic People Committee is an assurance committee which oversees the delivery of the Trust's people strategy and the action plans arising from the annual staff survey, gender pay gap and WRES and WDES reports, and effectiveness of people management in the Trust. From July 2023, the committee has been supported in its work by the People Performance Council, HR Commercial Services Council and Valuing Our People Council. The committee membership includes Non-Executive and Executive members and now meets 10 times a year (three as STHK and 7 as MWL). All meetings in 2023/24 were quorate except for July 2023 when Committee and its membership was refreshed to recognise the new senior leadership structure and complexity of the enlarged Trust.

Charitable Funds Committee

The Trust's Charitable Funds Committee normally meets at least 3 times a year and is responsible for managing the income and expenditure of any charitable and donated monies and assets held by the Trust. A key activity during 2023/24 was combining the charities of each legacy Trust into a single MWL Charity, formally launched in 2024/25. During 2023/24 the committee met on three occasions (once as STHK and twice as MWL) all of which were quorate.

Executive Committee

The team of Executive and Associate Directors, led by the Chief Executive, is the senior management decision making group within the Trust and is responsible for planning, organising, directing, and controlling the organisation's systems and resources to achieve the objectives and targets set by the Board.

The Executive Committee aims to meet each week, excluding at Christmas, and exercises the authority delegated to the Chief Executive and Directors to ensure that the organisation is effectively managed, decisions are made, and performance is monitored. In 2023/24 there were 50 formal Executive committee meetings. On occasions the executive team hold time out or training/development sessions instead of a formal business meeting.

The Committee is supported in its work by the Risk Management Council, the Premium Payments Scrutiny Council, and received reports from the Digital Aspirant Programme Board at regular intervals. From July 2023, the Committee was also supported by the Transition and Transformation Council which oversees the integration and service improvement and transformation plans agreed as part of the transaction business case.

Board Meetings

The Trust Board meets in public 10 times a year. The meetings are monthly, except August and December.

Part 2 of the Board meetings are held in private to discuss confidential issues such as the details of serious untoward incidents relating to patients, confidential staff matters, commercial decisions such as bidding to provide new services or to allow time for the Board to undertake development activities and formulate strategy.

All Trust Board meetings were quorate.

Attendance by the Directors at the governance meetings is summarised in the following table:

Board Members		Trust Board	Audit Committee	Quality Committee	Finance & Performance Committee	Strategic People Committee	Remuneration Committee	Charitable Funds Committee	Executive Committee	Total	% Attendance
Name	**Position**	**10**	**5**	**10**	**10**	**10**	**3**	**3**	**50**	**80**	**%**
Richard Fraser	Chair	10					3			13/13	100%
Geoffrey Appleton	NED	10		9	10	5	3	3		40/42	95%
Jeff Kozer	NED	7	4		7		1			19/19	100%
Stephen Connor	NED	2	1		2					5/5	100%
Paul Growney	NED	8	1		9		3	2		23/31	74%
Ian Clayton	NED	10	5		9	9	3			36/38	95%
Gill Brown	NED	10	5	9		2	3			29/31	94%
Lisa Knight	NED	8				9	3	0		20/24	83%
Rani Thind	NED	10		10			3			23/23	100%
Hazel Scott	NED (university appointed)	3								3/4	75%
Ann Marr	Chief Executive	8							36	44/60	73%
Anne-Marie Stretch	Director of HR/Deputy CEO	9		7	8	6			41	71/90	79%
Gareth Lawrence	Director of Finance and Information	9	4	7	9	5		3	45	82/95	86%
Peter Williams	Medical Director	10		10	6				35	61/80	76%
Sue Redfern	Director of Nursing, Midwifery and Governance	8		10		4		0	42	64/82	78%

Board Members		Trust Board	Audit Committee	Quality Committee	Finance & Performance Committee	Strategic People Committee	Remuneration Committee	Charitable Funds Committee	Executive Committee	Total	% Attendance
Rob Cooper	Director of Operations and Performance	8		8	8	7		2	42	75/92	82%
Christine Walters	Director of Informatics	10							42	52/60	87%
Nicola Bunce	Director of Corporate Services	10	2	8	9	6			41	76/95	80%
Lesley Neary	Chief Operating Officer	6		6	4				36	52/69	75%
Total attendance										788/953	83%

The Board completed a programme of time-out and development events during 2023/24.

Purpose	Provider / Lead	Date
Develop the new MWL Board Assurance Framework	Nicola Bunce, Director of Corporate Services	April 2023
Review of the draft MWL Clinical Strategy 2023 – 2026 Post Transaction Governance Arrangements	Peter Williams, Medical Director Nicola Bunce, Director of Corporate Services	June 2023
Developing the new MWL Board Introducing PSIRF Learning from the Lucy Letby trial and manager regulation ICS/ICB Working – 1 year on	Roy Lilly, IHSCM Sue Redfern, Director of Nursing, Midwifery and Governance Anne-Marie Stretch, Director of HR/Deputy CEO & Nicola Bunce, Director of Corporate Services Rob Cooper, Managing Director & Gareth Lawrence, Director of Finance and Information	Board time out October 2023
Single EPR Outline business case review MWL Values and Behaviours – outcome of the staff engagement	Christine Walters, Director of Informatics Anne-Marie Stretch, Director of HR/Deputy CEO	February 2024
MWL Informatics Strategy 2024 -2027	Christine Walters, Director of Informatics	March 2024

Individual Board members have attended a range of other training and development events to meet their personal development objectives. All new NEDs joining the Board attend the NHS Providers NED induction programme.

To effectively carry out their duties Board members need to be able to probe the data conveyed in formal reports to the Board and its Committees and triangulate that with the softer intelligence gained through attendance at events, staff and carer listening sessions, and ward and department visits. These included the programme of Quality Ward Rounds and Team Talks which have been expanded to cover all MWL sites.

The Board continued to receive patient stories, six times a year.

Care Quality Commission

The Care Quality Commission (CQC) is the independent regulator for health and social care in England and through monitoring and inspection makes sure that the public are provided with safe, effective, compassionate and high-quality care.

St Helens and Knowsley Teaching Hospitals NHS Trust (STHK) was required to register with the CQC, and its registration status during Q1 2023/24 was registered without conditions. The Trust was fully compliant with the registration requirements of the CQC.

On completion of the transaction, the CQC rating for the Trust was maintained for the new organisation and specific service ratings were transferred to the new organisation's registration. Overall, the Trust remains rated as 'Outstanding'.

The CQC has not taken enforcement action against Mersey and West Lancashire Teaching Hospitals NHS Trust during 2023/24.

The last report following the comprehensive inspection of STHK was published in March 2019, provided significant assurance to the Board of the quality of services being delivered. The overall Trust rating was 'Outstanding'. A further inspection of Marshalls Cross Medical Centre took place in October 2022 which was rated overall as 'Good'.

Mersey and West Lancashire Teaching Hospitals NHS Trust is subject to periodic reviews by the Care Quality Commission, and the following services were inspected in 2023/24:

- Maternity services at Ormskirk and Whiston Hospitals were inspected on 7th and 8th December 2023 with both services rated as 'Good' overall. The Ormskirk Unit was also rated as 'Good' for being well-led but requires improvement for being safe. The Whiston Unit was rated as 'Good for being both safe and well-led.
- Southport Hospitals medicine and the Spinal Unit on 24th January 2024. The report of this focussed inspection has been published and identified no issues of concern.
- Southport Hospital urgent and emergency care on 4th March 2024
- Whiston Hospital urgent and emergency care on 25th March 2024

The final reports have not yet been received for urgent and emergency care.

NHS England and the Provider Licence Conditions

The Trust has not been subject to any regulatory special interventions or support during 2023/24.

The Trust remained compliant with NHS Acts and the NHS Constitution. The Trust received an NHS Provider Licence in April 2023, which is available on the Trust's website.

NHS Pensions

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

Equality and Diversity Obligations

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

Appropriate policies are maintained to ensure that the required standards are met; examples being:

- The Recruitment and Selection Policy is designed to inform management and staff how to conduct employment in an objective, fair and effective manner.
- The Equality and Diversity Policy is designed to provide employment equality. This ensures that no applicant or employee will receive less favourable treatment on the grounds that they possess a "protected characteristic" as defined by the Equality Act, or any other individual characteristic, for example, social class or carer status.
- The Patient Access policy ensures that all patients have access to care and treatment based on fair and objective criteria.

Workforce Strategy and Workforce Safeguards

The Board has a local People Plan with agreed objectives for ensuring that the Trust can attract and retain the right number of staff with the necessary skills to deliver high quality patient care, and who are fully engaged and offered opportunities to develop their careers within the organisation. This strategy is aligned to the NHS People Plan. The People Plan is being reviewed during 2024/25 to create a single strategy for MWL.

To meet the Developing Workforce Safeguards recommendations, the Board approves the high level workforce plan each year as part of the annual operational planning cycle, which considers projected activity growth or workforce resource changes and agreed service developments.

The Trust also utilises a suite of scheduling systems to roster staff, plan activities and monitor staffing in line with patient acuity on a day-to-day basis. Nurse safer staffing information is reported to the Trust Board in the Integrated Performance Report, and detailed reports are also reviewed at the Executive and Quality committees, in addition nurse staffing establishments reviews are undertaken to ensure compliance with the developing workforce safeguards guidance. MWL experienced higher than average levels of staff sickness and absence during 2023/24 but was similar to other acute Trusts in the North West.

The need for supplementary care (increased supervision including one-to-one observation of patients who are confused or at increased risk of falls) and corridor care in the Emergency Department increased the staffing requirements and were significant challenges at certain points during the year. Staffing levels were reviewed several times a day by operational and nurse managers to ensure that all wards had adequate staffing with staff working additional hours and the use of bank and agency staff to maintain patient safety. Additional nurse staffing establishment was also approved to ensure safe staffing of escalation beds that had to be mobilised.

Detailed workforce key indicator reports are presented in a workforce dashboard to the Strategic People Committee, which include recruitment, vacancy and turnover information.

The Trust has a guardian of safe working who reports twice a year on the working hours and shift patterns of doctors in training.

Taken together these activities mean that the Board is assured that staffing processes are safe, sustainable and effective.

Register of Interests/Managing Conflicts of Interest

The Trust publishes on its website an up-to-date register of interests, including gifts and hospitality, for decision making staff (as defined by the Trust with reference to guidance) as required by the "Managing Conflicts of Interest in the NHS" guidance, which is captured within the Trust's Standards of Business Conduct policy.

The register of interests can be found here: https://www.merseywestlancs.nhs.uk/register-of-interests

Board Assurance

Through the systems outlined in this report the Directors are able to provide the necessary assurances to the Board that its annual and longer-term objectives can be met and risks to their achievement are being appropriately managed.

To support this view the Trust also receives a significant amount of independent and external feedback from a range of sources that provides the Board with further assurance. Examples are summarised in the following paragraphs.

In accordance with Public Sector Internal Audit Standards, the Director of Internal Audit (DoIA) is required to provide an annual opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management, and approved by the Audit Committee, which can provide assurance covering:

- Financial systems,
- IM&T, cyber security, and Information Governance,
- Performance and Board reporting systems,
- Processes to ensure service quality,
- Processes underpinning management of the workforce,
- Governance risk and legal compliance of statutory functions.

For 2023/24 the Head of Internal Audit opinion provides substantial assurance that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

That opinion was based on:

- The organisation's Assurance Framework
- Core and mandated reviews, including follow up
- A range of individual risk based assurance reviews

The Trust's external Anti-Fraud Specialist (AFS) Annual Report for 2023/24 confirmed that the overall rating for MWL was "green" against the government functional standard 013 for counter fraud.

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

The Trust's resources are managed within a financial governance framework that incorporates systems of financial control, budgetary control and the financial responsibilities for individuals outlined within the Trust's Corporate Governance Manual. Financial and quality governance arrangements incorporate benchmarking activities and an internal audit function to ensure the economic, efficient and effective use of resources, including value for money. Performance is monitored by the Trust's Board, with more detailed scrutiny taking place across committees and councils. The CIP Council met throughout 2023/24 and reported to the Finance and Performance Committee.

There are a range of measures and benchmarking tools used in the monitoring process which are specifically reviewed by the Finance and Performance Committee and support the development of improvement plans. Some benchmarking continued to be suspended nationally in 2023/24, for example, there has been a delay to the Model Hospital Weighted Activity Unit (WAU) being updated. Nevertheless, the Trust has continued to monitor its performance against prior year figures at all levels in the organisation. For example, the Trust's Procurement Steering Council reported 2023/24 performance data against past Model Hospital data to maintain control over unwarranted variation, and the Procurement team has continued to use the national Spend Comparison Service (SCS) as leverage to reduce costs and for assurance as to prices paid. The Trust is also part of the Cheshire & Merseyside procurement price benchmarking project to further aid reviews, drive improvements and gain assurance.

The Trust has continued to develop services and create value, and this is evident in the transaction with Southport and Ormskirk Hospital NHS Trust. The Trust continues to provide payroll services for Trusts across Cheshire and Merseyside and has further expanded its payroll and Lead Employer contracts. The Trust hosts the Shared Care Record on behalf of the Cheshire and Merseyside ICS.

The Trust's external auditor forms annual overall conclusions on whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor's findings for 2023/24 can be found in the Auditors Annual Report to the Directors of Mersey and West Lancashire Teaching Hospitals NHS Trust within this Annual Report and Accounts which is published on the Trust's website.

3.3.6 Information governance

Information Governance (IG) is the standards and processes for ensuring that organisations comply with the laws and regulations regarding handling and dealing with personal information. It provides a consistent way and a framework for employees to deal with the many different information handling requirements in line with Data Protection legislation. The Trust has clear policies and processes in place to ensure that information, including patient information, is handled legally, securely, efficiently, and effectively.

The Data Security and Protection Toolkit (DSPT) is an online tool (covering topics such as staff responsibilities, training, and continuity planning) that enables organisations to measure their performance against data security and information governance requirements which reflect updated legal obligations and Department of Health and Social Care policy. All organisations that have access to personal information must provide assurances that they are practising good Information Governance and IT Security and use the DSPT to evidence this by the publication of annual assessments. The Trust must address all mandatory requirements within the DPST. The Trust submitted the DSPT assessment at the end of June 2023 for 2022/23 and evidenced all the mandatory assertions required for the submission to achieve a "standards met" rating.

A separate submission was also made for Southport and Ormskirk Hospital NHS Trust as the Trusts had not yet merged at the time of submission. The DPST assessment for S&O evidenced all the mandatory assertions required for the submission to achieve a "standards met" rating. Both submissions were audited by Mersey Internal Audit Agency (MIAA) and the legacy STHK Trust has maintained its assurance level of "Substantial Assurance" for the 11th year running, which demonstrates the commitment to protecting the information it holds and uses. An assurance level of "Substantial Assurance" was also received by S&O. The DSPT assessment for 2023/24 will occur at the end of June 2024 in line with the nationally prescribed timetable.

The Trust has assigned specific roles to ensure the IG framework continues to be adhered to and remains fully embedded. The Director of Informatics is the Senior Information Risk Owner (SIRO) who is responsible for reviewing and reporting on the management of information risk to the Trust Board. The Trust has a Caldicott Guardian who is the designated individual who is responsible for ensuring confidentiality of personal information. In addition, the SIRO and Caldicott Guardian oversee the Information Governance Framework and there is an Information Governance Steering Group (IGSG), which is accountable to the Informatics Council and, ultimately, the Trust Board. Its main purpose is to support and drive the Information Governance agenda and provide the Board with the assurance that effective Information Governance best practice mechanisms are in place within the Trust.

There is also a requirement for a Data Protection Officer (DPO), who is responsible for monitoring internal compliance and informing and advising the Trust on data protection obligations, the Trust has an appointed DPO.

The Trust's Data Protection Officer, SIRO and Caldicott Guardian are appropriately qualified, trained, registered, and accredited.

The Trust has a duty to report any incident regarding breaches of the Data Protection Act to the Information Commissioner's Office (ICO) and for the financial year 2023/24 there were 0 reportable incidents to the ICO. Incidents that were reported throughout the year did not score highly and, therefore, no further escalation was required, and they were managed locally.

3.3.7 Data Quality

The Trust continues to be committed to ensuring accurate and up-to-date information is available to communicate effectively with others, such as General Practitioners involved in delivering care to patients. High quality data is a vital pre-requisite in supporting the Trust to provide efficient, safe and effective care to patients, support better decision-making, service improvements and enable achievement of key performance indicators.

Data quality is fully embedded across the organisation, with robust governance arrangements in place to ensure the effective management of data processes. An example of this would be the weekly patient tracking list reviews by operational teams.

Data quality audits are also undertaken by MIAA across numerous operational teams across the Trust as part of their ongoing internal audit cycle. As part of the Elective Recovery Programme, the validation of the waiting lists now includes validations carried out by the operational and clinical teams.

There is a dedicated Data Quality team who have an agreed work plan to review key data streams, including the accuracy of patient waiting lists and the audit outcomes support the Trust in reporting an accurate position for the national standards.

There are some national data quality reports routinely reported and monitored across the Trust, as follows:

- Waiting Times (National RTT Waiting List Data Quality Dashboards) – this provides transparency about the quality of the Trust's waiting list submissions.
- National Data Quality Dashboards (feeds into the Data Quality Maturity Index [DQMI]) – this provides transparency about the data quality for the following datasets:
- Admitted Patient Care (APC)
- Community Services (CSDS)
- Emergency Care (ECDS)
- Maternity Services (MSDS)
- Outpatient (OP)

In addition, specific data items are monitored across the Trust to ensure accuracy and completeness, as follows:

- Blank/invalid NHS number
- Unknown or dummy practice codes
- Blank or invalid registered GP practice
- Patient postcode
- Waiting times

The newly formed Data Quality Forum meeting takes place bimonthly and reports directly up to the Information Steering Group (ISG). The forum sets out to achieve improved data quality across the Trust and ensure compliance with the Quality Account and Data Quality policy.

This will be achieved through:

- Standardisation of data entry auditing completed across departments.
- Monitoring of the completion of data entry audits across departments.
- Collation of evidence of audit completion and timely submission to the Quality Account.
- Feedback on audit outcomes to members of the group.
- Highlighting of potential training areas to the relevant members of the group.

3.3.8 Review of effectiveness

Annual meeting effectiveness review

Each year the Board and each of its committees undertakes an effectiveness review comprising of:

- A review by the Chair and lead Director.
- A review of the meeting structure, membership, and reporting arrangements.
- A review of attendance.
- Feedback from members.
- A review of the Terms of Reference and workplan.

The conclusion of these reviews, reported to the Audit Committee is to ensure that the purpose, remit and organisation of the Trust Board and its Committees remain appropriate and provides the necessary assurance that the Trust is effectively and appropriately managed. The reviews for 2023/24 were undertaken between February and April 2024 and the findings reported to the individual committees and to the audit committee, and the reporting structure and Terms of Reference will be reviewed by the Board in May. The Board and all committees were assessed as remaining effective and fit for purpose.

Effectiveness of the system of internal control

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, clinical audit and the executive managers and clinical leads within the NHS Trust that have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their Audit report 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, finance and performance committee, strategic people committee and the quality committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

3.3.9 Conclusion

No significant internal control issues have been identified or reported in the annual governance statement for 2023/24.

Annual Governance Statement signed by

Ann Marr

Ann Marr OBE
Chief Executive

15th August 2024

4. Remuneration and Staff Report

This report sets out the organisation's remuneration policy for directors and senior managers, reports on how that policy has been implemented, and sets out the amounts awarded to directors and senior managers. In addition, the report provides those details on staff – and their remuneration – that are central to accountability.

4.1 The Trust's approach to its workforce and staffing

The Trust's People Plan Strategy supports the Trust's vision by developing a management culture and style that:

- Empowers staff, builds teams and recognises and nurtures talent through learning and development
- Is open and honest with staff, and provides support throughout organisational change and invests in staff health and wellbeing
- Promotes standards of behaviour that encourage a culture of caring, kindness and mutual respect

More information on the workforce safeguards, is included in the Annual Governance Statement.

4.2 Staff composition and equality, diversity, and inclusion

At the end of 2023/24, the Trust directly employed over 9,000 whole time equivalent (WTE) staff of which 39% are doctors and nurses, 31% are clinical support staff, and the remaining 30% are non-clinical support staff. 6,659 staff were full time employees and 4,167 were employed less than full time.

Turnover of staff across the year as a rolling average was 12.86%.

The senior manager calculation is based on those that report to a director or are a deputy director, based on the NHS Digital definition.

The number of senior managers employed by the Trust on 31st March 2024 was 49 (47.45 WTE) including all directors who attend the Trust Board and other senior managers at the Trust who have responsibility for controlling major activities and delivering statutory responsibilities. All the senior managers are employed on NHS Agenda for Change (AfC), or the national Very Senior Manager (VSM) pay and contractual conditions.

The following table includes all staff on the Trust's payroll except for temporary staff (such as agency and bank staff), junior doctors in training recharged from other payrolls, and staff recharged from other organisations. This information is a snapshot rather than the average across the year and does not align to section 6.3.

The below includes Associate Non-Executive Directors and all Associate Executive Directors. Not all associate directors attend the Board.

Staff numbers ***(31st March 2024)***	**Male**		**Female**		**All staff**	
	Headcount	***WTE***	***Headcount***	***WTE***	***Headcount***	***WTE***
Non-executive directors*	5	1.52	4	0.52	9	2.04
Directors	5	5	9	8.45	14	13.45
Other senior managers ***(AFC Band 8D and Above)***	14	14	25	24.2	39	38.2
All other staff	2143	2021.37	8621	7378.63	10764	9400
TOTAL	**2167**	**2041.89**	**8659**	**7411.8**	**10826**	**9453.69**

80% of the total MWL workforce is female.

The Trust meets its obligations under equality, diversity, and human rights legislation through control measures, with appropriate policies as described in the Annual Governance Statement. This year the Trust successfully reaccredited Disability Confident (Level 3 - Leader), the Armed Forces Covenant, and Veterans Aware. The Trust joined the TUC's Dying to Work Charter, and the NHS Sexual Safety Charter, in addition to its existing membership of the Defence Employers Commitment, and the NHS Rainbow Badge.

In the annual Equality Delivery System (EDS) assessment, the Trust received the overall score of "Achieving", as well as showing year on year improvements in the Workforce Disability Equality Standard (WDES), the Workforce Race Equality Standard (WRES) and the Gender Pay Gap. The annual analysis of the workforce profile showed year on year increases in the proportion of disabled and black, Asian and minority ethnic staff. The reports of which are available on the Trust website as part of the publication scheme.

The Trust continues to support 6 staff networks for Armed Forces/Veterans community, carers, disabled, ethnic minorities, LGBTQIA+ and the menopause, and has implemented a calendar of events, activities, and training to celebrate our community and help raise awareness of equality, diversity and inclusion in the workforce and for patients.

4.3 Sickness absence

The Trust's 2023/24 sickness absence data are available from NHS Digital.

NHS Sickness Absence Rates - NHS England Digital

4.4 Trade union facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017 this document reports on the facility time data that Trust is required to collate and publish under the new regulations is shown below. We have included tables to illustrate the information required.

Relevant Union Officials

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

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
66	60.43

Percentage of time spent on facility time

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

Percentage of time	Number of employees
0%	34
1-50%	28
51%-99%	2
100%	2

Percentage of pay bill spent on facility time

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

First Column	Figures
Provide the total cost of facility time	£200,389
Provide the total pay bill	£498,440,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.04%

Paid trade union activities

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

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: *(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100*	Total facility time = 12% 1280

The Trust's trade union facility time data are available from the government website.
Public-sector trade union facility time data - GOV.UK (www.gov.uk)

4.5 Staff costs and average employee numbers

Analysis of staff costs 2023/24

	Permanently employed £000	Other £000	Total £000
Salaries & Wages	371,475	42,471	413,946
Social Security Costs	39,981	-	39,981
Apprenticeship Levy	2,063	-	2,063
Employers Contributions to NHS Pensions	63,999	-	63,999
Pension cost – other	172	-	172
Temporary staff (including agency)	-	21,080	21,080
Total staff costs	**477,690**	**63,551**	**541,241**
Of which:			
Costs capitalised as part of assets	729	298	1,027

Average number of employees (WTE basis)

	Total 2023/24 No.	Permanent 2023/24 No.	Other 2023/24 No.
Medical and dental	1,308	1,133	176
Ambulance staff	-	-	-
Administration and estates	2,552	2,466	86
Healthcare assistants and other support staff	1,745	1,317	428
Nursing, midwifery and health visiting staff	3,233	2,945	288
Nursing, midwifery and health visiting learners	-	-	-
Scientific, therapeutic and technical staff	1,539	1,486	53
Healthcare science staff	1	1	-
Social care staff	3	3	-
Other	-	-	-
Total average numbers	**10,382**	**9,350**	**1,032**
Of which:			
Number of employees (WTE) engaged on capital projects	24	18	6

Both tables are subject to audit.

Staff on outward secondment are not included in the average number of employees. Non-Executive directors are excluded from this table.

The *Other* category includes engagements without a permanent (UK) employment contract with the Trust, including agency / temporary staffing and inward secondments from other organisations.

4.6 Off-payroll engagement

Under HM Treasury guidance, the Trust is required to disclose information about off-payroll engagements at a cost of more than £245 per day and that last for more than six months, as follows.

Total number of existing engagements as of 31st March 2024	**2**
Of which…..	
Number that have existed for less than one year	0
Number that have existed for between 1 and 2 years	0
Number that have existed for between 2 and 3 years	0
Number that have existed for between 3 and 4 years	0
Number that have existed for 4 years or more	2

Total number of new engagements, or those that reached six months in duration, between 1st April 2023 and 31st March 2024	**0**
Of which...	
Number assessed as *within the scope of* IR35	0
Number assessed as not *within the scope of* IR35	0
Number engaged directly (via PSC contracted to the Trust) and are on the Trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Total number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year including on payroll and off-payroll engagements (section 4.5)	**19**
Of which...	
Number of off-payroll engagements of 'board members, and/or senior officers with significant financial responsibility', during the financial year	0

The Trust's expenditure on management consultants during 2022/23 appears in Note 5 of the Annual Accounts.

4.7 Senior managers' remuneration policy

The definition of 'senior managers' for the purpose of the following disclosures, according to the Department of Health and Social Care Group Accounting Manual (GAM) 2023/24, is those staff with '*authority or responsibility for directing or controlling major activities within the group body. This means those who influence the decisions of the entity as a whole, rather than the decisions of individual directorates or departments'*. The Chief Executive has confirmed that, in this context, the Trust's voting executive directors, together with the non-executive directors, are its 'senior managers'.

The level of remuneration paid to the chairs and Non-Executive directors of NHS trusts is set by the Secretary of State for Health. Executive directors of the Trust are employed on contracts of service and are substantive members of the Trust. The Chief Executive post is a standard NHS contract with no time element included and is reviewed by the Trust's Remuneration Committee on an annual basis. The Medical Director is appointed from within the Trust's consultant body on a fixed-term contract.

The Chief Executive and other executive directors' posts would be subject to national competition if they became vacant. The directors' VSM contracts can be terminated by either party with up to six months' notice. The Trust's disciplinary policies apply to executive directors, including the sanction of summary dismissal for gross misconduct.

No senior manager is entitled to severance payments or termination payments beyond those accruing for redundancy, in line with Trust policy, or for pay in lieu of notice. The Remuneration Committee has no plans to introduce incentive payments or rewards to executive directors. Pay awards are made in line with DHSC guidance, and the Remuneration Committee reviews the remuneration of executive directors on a regular basis, using a variety of benchmarking tools and a robust performance appraisal process.

4.8 Further remuneration disclosures which are subject to audit

The remaining disclosures are subject to audit.

4.8.1 Salaries and benefits of the Trust's senior managers

	2023/24				2022/23			
	Salary & fees (in bands of £5,000) £000	**Taxable benefits** (to the nearest £100) £	**Pension-related benefits** (in bands of £2,500) £000	**Total** (in bands of £5,000) £000	**Salary & fees** (in bands of £5,000) £000	**Taxable benefits** (to the nearest £100) £	**Pension-related benefits** (in bands of £2,500) £000	**Total** (in bands of £5,000) £000
Richard Fraser Chair	50-55	0	n/a	**50-55**	50-55	0	n/a	**50-55**
Ann Marr OBE [1] Chief Executive-*total remuneration*	200-205	0	n/a	**200-205**	200-205	0	n/a	**200-205**
Remuneration ***included in the above figure*** *relating to this Trust*	185-190	0	n/a	**185-190**	140-145	0	n/a	**140-145**
Anne-Marie Stretch [1] Deputy CEO / Director of Human Resources-*total remuneration*	160-165	0	0	**160-165**	150-155	0	77.5-80	**230-235**
Remuneration ***included in the above figure*** *relating to this Trust*	125-130	0	0	**125-130**	30-35	0	15-17.5	**45-50**
Gareth Lawrence Director of Finance & Information	145-150	0	0	**145-150**	140-145	0	115-117.5	**255-260**
Rowan Pritchard Jones [2] Medical Director (finished Medical Director responsibilities June 2022)					50-55	0	20-22.5	**75-80**
Dr Peter Williams [3] Medical Director (commenced Medical Director responsibilities July 2022)	225 -230	0	0	**225 -230**	130 -135	0	125-127.5	**260-265**
Sue Redfern Director of Nursing, Midwifery and Governance	90-95	0	n/a	**90-95**	85-90	0	n/a	**85-90**
Nicola Bunce [1] Director of Corporate Services (included under this disclosure from April 2023)	120-125	0	0	**120-125**				
Remuneration ***included in the above figure*** *relating to this Trust*	115-120	0	0	**115-120**				
	170-175	0	0	**170-175**				
	90-95	0	n/a	**90-95**				

	2023/24				2022/23			
	Salary & fees (in bands of £5,000) £000	**Taxable benefits** (to the nearest £100) £	**Pension-related benefits** (in bands of £2,500) £000	**Total** (in bands of £5,000) £000	**Salary & fees** (in bands of £5,000) £000	**Taxable benefits** (to the nearest £100) £	**Pension-related benefits** (in bands of £2,500) £000	**Total** (in bands of £5,000) £000
Christine Walters Director of Informatics (included under this disclosure from April 2023)	120-125	0	30-32.5	**150-155**				
Geoffrey Appleton Non-Executive Director (Deputy Chair)	15-20	0	n/a	**15-20**	15-20	0	n/a	**15-20**
Gill Brown Non-Executive Director	10-15	0	n/a	**10-15**	10-15	0	n/a	**10-15**
Ian Clayton Non-Executive Director	15-20	0	n/a	**15-20**	15-20	0	n/a	**15-20**
Stephen Connor Non-Executive Director (from February 2024)	0-5	0	n/a	**0-5**				
Jeff Kozer Non-Executive Director (to December 2023)	5-10	0	n/a	**5-10**	10-15	0	n/a	**10-15**
Lisa Knight Non-Executive Director	10-15	0	n/a	**10-15**	10-15	0	n/a	**10-15**
Paul Growney Associate Non-Executive Director	10-15	0	n/a	**10-15**	10-15	0	n/a	**10-15**
Professor Hazel Scott [4] Non-Executive Director (from November 2023)	5-10	0	n/a	**5-10**				
Rani Thind Associate Non-Executive Director (from September 2021)	10-15	0	n/a	**10-15**	10-15	0	n/a	**10-15**

Notes:

1. From 2023/24 the Trust has decided to include in the disclosure members of the Executive Team (over and above what has been disclosed in previous years).
2. Some individuals are affected by the Public Service Pensions Remedy where their membership between 1st April 2015 and 31st March 2022 was moved back into the 1995/2008 Scheme on 1 October 2023. Negative values are not disclosed in this table but are substituted with a zero.

[1] Ann Marr, Anne-Marie Stretch and Nicola Bunce were partly recharged to Southport & Ormskirk Hospital NHS Trust - the element of remuneration relating to Mersey and West Lancashire Teaching Hospitals NHS Trust is disclosed below their total remuneration.

[2] The salary and fees range above represents a part-year salary as Mr R Pritchard-Jones finished his Medical Director responsibilities in June 2022. The element of that salary that relates to his role as Board Director in 2022/23 falls in the range £5k - £10k.

[3] The salary and fees range above represents a part-year salary as Dr P Williams only commenced his Medical Director responsibilities in July 2022. The element of that salary that relates to his role as Board Director falls in the range £20k - £25k (2022/23) and £30k - £35k (2023/24).

[4] Nominated by the University of Liverpool.

Unless otherwise indicated, all the senior managers in the table were in post for the 12 month period to 31st March 2024. In this section, remuneration is included only for the period during which each individual was deemed to be a senior manager and includes remuneration for duties that are not specifically part of their 'senior manager' role.

Taxable benefits relate to expenses reimbursed to the senior managers that are potentially within scope for taxation and are assessed and processed by the Trust's payroll function. No annual performance-related bonuses or long term performance-related bonuses were paid during the period.

Pension-related benefits relate wholly to NHS Pensions schemes. They are calculated using a national standard formula and reflect the real increase in pension at retirement age (depending on the scheme) within the year multiplied by a valuation factor of 20. This may be added to the real increase in lump sum, depending on the scheme. The resultant figure represents an estimate of the lifetime benefit of the annual increase. These figures exclude the estimated impact of the employee's own contributions.

No exit packages have been agreed or paid relating to 'senior managers'. No payments were made to past senior managers, other than those related to ongoing employment in other roles, where applicable.

The table on the following page shows the pension benefits of those senior managers in receipt of such benefits. Non-Executive directors do not receive pensionable remuneration. All pension benefits relate to NHS Pensions.

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouses (or other allowable beneficiaries) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real increase in CETV reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

Pension benefits of senior managers

	2023/24						
	(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(g) £000
Ann Marr OBE [1] Chief Executive							
Anne-Marie Stretch [2] Deputy CEO / Director of Human Resources	0	30 - 32.5	85 - 90	235 - 240	1,766	171	2,138
Gareth Lawrence Director of Finance & Information (from April 2022)	0	17.5 - 20	25 - 30	65 - 70	386	7	436
Rowan Pritchard Jones [3] Medical Director (finished Medical Director responsibilities June 2022)							
Dr Peter Williams [3] Medical Director (commenced Medical Director responsibilities July 2022)	0	40 - 42.5	50 - 55	130 - 135	749	210	1,056
Sue Redfern [1] Director of Nursing, Midwifery and Governance							
Nicola Bunce Director of Corporate Services (included under this disclosure from April 2023)	0	0	55 - 60	160 - 165	1,355	0	1,484
Rob Cooper Managing Director, Strategy and Operations (included under this disclosure from April 2023)	0	0	30 - 35	90 - 95	630	0	685
Lesley Neary [4] Chief Operating Officer (from July 2023)							
Christine Walters Director of Informatics (included under this disclosure from April 2023)	0 - 2.5	0	0 - 5	0	0	0	0

(a) Real increase in pension at pension age (bands of £2,500)
(b) Real increase in pension lump sum at pension age (bands of £2,500)
(c) Total accrued pension at pension age on 31st March 2024 (bands of £5,000)
(d) Lump sum at pension age related to accrued pension at 31st March 2024 (bands of £5,000)
(e) Cash equivalent transfer value (CETV) at 1st April 2023 (to the nearest £1,000)
(f) Real increase in CETV (to the nearest £1,000)
(g) CETV at 31st March 2024 (to the nearest £1,000)

	2022/23						
	(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(g) £000
Ann Marr OBE [1] Chief Executive							
Anne-Marie Stretch [2] Deputy CEO / Director of Human Resources	2.5 - 5	5 - 7.5	80 - 85	185 - 190	1,594	101	1,766
Gareth Lawrence Director of Finance & Information (from April 2022)	5 - 7.5	10 - 12.5	25 - 30	45 - 50	284	76	386
Rowan Pritchard Jones [3] Medical Director (finished Medical Director responsibilities June 2022)	0 - 2.5	0	40 - 45	80 - 85	666	6	717
Dr Peter Williams [3] Medical Director (commenced Medical Director responsibilities July 2022)	5 - 7.5	5 - 7.5	45 - 50	85 - 90	620	68	749
Sue Redfern [1] Director of Nursing, Midwifery and Governance							
Nicola Bunce Director of Corporate Services (included under this disclosure from April 2023)							
Rob Cooper Managing Director, Strategy and Operations (included under this disclosure from April 2023)							
Lesley Neary [4] Chief Operating Officer (from July 2023)							
Christine Walters Director of Informatics (included under this disclosure from April 2023)							

(a) Real increase in pension at pension age (bands of £2,500)
(b) Real increase in pension lump sum at pension age (bands of £2,500)
(c) Total accrued pension at pension age on 31st March 2023 (bands of £5,000)
(d) Lump sum at pension age related to accrued pension at 31st March 2023 (bands of £5,000)
(e) Cash equivalent transfer value (CETV) at 1st April 2022 (to the nearest £1,000)
(f) Real increase in CETV (to the nearest £1,000)
(g) CETV at 31st March 2023 (to the nearest £1,000)

Notes:

1. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 30th June 2023.
1. Some individuals are affected by the Public Service Pensions Remedy where their membership between 1st April 2015 and 31st March 2022 was moved back into the 1995/2008 Scheme on 1 October 2023. Negative values are not disclosed in this table but are substituted with a zero.

[1] For pension scheme members over the national retirement age, or no longer contributing, a CETV calculation is not applicable.

[2] Pension scheme members benefits are not split by the NSH Pension agency in staff sharing arrangements. Therefore, the disclosure for Anne-Marie Stretch, in both the current and prior year, represents the full accrued benefit.

[3] The real increase in pensions (a), lump sum (b) and CETV (f) here represent a proportion of the full year value given both were Board Directors for part of the prior year.

[4] Chose not to be covered by the pension arrangements during the reporting year.

4.8.2 Exit packages

NHS trusts are required to disclose summary information of the full costs of staff exit packages which have been agreed in the year. This is subject to audit.

Staff Exit packages

Exit package cost band	2023/24 Number of compulsory redundancies Number	2023/24 Cost of compulsory redundancies £	2023/24 Number of other departures Number	2023/24 Cost of departures £	2023/24 Total number of exit packages Number	2023/24 Total cost of exit packages £
< £10,000	-	-	28	109,457	**28**	**109,457**
£10,001 - £25,000	-	-	2	21,479	**2**	**21,479**
£25,001 - £50,000	-	-	-	-	-	-
Total	**0**	**0**	**30**	**130,936**	**30**	**130,936**

Exit package cost band	2022/23 Number of compulsory redundancies Number	2022/23 Cost of compulsory redundancies £	2022/23 Number of other departures Number	2022/23 Cost of departures £	2022/23 Total number of exit packages Number	2022/23 Total cost of exit packages £
< £10,000	-	-	35	158,945	**35**	**158,945**
£10,001 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	-	-	-	-	-	-
Total	**0**	**0**	**35**	**158,945**	**35**	**158,945**

In 2023/24, 27 of the 'other departures' were because of dismissal, 2 were resignation and 1 was redundancy.

Exit packages: non-compulsory 'other departure' payments

	2023/24 Agreements Number	2023/24 Total value of agreements £000	2022/23 Agreements Number	2022/23 Total value of agreements £000
Contractual payments in lieu of notice	28	120	35	159
Voluntary redundancies including early retirement contractual costs	2	10		

No non-contractual exit packages, which require HM Treasury pre-approval, were made in either 2022/23 or 2023/24. None of the exit packages disclosed relate to 'senior managers' of the Trust.

4.9 Fair Pay Disclosures

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation against the 25th percentile, median (50th percentile) and 75th percentile remuneration of the organisation's workforce. In this context, the median is defined as the total remuneration of the staff member who lies in the middle of the linear distribution of staff, excluding the highest paid director. The highest paid director is, at 31st March, a 'senior manager' as defined previously in *4.5 Senior managers' remuneration policy.*

The banded remuneration of the Trust's highest paid director, the Medical Director in the financial year 2023/24 (2022/23 Medical Director STHK & S&O) was £225,000 to £230,000 (2022/23 £155k to £160k MD STHK & £180k to £185k MD S&O). Based on the midpoint of the band, this was 6.58 times (2022/23 4.78 times STHK & 6.21 S&O) the median remuneration of the workforce, which was £34,581 (2022/23 £32,974 STHK & £29,384 S&O).

In 2023/24, 13 employees received remuneration in excess of the highest paid director (2022/23, 17 employees STHK & 21 employees S&O). Their remuneration in 2023/24 ranged from £366,363 to £232,675 (2022/23 £232,009 to £156,733 STHK, £313,102 to £183,590 S&O). These employees are members of the medical workforce, and the pay figures do not reflect actual paid salary, but rather, the calculated annualised, full-time equivalent salary as described below.

There was a 31% (between MWL and STHK) (2022/2023 17% reduction) and 20% (between MWL and S&O), (2022/2023 3% increase) change from the previous financial year in respect of the highest paid Director in the mid-point of the renumeration band.

There was an average 2% (between MWL and STHK) (2022/2023 3% increase) and 19% (Between MWL and S&O) (2022/2023 5% reduction) change from the previous financial year in respect of total remuneration of the employees, taken as a whole. The total remuneration for all employees on an annualised basis, excluding the highest paid director, divided by the full-time equivalent (FTE) number of employees (also excluding the highest paid director).

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

In this *Fair Pay* section, remuneration figures are based on the annualised, full time equivalent remuneration at 31st March, and they therefore may vary from *actual annual pay* per individual.

The increase in the median total is following the merge of 2 legacy organisations. Effective from the 1st July 2023 STHK was renamed Mersey & West Lancashire Teaching Hospitals (MWL) and S&O merged into MWL. The increase is also driven by the national Agenda for Change pay deal, the calculation of average payments of overtime and pay during annual leave under agenda for change terms and conditions section 13.9 and corrective payments.

The relationship to the separate ratios (25th percentile, median and 75th percentile) for the total staff remuneration against the mid-point of the banded remuneration of the highest paid director, is disclosed in the below tables:

23-24 MWL	25th Percentile	Median	75th Percentile
Total Renumeration	£25,412	£34,581	£45,430
Salary Component of Total Renumeration	£25,147	£34,581	£42,618
Pay Ratio Information Renumeration	8.95:1	6.58:1	5.01:1
Pay Ratio Salary Component	9.05:1	6.58:1	5.34:1

22-23 STHK	25th Percentile	Median	75th Percentile
Total Renumeration	£24,483	£32,974	£43,714
Salary Component of Total Renumeration	£20,270	£32,934	£41,659
Pay Ratio Information Renumeration	6.43:1	4.78:1	3.60:1
Pay Ratio Salary Component	7.77:1	4.78:1	3.78:1

22-23 S&O	25th Percentile	Median	75th Percentile
Total Renumeration	£23,415	£29,384	£42,750
Salary Component of Total Renumeration	£23,415	£29,384	£42,750
Pay Ratio Information Renumeration	7.79:1	6.21:1	4.27:1
Pay Ratio Salary Component	7.79:1	6.21:1	4.27:1

Accountability Report signed by

Ann Marr

Ann Marr OBE
Chief Executive

15th August 2024

Section 3 - Annual Accounts 2023/24

5. Annual Accounts

Annual Accounts for the year ended
31st March 2023

5.1 Statement of the director's responsibilities in respect of the Accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, other items of comprehensive income and cash flows for the year. In preparing those accounts, the directors are required to:

- Apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury.
- Make judgements and estimates which are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.
- Prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts. The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Trust's performance, business model and strategy.

By order of the Board, signed by

Ann Marr

Ann Marr OBE
Chief Executive 15th August 2024

Gareth Lawrence

Gareth Lawrence
Director of Finance & Information 15th August 2024

5.2 Independent auditor's report

Independent auditor's report to the directors of Mersey and West Lancashire Teaching Hospitals NHS Trust

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Mersey and West Lancashire Teaching Hospitals NHS Trust (the 'Trust') for the year ended 31st March 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023-24.

In our opinion, the financial statements:

- Give a true and fair view of the financial position of the Trust as at 31st March 2024 and of its expenditure and income for the year then ended.
- Have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023-24.
- Have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

In our evaluation of the directors' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2023-24 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the Department of Health and Social Care Group Accounting Manual 2023-24 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- The parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2023-24.
- Based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- We issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.
- We refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.
- We make a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

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

Responsibilities of directors

As explained more fully in the Statement of the directors' responsibilities in respect of the Accounts, the directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023-24).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and fraud in certain expenditure and revenue recognition where risk was not rebutted. We determined that the principal risks were in relation to:
  - journals with identified risk characteristics that we determined as high risk;
  - significant accounting estimates and critical judgements made by management;
  - variable and other income not agreed in advance; and
  - non pay and other expenditure susceptible for manipulation by management
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on high risk journals;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations and PFI liability remeasurement; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in certain revenue and expenditure recognition, and the significant accounting estimates related to land and building valuations, PFI liability remeasurement. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the Trust operates
  - understanding of the legal and regulatory requirements specific to the Trust including:
  - the provisions of the applicable legislation
  - NHS England's rules and related guidance
  - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2024.

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

Responsibilities of the Accountable Officer

As explained in the Statements of responsibilities set out in section 3.2 Report, the Chief Executive, as Accountable Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(2A)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of Mersey and West Lancashire Teaching Hospitals NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

John Farrar

John Farrar, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Liverpool
15th August 2024

5.3 Annual Accounts for the year ended 31st March 2024

Annual Accounts 2023-24

5.3.1 Statement of Comprehensive Income (SoCI)

	Note	2023/24 £000	2022/23 £000
Operating income from patient care activities	3	**709,705**	495,421
Other operating income	4	**107,684**	90,517
Operating expenses	6, 8	**(790,253)**	(546,479)
Operating surplus/(deficit) from continuing operations		**27,136**	39,459
Finance income	10	**4,307**	2,050
Finance expenses	11	**(70,544)**	(18,674)
Net finance costs		**(66,237)**	(16,624)
Other gains / (losses)	12	**4**	-
Gains / (losses) arising from transfers by absorption *	33	**115,928**	-
Surplus / (deficit) for the year from continuing operations		**76,831**	22,835
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	**403**	133
Revaluations	16	**3,754**	4,879
Total comprehensive income / (expense) for the period		**79,643**	27,847

* On 1st July 2023 St Helens & Knowsley NHS Trust acquired all the assets and liabilities of Southport & Ormskirk Hospital NHS Trust. At this point St Helens & Knowsley NHS Trust renamed to Mersey & West Lancashire Teaching Hospitals NHS Trust.

For comparison to previous years, the 2023/24 figures contain 3 months of St Helens & Knowsley and 9 months of Mersey & West Lancashire.

5.3.2 Statement of Financial Position

	Note	31st March 2024 £000	31st March 2023 £000
Non-current assets			
Intangible assets	13	**15,294**	5,540
Property, plant and equipment	14	**460,890**	304,680
Right of use assets	17	**36,132**	24,655
Receivables	19	**15,794**	12,614
Total non-current assets		**528,110**	347,489
Current assets			
Inventories	18	**9,454**	5,628
Receivables	19	**70,045**	78,940
Cash and cash equivalents	20	**24,658**	25,639
Total current assets		**104,157**	110,207
Current liabilities			
Trade and other payables	21	**(79,079)**	(77,330)
Borrowings	23	**(17,637)**	(10,287)
Provisions	24	**(795)**	(482)
Other liabilities	22	**(13,049)**	(11,471)
Total current liabilities		**(110,560)**	(99,570)
Total assets less current liabilities		**521,707**	358,126
Non-current liabilities			
Borrowings	23	**(460,523)**	(234,911)
Provisions	24	**(4,177)**	(3,153)
Other liabilities	22	**-**	(54)
Total non-current liabilities		**(464,700)**	(238,118)
Total assets employed		**57,007**	120,008
Financed by			
Public dividend capital		**297,140**	147,826
Revaluation reserve		**28,491**	19,353
Income and expenditure reserve		**(268,624)**	(47,171)
Total taxpayers' equity		**57,007**	120,008

The notes on subsequent pages form part of these accounts.

Accounts signed by:

Ann Marr

Ann Marr OBE, Chief Executive 15th August 2024

Gareth Lawrence

Gareth Lawrence, Director of Finance & Information 15th August 2024

5.3.3 Statement of Changes in Equity

Statement of Changes in Equity for the year ended 31st March 2024

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1st April 2023 - brought forward	**147,826**	**19,353**	**(47,171)**	**120,008**
Application of IFRS 16 measurement principles to PFI liability on 1st April 2023	**-**	**-**	**(176,030)**	**(176,030)**
Surplus/(deficit) for the year	**-**	**-**	**76,831**	**76,831**
Transfers by absorption: transfers between reserves	**115,928**	**5,470**	**(121,398)**	**-**
Other transfers between reserves	**-**	**(478)**	**478**	**-**
Impairments	**-**	**403**	**-**	**403**
Revaluations	**-**	**3,754**	**-**	**3,754**
Transfer to retained earnings on disposal of assets	**-**	**(11)**	**11**	**-**
Public dividend capital received	**33,386**	**-**	**-**	**33,386**
Other reserve movements	**-**	**-**	**(1,345)**	**(1,345)**
Taxpayers' and others' equity at 31st March 2024	**297,140**	**28,491**	**(268,624)**	**57,007**

Statement of Changes in Equity for the year ended 31st March 2023

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1st April 2022 - brought forward	**129,821**	**14,788**	**(70,453)**	**74,156**
Surplus/(deficit) for the year	-	-	22,835	**22,835**
Other transfers between reserves	-	(264)	264	**-**
Impairments	-	133	-	**133**
Revaluations	-	4,879	-	**4,879**
Transfer to retained earnings on disposal of assets	-	(183)	183	**-**
Public dividend capital received	18,005	-	-	**18,005**
Taxpayers' and others' equity at 31st March 2023	**147,826**	**19,353**	**(47,171)**	**120,008**

5.3.4 Information on reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the Trust.

5.3.5 Statement of Cash Flows

	Note	2023/24 £000	2022/23 £000
Cash flows from operating activities			
Operating surplus / (deficit)		**27,136**	39,459
Non-cash income and expense:			
Depreciation and amortisation	6.1	**25,679**	22,693
Net impairments	7	**(2,348)**	(16,121)
Income recognised in respect of capital donations	4	**(533)**	(103)
(Increase) / decrease in receivables and other assets		**7,143**	(28,536)
(Increase) / decrease in inventories		**(1,213)**	(552)
Increase / (decrease) in payables and other liabilities		**(55,400)**	(5,399)
Increase / (decrease) in provisions		**815**	(629)
Net cash flows from / (used in) operating activities		**1,279**	10,812
Cash flows from investing activities			
Interest received		**4,274**	1,749
Purchase of intangible assets		**(5,084)**	(1,401)
Purchase of PPE and investment property		**(6,323)**	(25,449)
Receipt of cash donations to purchase assets		**533**	103
Prepayment of PFI capital contributions		**(2,211)**	(3,433)
Net cash flows from / (used in) investing activities		**(8,811)**	(28,431)
Cash flows from financing activities			
Public dividend capital received		**33,386**	18,005
Movement on other loans		**(422)**	(422)
Capital element of finance lease rental payments		**(6,104)**	(4,557)
Capital element of PFI, LIFT and other service concession payments		**(12,430)**	(5,503)
Interest paid on finance lease liabilities		**(702)**	(67)
Interest paid on PFI, LIFT and other service concession obligations		**(16,456)**	(18,370)
PDC dividend (paid) / refunded		**(1,216)**	-
Net cash flows from / (used in) financing activities		**(3,944)**	(10,914)
Increase / (decrease) in cash and cash equivalents		**(11,476)**	(28,533)
Cash and cash equivalents at 1st April - brought forward		**25,639**	54,172
Cash and cash equivalents transferred under absorption accounting	33	**10,495**	-
Cash and cash equivalents at 31st March	20.1	**24,658**	25,639

5.3.6 Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2023/24 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Interests in other entities

The Trust is the corporate trustee of Whiston and St Helens Hospitals' Charity and the Southport and Ormskirk Hospitals Charity ('the Charities'). It has assessed its relationship with the Charities and determined them to be subsidiaries, as it has the power to realise economic returns and other benefits from the Charities. The Trust has reviewed the value of the Charities' fund balances at 31st March 2024 and does not consider these to be material to the Trust. Consequently, consolidated financial statements, incorporating the accounts of both the Trust and the Charities ('group accounts') have not been prepared for the year ended 31st March 2024.

Note 1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make various judgements, estimates and assumptions which create a risk of material uncertainty.These judgements, estimates and assumptions are based on historical experience and other factors considered of relevance. Actual results may differ from those estimates, and underlying assumptions are regularly reviewed. Revisions to estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Listed below are areas where management has made judgements, apart from those involving estimations, in the process of applying the Trust's accounting policies, which are deemed most significant to the amounts recognised in the financial statements:

Asset Valuation

There are two further critical areas of judgement relating to the Trust's land and building ('estate') assets which may materially affect the financial statements:

The GAM requires that the valuation of the Trust's specialised buildings is based on a modern equivalent asset (MEA) with the same productive capacity as the property being valued. As in recent years, the Trust has opted to interpret the MEA basis as pertaining to two single combined hospital facilities ('single alternative site model'), one covering the traditional Whiston and St Helens boundaries and the other covering Southport and Ormskirk traditional boundaries and this fundamentally affects valuation processes, generally reducing floor space and asset carrying values.

The Trust's PFI assets are valued at depreciated replacement cost. For the St Helens and Knowsley estate, these exclude VAT, consistent with previous years. This critical judgement to exclude VAT arises because any re-provision of service would involve a similar PFI arrangement, for which VAT would be recoverable. Recoverable VAT on the net book value of the PFI estate would be approximately £48m.

Key source of estimation uncertainty

The following is a key source of estimation uncertainty at the end of the reporting period that presents significant risk of causing a material adjustment to the carrying amount of assets or liabilities within the next financial year:

Property, plant and equipment

The Independent valuers use indices and knowledge from the Trust (including obselence factors and compliance with standards) to derive a modern equivalent asset valuation.

Accruals

Accruals are made in the accounts, for example, in expenditure where an invoice has not been received and therefore an estimated amount is put into expenditure based on past invoicing trends.

Provisions

Public and employer liabilities plus other legal provisions are calculated using a percentage likelihood of a successful claim.

NHS England have provided a calculation for the provision liabilities arising from the 2019/20 clinicians' pensions compensation scheme at £798k.

Central employer pension contribution

Providers are required to account for the additional expenditure arising from the 6.3% pension contributions paid by NHS England and the related income on a gross basis.

For Mersey and West Lancashire Teaching Hospitals NHS Trust this pension contribution is £19.486m for 2023/24.

Note 1.5 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised.

Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1st April 2023. The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare.

Aligned payment and incentive contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

High costs drugs and devices excluded from the calculation of national prices are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

In 2022/23 fixed payments were set at a level assuming the achievement of elective activity targets within aligned payment and incentive contracts.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as 'other clinical income' in these accounts.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. In 2023/24, trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the Trust contributes to system performance and therefore the availability of funding to the Trust's commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts.

NHS injury cost recovery scheme

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

Note 1.6 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Lead Employer

The Trust administers a significant Lead Employer scheme, delivering payroll services for doctors in training at a number of NHS bodies in England and Wales. The Trust pays the trainee doctors and recharges their pay costs to the host body at which they were working in that period. In line with IFRS 15 – Revenue from Contracts with Customers, the pay costs and corresponding recovery of those costs are not shown as expenditure and income in the Statement of Comprehensive Income (SoCI).

Note 1.7 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

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

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

National Employment Savings Trust (NEST)

NEST is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008. This alternative scheme is provided under the Trust's 'automatic enrolment' duties to the small number of employees who choose this scheme.NEST levies a contribution charge and an annual management charge which is paid for from employee contributions. There are no separate employer fees levied by NEST. The Trust is legally required to make a minimum contribution for opted-in employees who earn more than the qualifying earnings threshold, and the cost to the Trust of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. That is, employer's pension costs of contributions are charged to operating expenditure as and when they become due.

Note 1.8 Expenditure on other goods and services

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

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- It is held for use in delivering services or for administrative purposes.
- It is probable that future economic benefits will flow to, or service potential be provided to, the trust.
- It is expected to be used for more than one financial year .
- The cost of the item can be measured reliably.
- The item has cost of at least £5,000.
- Collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the Trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust.

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

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

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

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

Revaluation gains and losses

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

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

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

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

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated and grant-funded assets

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

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

This includes assets donated to the Trust by the Department of Health and Social Care or NHS England as part of the response to the coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the Trust. Annual contract payments to the operator (the unitary charge) are apportioned between the repayment of the liability including the finance cost, the charges for services and lifecycle replacement of components of the asset.

Initial recognition

In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Initial measurement of the asset and liability are in accordance with the initial measurement principles of IFRS 16 (see leases accounting policy).

Subsequent measurement

Assets are subsequently accounted for as property, plant and equipment and/or intangible assets as appropriate.

The liability is subsequently reduced by the portion of the unitary charge allocated as payment for the asset and increased by the annual finance cost. The finance cost is calculated by applying the implicit interest rate to the opening liability and is charged to finance costs in the Statement of Comprehensive Income. The element of the unitary charge allocated as payment for the asset is split between payment of the finance cost and repayment of the net liability.

Where there are changes in future payments for the asset resulting from indexation of the unitary charge, the Trust remeasures the PFI liability by determining the revised payments for the remainder of the contract once the change in cash flows takes effect. The remeasurement adjustment is charged to finance costs in the Statement of Comprehensive Income.

The service charge is recognised in operating expenses in the Statement of Comprehensive Income.

Initial application of IFRS 16 liability measurement principles to PFI and LIFT liabilities

IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities in these financial statements from 1st April 2023. The change in measurement basis has been applied using a modified retrospective approach with the cumulative impact of remeasuring the liability on 1st April 2023 recognised in the income and expenditure reserve.

Comparatives for PFI, LIFT and other service concession arrangement liabilities have not been restated on an IFRS 16 basis, as required by the DHSC Group Accounting Manual. Under IAS 17 measurement principles which applied in 2022/23 and earlier, movements in the liability were limited to repayments of the liability and the annual finance cost arising from application of the implicit interest rate. The cumulative impact of indexation on payments for the asset was charged to finance costs as contingent rent as incurred.

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	1	80
Dwellings	1	36
Plant & machinery	1	30
Transport equipment	1	7
Information technology	1	15
Furniture & fittings	1	15

Note 1.10 Intangible assets

Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

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

Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	Max life Years
Information technology	1	10
Software licences	1	5

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method or the weighted average cost method.

The Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.12 Cash and cash equivalents

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

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

Note 1.13 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

The classification of financial instruments is determined by their cash flow and business model characteristics, as set out in IFRS 9 Financial Instruments, and is determined at the time of initial recognition. The only categories of financial assets and financial liabilities held by the Trust are 'Financial assets / liabilities held at amortised cost'.

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

Financial assets and financial liabilities at amortised cost

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

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

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets

The term 'impairment' refers both to the permanent 'write-off' of a debt, and the creation of a 'loss allowance' balance for a debt or group of debts. Other than Injury Cost Recovery (ICR) receivables, the only financial assets impaired by the Trust, in this and the previous year, have been trade receivables.The ICR allowance reflects the average value of claims withdrawn as advised to DHSC by the Compensation Recovery Unit (CRU) of the Department for Work and Pensions. The percentage is updated by the CRU, and reflects expected rates of collection across the NHS.

In accordance with IFRS 9, the Trust adopts the 'simplified approach' to non-ICR receivables impairment. When significant, the Trust recognises a loss allowance at an amount equal to lifetime expected credit losses. This is estimated across different populations of receivables in different customer segments, using both historical data and forward-looking information, to form a view about the impairment of Trust debts held on 31st March 2024. This activity is referred to as 'stage 2' impairment in the GAM, and such allowances cannot be applied to NHS bodies and certain other government entities.

For individual debts for which there exists objective evidence of credit impairment since initial recognition, such that the Trust anticipates it is unable to collect amounts due ('stage 3' impairment), credit losses at the reporting date are measured as the difference between the debt's gross carrying amount and the present value of the estimated future cash flows discounted at the financial debt's original effective interest rate. This normally equates to the difference between the invoice value and expected receipts for the Trust's trade receivables. Credit losses are then charged to operating expenditure within the Statement of Comprehensive Income, and reduce the net carrying value of the debt in the Statement of Financial Position. When there is no reasonable expectation of recovery, the credit loss is transacted as a permanent 'write-off'.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired, the Trust has transferred substantially all of the risks and rewards of ownership, or the Trust has not retained control of the asset.

Note 1.14 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The Trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

The Trust is not a lessor.

Initial application of IFRS 16 in 2022/23

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury was applied to these financial statements with an initial application date of 1st April 2022. IFRS 16 replaced *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations.

The standard was applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1st April 2022. Upon initial application, the provisions of IFRS 16 were only applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments were not revisited.

The Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1st April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application. Hindsight was used in determining the lease term where lease arrangements contained options for extension or earlier termination.

No adjustments were made on initial application in respect of leases with a remaining term of 12 months or less from 1st April 2022 or for leases where the underlying assets had a value below £5,000. No adjustments were made in respect of leases previously classified as finance leases.

The Trust as lessor

The Trust is not a lessor.

Note 1.15 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31st March 2024:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.26%	3.27%
Medium-term	After 5 years up to 10 years	4.03%	3.20%
Long-term	After 10 years up to 40 years	4.72%	3.51%
Very long-term	Exceeding 40 years	4.40%	3.00%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31st March 2024:

	Inflation rate	Prior year rate
Year 1	3.60%	7.40%
Year 2	1.80%	0.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.45% in real terms (prior year: minus 1.70%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which The Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at Note 23.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 24 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 24, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.17 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.18 Value added tax

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

Note 1.19 Corporation tax

As an NHS trust, Mersey and West Lancashire Teaching Hospitals NHS Trust is exempt from corporation tax.

Note 1.20 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.21 Foreign exchange

The functional and presentational currency of the Trust is pounds sterling, presented in thousands unless expressly stated otherwise. A transaction which is denominated in a foreign currency is translated into sterling at the spot exchange rate on the date of the financial transaction.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31st March. Exchange gains or losses (arising on settlement of the transaction or on retranslation on 31st March) are recognised in income or expenditure in the period in which they arise. Such transactions are not expected to be significant in any reporting year.

Note 1.22 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.23 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.24 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.25 Transfers of functions from other NHS bodies

On 1st July 2023, the functions, assets and liabilities transferred from Southport and Ormskirk Hospital Trust to the Trust which renamed itself Mersey and West Lancashire Teaching Hospitals NHS Trust from St Helens and Knowsley Teaching Hospitals NHS Trust.

For functions that have been transferred to the Trust from another NHS body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain corresponding to the net assets transferred is recognised within income, but not within operating activities. The net gain to Mersey and West Lancashire Teaching Hospitals NHS Trust was c£116m.

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

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

Note 1.26 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2023/24.

Note 1.27 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 14 Regulatory deferral accounts is not UK endorsed and applies to first time adopters of IFRS after 1st January 2016. It is therefore not applicable to DHSC group bodies.

IFRS 17 Insurance Contracts. Application required for accounting periods beginning on or after 1st January 2023. Standard is not yet adopted by FreM which ie expected to be from April 2025. Early adoption is not permitted. The expected impact is not yet known.

Note 2 Operating Segments

The Trust has an internal divisional structure based on specialties and functions. There are 4 divisions - Planned Care, Medicine and Emergency Care, Specialist and Corporate.

The operating results of the Trust are reviewed monthly or more frequently by the Trust's chief operating decision maker which is the overall Trust Board. The Trust Board review the financial position of the whole organisation in their decision making process, rather than individual divisions included in the totals.

Under IFRS8 segmental reporting, the Trust is required to report separate segments only where one of the quantitative thresholds is reached: 10% of revenue, profit/loss or assets; unless this would result in less than 75% of the body's revenue being included in reportable segments.

The Trust has reviewed the thresholds and concluded that as all the contractual income for the Trust is held within the Corporate Division and that as this accounts for 90% of total revenue that only one division exceeds the 10% revenue threshold and therefore only one operating segment needs to be reported.

Currently the Trust is viewed as having one segment which is healthcare.

Income, expenditure, assets, liabilities and cash flows of providing that healthcare service is included in primary statements of these financial statements.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.5.

Note 3.1 Income from patient care activities (by nature)

	2023/24 £000	2022/23 £000
Acute services		
Income from commissioners under API contracts - variable element*	**156,154**	
Income from commissioners under API contracts - fixed element*	**443,067**	365,268
High cost drugs income from commissioners	**22,044**	8,408
Other NHS clinical income	**27,714**	27,176
Community services		
Income from commissioners under API contracts*	**25,650**	24,443
Income from other sources (e.g. local authorities)	**-**	282
All services		
Private patient income	**2,132**	1,491
Elective recovery fund	**-**	13,507
National pay award central funding***	**351**	12,330
Additional pension contribution central funding**	**19,486**	13,092
Other clinical income	**13,107**	29,424
Total income from activities	**709,705**	495,421

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2023/25 NHS Payment Scheme documentation.

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

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

***Additional funding was made available by NHS England in 2023/24 and 2022/23 for implementing the backdated element of pay awards where government offers were made at the end of the financial year. 2023/24: In March 2024, the government announced a revised pay offer for consultants, reforming consultant pay scales with an effective date of 1st March 2024. Trade Unions representing consultant doctors accepted the offer in April 2024. 2022/23: In March 2023, the government made a pay offer for staff on agenda for change terms and conditions which was later confirmed in May 2023. The additional pay for 2022/23 was based on individuals in employment at 31st March 2023.

Note 3.2 Income from patient care activities (by source)

	2023/24 £000	2022/23 £000
Income from patient care activities received from:		
NHS England	**60,534**	51,508
Clinical commissioning groups		102,028
Integrated care boards	**633,506**	329,965
Other NHS providers	**426**	508
Local authorities	**4,533**	4,008
Non-NHS: private patients	**2,132**	1,491
Non-NHS: overseas patients (chargeable to patient)	**108**	30
Injury cost recovery scheme *	**2,171**	1,355
Non NHS: other **	**6,295**	4,528
Total income from activities	**709,705**	495,421
Of which:		
Related to continuing operations	**709,705**	495,421

* ICR income represents the recovery of costs from insurers, in cases where personal injury compensation is paid, such as after a road traffic accident (RTA). The scheme is administered by the Compensation Recovery Unit (CRU) of the Department for Work and Pensions. The Trust's ICR debt is subject to a loss allowance (Note 18.1).

** Other - mostly includes services provided to Welsh health bodies.

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

	2023/24 £000	2022/23 £000
Income recognised this year	**108**	30
Cash payments received in-year	**7**	22
Amounts added to provision for impairment of receivables	**83**	6
Amounts written off in-year	**1**	-

Note 4 Other operating income

	2023/24 Contract income £000	2023/24 Non-contract income £000	2023/24 Total £000	2022/23 Contract income £000	2022/23 Non-contract income £000	2022/23 Total £000
Research and development	**1,252**	**-**	**1,252**	744	-	744
Education and training	**23,121**	**986**	**24,107**	14,041	802	14,843
Non-patient care services to other bodies	**36,368**	**36,368**	**37,714**	37,714		
Reimbursement and top up funding				2,600		2,600
Receipt of capital grants and donations and peppercorn leases		**533**	**533**		103	103
Charitable and other contributions to expenditure		**201**	**201**		996	996
Other income **	**45,223**	**-**	**45,223**	33,517	-	33,517
Total other operating income	**105,964**	**1,720**	**107,684**	88,616	1,901	90,517
Of which:						
Related to continuing operations			**107,684**			90,517

Non-contract income is recognised in accordance with standards other than IFRS 15.

Notional apprenticeship levy income is non-contract income under Education and training.

Non-patient care services income relates to services provided to other NHS bodies, including pathology, CIPHA scheme incomes, IT and HR / payroll services.

Other income includes PFI support, pharmacy sales, car parking income, incomes from a regional bank staff service and Lead Employer fees.

** Other income breakdown

	2023/24 £000	2022/23 £000
PFI support income	**15,207**	14,117
Car Parking income	**2,736**	1,877
Catering	**834**	-
Pharmacy sales	**2,226**	2,523
Staff accommodation rental	**325**	265
Clinical tests	**86**	82
Other income generation schemes (recognised under IFRS 15)	**985**	481
Other income not already covered (recognised under IFRS 15) ***	**22,824**	14,172
	45,223	33,517

*** Majority relates to income for staff costs

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2023/24 £000	2022/23 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	**7,500**	21,956

The release in 2023/24 relates to Transaction Business Case support from Cheshire & Merseyside ICB received at the end of 2022/23 by the former Southport & Ormskirk Hospital NHS Trust. In totality £10m was received and released in 2023/24 with £2.5m being in Southport & Ormskirk accounts and the balance of £7.5m in Mersey & West Lancashire accounts.

Note 5.2 Transaction price allocated to remaining performance obligations

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

Note 5.3 Fees and charges

HM Treasury requires disclosure of income from charges to service users, where total income from that service exceeds £1m. The full cost associated with the income is also disclosed. The only service in scope for this disclosure is on-site car parking across all sites.

	2023/24 £000	2022/23 £000
Income	**2,733**	1,877
Full cost	**(3,179)**	(2,708)
Surplus / (deficit)	**(446)**	(831)

Note 6.1 Operating expenses

	2023/24 £000	2022/23 £000
Purchase of healthcare from NHS and DHSC bodies	**5,074**	5,212
Purchase of healthcare from non-NHS and non-DHSC bodies	**7,914**	3,509
Staff and executive directors costs	**536,477**	368,779
Remuneration of non-executive directors	**169**	165
Supplies and services - clinical (excluding drugs costs)	**51,307**	33,488
Supplies and services - general	**5,647**	1,894
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	**38,793**	31,096
Inventories written down	**-**	124
Consultancy costs	**279**	2,216
Establishment	**9,589**	3,486
Premises	**39,963**	26,927
Transport (including patient travel)	**2,508**	2,168
Depreciation on property, plant and equipment	**23,840**	17,297
Amortisation on intangible assets	**1,839**	5,396
Net impairments	**(2,348)**	(16,121)
Movement in credit loss allowance: contract receivables / contract assets	**265**	246
Movement in credit loss allowance: all other receivables and investments	**-**	(107)
Change in provisions discount rate(s)	**(73)**	(494)
Fees payable to the external auditor		
audit services- statutory audit	**360**	117
Internal audit costs	**150**	112
Clinical negligence	**19,578**	12,971
Legal fees	**-**	478
Insurance	**45**	276
Research and development	**1,199**	782
Education and training	**6,467**	3,328
Expenditure on short term leases	**476**	1,130
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	**36,525**	30,611
Other	**4,210**	11,393
Total	**790,253**	546,479
Of which:		
Related to continuing operations	**790,253**	546,479

Audit fees include irrecoverable VAT.

Clinical negligence costs relate to the Trust's annual contribution to NHS Resolution under its risk-pooling scheme.

Other expenditure includes professional fees, interpreting services, recruitment fees and costs relating to sterilisation and decontamination.

Note 6.2 Other auditor remuneration

No other auditor remuneration was paid to the external auditor in 2023/24 (2022/23: £Nil)

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2022/23: £2 million).

Note 7 Impairment of assets

	2023/24 £000	2022/23 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	**(2,348)**	(16,121)
Other	**-**	-
Total net impairments charged to operating surplus / deficit	**(2,348)**	(16,121)
Impairments charged to the revaluation reserve	**(403)**	(133)
Total net impairments	**(2,751)**	(16,254)

Note 8 Employee benefits

	2023/24 Total £000	2022/23 Total £000
Salaries and wages	**413,946**	289,210
Social security costs	**39,981**	25,737
Apprenticeship levy	**2,063**	1,328
Employer's contributions to NHS pensions	**63,999**	42,830
Pension cost - other	**172**	133
Termination benefits	**-**	-
Temporary staff (including agency)	**21,080**	12,687
Total gross staff costs	**541,241**	371,925
Recoveries in respect of seconded staff	**-**	-
Total staff costs	**541,241**	371,925
Of which		
Costs capitalised as part of assets	**1,027**	220

Details regarding the remuneration of senior managers can be found in the remuneration section of the Annual Report.

Note 8.1 Retirements due to ill-health

During 2023/24 there were 9 early retirements from the Trust agreed on the grounds of ill-health (2 in the year ended 31st March 2023). The estimated additional pension liabilities of these ill-health retirements is £56k (£172k in 2022/23).

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

Note 9 Pension costs

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31st March 2024, is based on valuation data as at 31st March 2023, updated to 31st March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31st March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the the employer contribution rate will increase to 23.7% from 1st April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31st March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

Note 10 Finance income

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

	2023/24 £000	2022/23 £000
Interest on bank accounts	**4,307**	2,050
Total finance income	**4,307**	2,050

Note 11.1 Finance expenditure

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

	2023/24 £000	2022/23 £000
Interest expense:		
Interest on lease obligations	**702**	306
Interest on late payment of commercial debt	**-**	-
Finance costs on PFI, LIFT and other service concession arrangements:		
Main finance costs	**16,456**	7,984
Contingent finance costs*	**-**	10,386
Remeasurement of the liability resulting from change in index or rate*	**53,382**	
Total interest expense	**70,540**	18,676
Unwinding of discount on provisions	**4**	(2)
Other finance costs	**-**	-
Total finance costs	**70,544**	18,674

* From 1st April 2023, IFRS 16 liability measurement principles are applied to PFI, LIFT and other service concession liabilities. Increases to imputed lease payments arising from inflationary uplifts are now included in the liability, and contingent rent no longer arises. More information is provided in Note 40.

Note 11.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2023/24 £000	2022/23 £000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	**2**	-

Note 12 Other gains / (losses)

	2023/24 £000	2022/23 £000
Gains on disposal of assets	6	-
Losses on disposal of assets	(2)	-
Total gains / (losses) on disposal of assets	**4**	**-**

Note 13.1 Intangible assets - 2023/24

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1st April 2023 - brought forward	**7,324**	**4,730**	**204**	**12,258**
Transfers by absorption	**18,916**	**-**	**2,169**	**21,085**
Additions	**595**	**3,136**	**3,186**	**6,917**
Reclassifications	**547**	**-**	**(547)**	**-**
Disposals / derecognition	**(122)**	**-**	**-**	**(122)**
Valuation / gross cost at 31st March 2024	**27,260**	**7,866**	**5,012**	**40,138**
Amortisation at 1st April 2023 - brought forward	**4,127**	**2,591**	**-**	**6,718**
Transfers by absorption	**16,409**	**-**	**-**	**16,409**
Provided during the year	**1,181**	**658**	**-**	**1,839**
Reclassifications	**-**	**-**	**-**	**-**
Disposals / derecognition	**(122)**	**-**	**-**	**(122)**
Amortisation at 31st March 2024	**21,595**	**3,249**	**-**	**24,844**
Net book value at 31st March 2024	**5,665**	**4,617**	**5,012**	**15,294**
Net book value at 1st April 2023	**3,197**	**2,139**	**204**	**5,540**

Note 13.2 Intangible assets - 2022/23

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1st April 2022				
- as previously stated	8,122	4,429	677	13,228
Additions	1,454	301	204	1,959
Reclassifications	677	-	(677)	-
Disposals / derecognition	(2,929)	-	-	(2,929)
Valuation / gross cost at 31st March 2023	7,324	4,730	204	12,258
Amortisation at 1st April 2022				
- as previously stated	2,311	1,940	-	4,251
Provided during the year	4,745	651	-	5,396
Disposals / derecognition	(2,929)	-	-	(2,929)
Amortisation at 31st March 2023	4,127	2,591	-	6,718
Net book value at 31st March 2023	3,197	2,139	204	5,540
Net book value at 1st April 2022	5,811	2,489	677	8,977

In 2022/23, the Trust retired the Combined Intelligence for Population Health Action (CIPHA) PDC scheme, which created a platform to integrate testing and vaccination data, for epidemiological studies. The nil book value asset disposal (£2.8m) arose as NHS England has now developed a national data model to replace CIPHA.

All intangibles are software assets in both the current and prior years.

The actual useful economic lives of intangible assets as at 31st March 2022 ranged from 0 to 5 years

Note 14.1 Property, plant and equipment - 2023/24

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000
Valuation/gross cost at 1st April 2023				
- brought forward	**9,796**	**259,120**	**-**	**9,078**
Transfers by absorption	**4,689**	**81,016**	**228**	**11,324**
Additions	**1,097**	**10,096**	**-**	**21,402**
Impairments	**-**	**-**	**-**	**-**
Reversals of impairments	**-**	**401**	**-**	**2**
Revaluations	**1,147**	**(3,982)**	**2**	**20**
Reclassifications	**-**	**591**	**-**	**(3,416)**
Transfers to / from assets held for sale	**-**	**-**	**-**	**-**
Disposals / derecognition	**-**	**(3)**	**-**	**-**
Valuation/gross cost at 31st March 2024	**16,729**	**347,239**	**230**	**38,410**
Accumulated depreciation at 1st April 2023				
- brought forward	**-**	**175**	**-**	**-**
Transfers by absorption	**-**	**417**	**5**	**-**
Provided during the year	**-**	**8,348**	**6**	**-**
Impairments	**47**	**9**	**-**	**-**
Reversals of impairments	**-**	**(2,404)**	**-**	**-**
Revaluations	**(47)**	**(6,214)**	**-**	**-**
Reclassifications	**-**	**(23)**	**-**	**23**
Transfers to / from assets held for sale	**-**	**-**	**-**	**-**
Disposals / derecognition	**-**	**-**	**-**	**-**
Accumulated depreciation at 31st March 2024	**-**	**308**	**11**	**23**
Net book value at 31st March 2024	**16,729**	**346,931**	**219**	**38,387**
Net book value at 1st April 2023	**9,796**	**258,945**	**-**	**9,078**

Nearly 70% of the Trust's building assets, and 13% of Plant and machinery (equipment) assets relate to on-SoFP PFI contracts (Note 13.3 and Note 27.1). The Trust did not hold any surplus assets in either the current or prior year. The Trust undertakes periodic reviews of its asset register. Disposals / derecognition balances in both 2023/24 and 2022/23 relate to the identification of assets that were no longer owned or in use. In the main, these were assets which had reached the end of their economic life and were therefore fully depreciated with a net book value of £nil prior to derecognition.

Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
64,615	44	11,765	914	355,332
53,270	658	21,295	2,508	174,988
14,197	251	1,605	195	48,843
-	-	-	-	-
-	-	-	-	403
-	-	-	-	(2,813)
2,438	-	387	-	-
-	-	-	-	-
(4,867)	-	(36)	-	(4,906)
129,653	953	35,016	3,617	571,847
43,155	44	6,566	712	50,652
39,101	568	13,008	2,227	55,326
6,858	16	3,189	74	18,491
-	-	-	-	56
-	-	-	-	(2,404)
-	-	-	-	(6,261)
-	-	-	-	-
-	-	-	-	-
(4,867)	-	(36)	-	(4,903)
84,247	628	22,727	3,013	110,957
45,406	325	12,289	604	460,890
21,460	-	5,199	202	304,680

Note 14.2 Property, plant and equipment - 2022/23

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000
Valuation / gross cost at 1st April 2022				
- as previously stated	8,983	236,087	-	11,009
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-
Additions	-	2,381	-	6,665
Impairments	-	(11)	-	-
Reversals of impairments	-	144	-	-
Revaluations	813	13,756	-	299
Reclassifications	-	6,813	-	(8,895)
Transfers to / from assets held for sale	-	-	-	-
Disposals / derecognition	-	(50)	-	-
Valuation/gross cost at 31st March 2023	9,796	259,120	-	9,078
Accumulated depreciation at 1st April 2022				
- as previously stated	-	120	-	-
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-
Provided during the year	-	6,237	-	-
Impairments	-	2,572	-	91
Reversals of impairments	-	(18,784)	-	-
Revaluations	-	10,080	-	(91)
Disposals / derecognition	-	(50)	-	-
Accumulated depreciation at 31st March 2023	-	175	-	-
Net book value at 31st March 2023	9,796	258,945	-	9,078
Net book value at 1st April 2022	8,983	235,967	-	11,009

Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
62,289	112	11,596	6,414	336,490
(1,579)	-	(1,490)	-	(3,069)
3,999	-	1,659	86	14,790
-	-	-	-	(11)
-	-	-	-	144
-	-	-	-	14,868
2,082	-	-	-	-
-	-	-	-	-
(2,176)	(68)	-	(5,586)	(7,880)
64,615	44	11,765	914	355,332
41,188	112	5,241	6,280	52,941
(616)	-	(547)	-	(1,163)
4,759	-	1,872	18	12,886
-	-	-	-	2,663
-	-	-	-	(18,784)
-	-	-	-	9,989
(2,176)	(68)	-	(5,586)	(7,880)
43,155	44	6,566	712	50,652
21,460	-	5,199	202	304,680
21,101	-	6,355	134	283,549

Note 14.3 Property, plant and equipment financing - 31st March 2024

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000
Owned - purchased	**16,729**	**106,244**	**219**	**38,387**
On-SoFP PFI contracts and other service concession arrangements	**-**	**239,280**	**-**	**-**
Owned - donated/granted	**-**	**1,407**	**-**	**-**
Total net book value at 31st March 2024	**16,729**	**346,931**	**219**	**38,387**

Note 14.4 Property, plant and equipment financing - 31st March 2023

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000
Owned - purchased	9,796	23,929	-	9,078
On-SoFP PFI contracts and other service concession arrangements	-	235,016	-	-
Owned - donated/granted	-	-	-	-
Total net book value at 31st March 2023	9,796	258,945	-	9,078

Note 14.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31st March 2024

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000
Subject to an operating lease				
Not subject to an operating lease	**16,729**	**346,931**	**219**	**38,387**
Total net book value at 31st March 2024	**16,729**	**346,931**	**219**	**38,387**

Note 14.6 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31st March 2023

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000
Subject to an operating lease				
Not subject to an operating lease	9,796	258,945	-	9,078
Total net book value at 31st March 2023	9,796	258,945	-	9,078

Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
37,507	**325**	**12,245**	**478**	**212,134**
5,803	**-**	**-**	**-**	**245,083**
2,096	**-**	**44**	**126**	**3,673**
45,406	**325**	**12,289**	**604**	**460,890**

Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
13,877	-	5,197	202	62,079
6,557	-	-	-	241,573
1,026	-	2	-	1,028
21,460	-	5,199	202	304,680

Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
				-
45,406	**325**	**12,289**	**604**	**460,890**
45,406	**325**	**12,289**	**604**	**460,890**

Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
				-
21,460	-	5,199	202	304,680
21,460	-	5,199	202	304,680

Note 15 Donations of property, plant and equipment

In 2023/24, the Trust recognised donated asset additions of £533k.

Note 16 Revaluations of property, plant and equipment

The value and remaining useful lives of land and building assets are estimated by the Trust's valuers Cushman & Wakefield. Their independent valuations are carried out in accordance with the Royal Institute of Chartered Surveyors' RICS Valuation – Global Standards ('Red Book Global Standards') , and other relevant RICS guidance notes, by RICS- qualified valuers. Valuations are carried out primarily on the basis of depreciated replacement cost (modern equivalent asset (MEA) basis) for specialised operational property. The Trust has opted to interpret the MEA valuation basis, which estimates the cost of a modern replacement asset with equivalent productive capacity to the asset being valued, as pertaining to two combined hospital facilities (one for Whiston and St Helens and one for Southport and Ormskirk acute hospital sites) situated at alternative sites.

Revalued assets are written down to their recoverable amount within the Statement of Financial Position, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for that asset. Thereafter, the loss is charged to operating expenditure - net impairments. Increases in value are credited to the revaluation reserve unless circumstances arise whereby a reversal of an impairment is necessary. In these circumstances this has been credited to operating expenditure - net impairments.

The useful economic lives of equipment assets are estimated on historical experience of similar equipment lives with reference to national guidance and consideration of the pace of technological change. The lives of assets determined at recognition are disclosed within the accounting policies (Note 1.9). Recorded actual useful economic lives of non-land assets as at 31st March 2024 range from nil to the following maximum lives.

Buildings excluding dwellings - 80 years
Plant and machinery - 30 years
Transport equipment - 10 years
Furniture and fittings - 15 years
Information technology equipment - 10 years

Note 17 Leases - Mersey and West Lancashire Teaching Hospitals NHS Trust as a lessee

This note details information about leases for which the Trust is a lessee.

Mersey and West Lancashire Teaching Hospitals NHS Trust leases buildings, vehicles and equipment.

Note 17.1 Right of use assets - 2023/24

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1st April 2023 - brought forward	**26,748**	**1,748**	**-**	**1,733**	**30,229**	**17,484**
Transfers by absorption	**10,865**	**1,769**	**11**	**72**	**12,717**	**2,734**
Additions	**1,555**	**-**	**-**	**-**	**1,555**	**-**
Remeasurements of the lease liability	**4,475**	**-**	**-**	**-**	**4,475**	**2,694**
Revaluations	**36**	**-**	**-**	**-**	**36**	**-**
Valuation/gross cost at 31st March 2024	**43,679**	**3,517**	**11**	**1,805**	**49,012**	**22,912**
Accumulated depreciation at 1st April 2023 - brought forward	**3,719**	**958**	**-**	**897**	**5,574**	**1,974**
Transfers by absorption	**635**	**1,513**	**7**	**72**	**2,227**	**205**
Provided during the year	**4,793**	**266**	**3**	**287**	**5,349**	**2,389**
Revaluations	**(270)**	**-**	**-**	**-**	**(270)**	**-**
Accumulated depreciation at 31st March 2024	**8,877**	**2,737**	**10**	**1,256**	**12,880**	**4,568**
Net book value at 31st March 2024	**34,802**	**780**	**1**	**549**	**36,132**	**18,344**
Net book value at 1st April 2023	**23,029**	**790**	**-**	**836**	**24,655**	**15,510**

Net book value of right of use assets leased from other NHS providers	**-**
Net book value of right of use assets leased from other DHSC group bodies	**18,344**

Note 17.2 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1st April 2022 - brought forward	-	-	-	-	-	-
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	1,579	-	1,490	3,069	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	26,502	133	-	243	26,878	17,484
Additions	246	36	-	-	282	-
Valuation/gross cost at 31st March 2023	26,748	1,748	-	1,733	30,229	17,484
Accumulated depreciation at 1st April 2022 - brought forward	-	-	-	-	-	-
IFRS 16 implementation - eclassification of existing finance leased assets from PPE or intangible assets	-	616	-	547	1,163	-
Provided during the year	3,719	342	-	350	4,411	1,974
Accumulated depreciation at 31st March 2023	3,719	958	-	897	5,574	1,974
Net book value at 31st March 2023	23,029	790	-	836	24,655	15,510
Net book value at 1st April 2022	-	-	-	-	-	-

Net book value of right of use assets leased from other NHS providers	-
Net book value of right of use assets leased from other DHSC group bodies	15,510

Note 17.3 Revaluations of right of use assets

The trust has remeasured the right of use assets applying the revaluation model in IAS 16.

Note 17.4 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 23.1.

	2023/24 £000	2022/23 £000
Carrying value at 31st March	**24,780**	1,938
Prior period adjustments		(0)
Carrying value at 31st March - restated	**24,780**	1,938
IFRS 16 implementation - adjustments for existing operating leases		26,878
Transfers by absorption	**7,812**	-
Lease additions	**1,555**	282
Lease liability remeasurements	**4,475**	-
Interest charge arising in year	**702**	306
Lease payments (cash outflows)	**(6,806)**	(4,624)
Carrying value at 31st March	**32,518**	24,780

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 17.5 Maturity analysis of future lease payments

	Total 2024 £000	Of which leased from DHSC group bodies: 2024 £000	Total 2023 £000	Of which leased from DHSC group bodies: 2023 £000
AUndiscounted future lease payments payable in:				
- not later than one year	**6,723**	**2,364**	4,120	1,887
- later than one year and not later than five years	**15,212**	**7,948**	13,422	8,830
- later than five years.	**11,896**	**7,957**	8,414	5,550
Total gross future lease payments	**33,831**	**18,269**	25,956	16,267
Finance charges allocated to future periods	**(1,313)**	**(615)**	(1,176)	(684)
Net lease liabilities at 31st March 2024	**32,518**	**17,654**	24,780	15,583
Of which:				
Leased from other NHS providers		**-**		-
Leased from other DHSC group bodies		**17,654**		15,583

Note 18 Inventories

	31st March 2024 £000	31st March 2023 £000
Drugs	**3,831**	2,187
Work In progress	**-**	-
Consumables	**5,363**	3,225
Energy	**260**	216
Other	**-**	-
Total inventories	**9,454**	5,628
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £41,817k (2022/23: £41,963k). Write-down of inventories recognised as expenses for the year were £0k (2022/23: £124k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2023/24 the Trust received £13k of items purchased by DHSC (2022/23: £996k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 19.1 Receivables

	31st March 2024 £000	31st March 2023 £000
Current		
Contract receivables	**51,129**	46,894
Allowance for impaired contract receivables / assets	**(1,222)**	(927)
Prepayments (non-PFI)	**10,005**	17,155
PFI lifecycle prepayments	**-**	-
Interest receivable	**390**	357
VAT receivable	**899**	4,351
Other receivables	**8,844**	11,110
Total current receivables	**70,045**	78,940
Non-current		
Contract receivables	**1,701**	1,054
Allowance for impaired contract receivables / assets	**(392)**	(262)
Prepayments (non-PFI)	**833**	251
PFI lifecycle prepayments	**12,785**	10,682
Other receivables	**867**	889
Total non-current receivables	**15,794**	12,614
Of which receivable from NHS and DHSC group bodies:		
Current	**25,743**	40,592
Non-current	**867**	889

The majority of the Trust's debt relates to the Trust's provision of healthcare, and recharge invoicing (Other receivables) related to the Trust's administration of a Lead Employer payroll service for doctors in training at a number of NHS bodies.

The carrying amounts of Receivables approximate to fair value.

Note 19.2 Allowances for credit losses

	2023/2024		2022/23	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1st April - brought forward	**1,189**	**-**	948	107
Transfers by absorption	**337**	**-**	-	-
New allowances arising	**-**	**-**	139	-
Changes in existing allowances	**265**	**-**	107	(107)
Utilisation of allowances (write offs)	**(177)**	**-**	(5)	-
Allowances as at 31st March 2024	**1,614**	**-**	1,189	-

The Allowance for credit losses chiefly relates to NHS Injury Compensation Recovery (ICR) scheme debts, in addition to trivial expected credit losses relating to the Trust's non-government trade debt.
The Trust's approach is detailed in Note 1.13

Contractual cash flows have been modified without derecognition of the receivable / financial asset (IFRS 7, para 35J)

Collateral of other credit enhancements have been pledged to the provider or the provider has taken possession of such collateral (IFRS 7, para 35K and 38)

Amounts written off in the year are still subject to enforcement activity (IFRS 7, para 35L)

Note 19.3 Exposure to credit risk

The Trust's exposure to, and management of, credit risk is discussed in Note 29.

Note 20.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2023/24	2022/23
	£000	£000
At 1st April	**25,639**	54,172
Transfers by absorption	**10,495**	-
Net change in year	**(11,476)**	(28,533)
At 31st March	**24,658**	25,639
Broken down into:		
Cash at commercial banks and in hand	**65**	40
Cash with the Government Banking Service	**24,593**	25,599
Total cash and cash equivalents as in SoCF	**24,658**	25,639

Note 20.2 Third party assets held by the Trust

Mersey and West Lancashire Teaching Hospitals NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the Trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31st March 2024 £000	31st March 2023 £000
Bank balances	**16**	16
Total third party assets	**16**	16

The Trust also occasionally holds patients' property on-site, which has been handed over to staff for safekeeping. The value of such assets cannot be measured, and these assets are also not included in the Trust's reported balances.

Note 21.1 Trade and other payables

	31st March 2024 £000	31st March 2023 £000
Current		
Trade payables	**7,017**	4,923
Capital payables	**16,584**	5,693
Accruals	**40,576**	66,386
Social security costs	**2,033**	60
Other taxes payable	**7,618**	83
Pension contributions payable	**4,391**	-
Other payables	**860**	185
Total current trade and other payables	**79,079**	**77,330**
Of which payables from NHS and DHSC group bodies:		
Current	**3,578**	15,962

Other payables includes NHS Pensions contributions to be paid over, and other arrangements whereby the Trust holds funds which are to be paid over to third parties, which do not relate to the procurement of goods and services.

The carrying amounts of Trade and other payables approximate to fair value.

Note 21.2 Early retirements in NHS payables above

There were no payables to buy out the liability for early retirements over 5 years in 23/24 or 22/23.

Note 22 Other liabilities

	31st March 2024 £000	31st March 2023 £000
Current		
Deferred income: contract liabilities	**13,049**	11,471
Deferred grants	**-**	-
Total other current liabilities	**13,049**	11,471
Non-current		
Deferred income: contract liabilities	**-**	54
Total other non-current liabilities	**-**	54

Note 22.1 Borrowings

	31st March 2024 £000	31st March 2023 £000
Current		
Other loans	**211**	422
Lease liabilities	**6,723**	4,120
Obligations under PFI, LIFT or other service concession contracts	**10,703**	5,745
Total current borrowings	**17,637**	10,287
Non-current		
Other loans	**-**	211
Lease liabilities	**25,795**	20,660
Obligations under PFI, LIFT or other service concession contracts	**434,728**	214,040
Total non-current borrowings	**460,523**	234,911

Note 23.1 Reconciliation of liabilities arising from financing activities - 2023/24

	Other loans £000	Lease Liability £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1st April 2023	**633**	**24,780**	**219,785**	**245,197**
Cash movements:				
Financing cash flows - payments and receipts of principal	(422)	(6,104)	(12,430)	**(18,956)**
Financing cash flows - payments of interest	-	(702)	(16,456)	**(17,158)**
Non-cash movements:				
Application of IFRS 16 measurement principles to PFI liability on 1st April 2023		176,030		**176,030**
Transfers by absorption	-	7,812	8,665	**16,477**
Additions	-	1,555	-	**1,555**
Lease liability remeasurements	-	4,475	-	**4,475**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-	-	53,382	**53,382**
Application of effective interest rate	-	702	16,456	**17,158**
Other changes	-	-	(1)	**(1)**
Carrying value at 31st March 2024	**211**	**32,518**	**445,431**	**478,159**

	Other loans £000	Lease Liability £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1st April 2022	**1,055**	**1,938**	**225,886**	**228,879**
Cash movements:				
Financing cash flows - payments and receipts of principal	(422)	(4,557)	(5,503)	**(10,482)**
Financing cash flows - payments of interest	-	(67)	(7,984)	**(8,051)**
Non-cash movements:				
Impact of implementing IFRS 16 on 1st April 2022		26,878		**26,878**
Additions	-	282	-	**282**
Application of effective interest rate	-	306	7,984	**8,290**
Other changes	-	-	(598)	**(598)**
Carrying value at 31st March 2023	**633**	**24,780**	**219,785**	**245,197**

Note 24.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1st April 2023	**883**	**1,588**	**262**	**902**	**3,635**
Transfers by absorption	**69**	**-**	**60**	**389**	**518**
Change in the discount rate	**(21)**	**(52)**	**-**	**(192)**	**(265)**
Arising during the year	**70**	**1,423**	**253**	**(74)**	**1,672**
Utilised during the year	**(149)**	**(137)**	**(110)**	**(50)**	**(446)**
Reclassified to liabilities held in disposal groups	**-**	**-**	**-**	**-**	**-**
Reversed unused	**-**	**-**	**(149)**	**(55)**	**(204)**
Unwinding of discount	**2**	**2**	**-**	**58**	**62**
At 31st March 2024	**854**	**2,824**	**316**	**978**	**4,972**
Expected timing of cash flows:					
- not later than one year	**134**	**234**	**316**	**111**	**795**
- later than one year and not later than five years	**613**	**1,050**	**-**	**69**	**1,732**
- later than five years.	**107**	**1,540**	**-**	**798**	**2,445**
Total	**854**	**2,824**	**316**	**978**	**4,972**

Pensions - early departure costs relates wholly to the cost to the Trust of early retirements. For both this and Pensions - injury benefits , the most significant uncertainty is the life expectancy of the Trust's ex-employees.

Legal claims contains provisions for employment-related cases of £90k (2022/23: £90k). For certain employment-related claims, reimbursement may be due to the Trust from third parties. The remaining balance of £226k (2022/23: £172k) comprises employer's liability and public liability claims for which there is also a corresponding contingent liability of £104k (2022/23: £18k) disclosed in Note 24. The amount provided for employer's / public liability claims is based on assessments received from NHS Resolution (NHSR) as to their value and anticipated payment

The Other provision balance relates to the Trust's commitment to compensate clinicians on retirement for the effects on their pension income of managing certain tax charges through NHS Pensions' 'Scheme Pays' plan. The Trust has recognised an offsetting asset which reflects the commitment of NHS England and the government to fund such payments as they arise. This means there is nil effect on Trust expenditure for this provision. There was also a provision of £891k (2022/23: £902k) for obligations under pensions regulations.

The timings of cash flows are based on expected payment periods (Pensions) and the expected settlement date of claims (Legal claims and Other), which can be difficult to forecast. In particular, there are uncertainties in the timings of legal proceedings due to backlog effects of COVID-19.

Note 24.2 Clinical negligence liabilities

At 31st March 2024, £259,121k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Mersey and West Lancashire Teaching Hospitals NHS Trust (31st March 2023: £177,076k).

Note 25 Contingent assets and liabilities

	31st March 2024 £000	31st March 2023 £000
Value of contingent liabilities		
NHS Resolution legal claims	**(104)**	(18)
Gross value of contingent liabilities	**(104)**	(18)
Amounts recoverable against liabilities	**-**	-
Net value of contingent liabilities	**(104)**	(18)
Net value of contingent assets	**-**	-

A contingent liability of £104k exists at 31st March 2024 for potential third party claims in respect of employer's liability and public liability claim excesses (2022/23 £18k). Contingent liabilities are not included within the Trust's financial statements. A provision for the expected value of probable cases is shown in Note 23. The Trust has no contingent assets to disclose in this or the prior year.The Trust is engaged in minor legal processes and proceedings for which there is significant uncertainty regarding outcomes, and payments are not deemed probable. For certain employment-related claims, reimbursement may be due to the Trust from third parties. As mentioned above, uncertainty regarding the progress of cases has increased due to COVID-19. For these cases, any potential liabilities to the Trust cannot be quantified, and they have therefore not been included within Provisions (Note 23).

Note 26 Contractual capital commitments

	31st March 2024 £000	31st March 2023 £000
Property, plant and equipment	**7,445**	1,489
Intangible assets	**93**	199
Total	**7,538**	1,688

Note 26 Other financial commitments

The trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made. There were no other financial commitments in 2023/24 (2022/23: £nil)

Note 28 On-SoFP PFI, LIFT or other service concession arrangements

The Trust's main PFI arrangement is between the Trust and New Hospitals (St Helens & Knowsley) Limited, the latter being the special purpose vehicle currently acting for Medirest and Vinci. The main scheme commenced in 2006 and was to provide two new hospitals at the Trust's sites in St Helens and Whiston. All construction was complete in November 2012 and the contract term runs to August 2047.

For the duration of the arrangement, Vinci will provide hard facilities management (hard FM) services, while soft FM services are currently provided by Medirest and are subject to scheduled market testing, next occurring in June 2028. At the end of the arrangement the ownership of the buildings will pass to the Trust. Under IFRIC12 as interpreted for the public sector, the assets are treated as assets of the Trust. The substance of the contract is that the Trust has a lease and payments comprise service charges, an interest payment and principal repayment. The price base is uplifted annually by the Retail Price Index, with the base RPI set in December 2002.

The PFI arrangement also incorporates a managed equipment service (MES) provided by GE which expires in 2026. The legal title of equipment remains with GE for the duration of the contract, passing to the Trust at the end of the contract term. At that point, the Trust will purchase all functioning MES equipment at a price equivalent to the current net book value.

The Trust has also two managed service contracts transferred from the former Southport & Ormskirk Hospital NHS Trust. One for energy management and the other for radiology equipment. Both of these contracts are accounted for as On-SOFP service concession arrangements.

Note 28.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

	31st March 2024 £000	31st March 2023 £000
Gross PFI, LIFT or other service concession liabilities	**644,370**	330,243
Of which liabilities are due		
- not later than one year	**25,715**	13,520
- later than one year and not later than five years	**110,310**	53,507
- later than five years.	**508,345**	263,216
Finance charges allocated to future periods	**(198,939)**	(110,458)
Net PFI, LIFT or other service concession arrangement obligation	**445,431**	219,785
- not later than one year	**10,703**	5,745
- later than one year and not later than five years	**55,058**	24,537
- later than five years.	**379,670**	189,503

Note 28.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31st March 2024 £000	31st March 2023 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**1,571,676**	1,591,716
Of which payments are due:		
- not later than one year	**73,342**	68,326
- later than one year and not later than five years	**284,331**	272,101
- later than five years.	**1,214,003**	1,251,289

Note 28.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2023/24 £000	2022/23 £000
Unitary payment payable to service concession operator	**72,911**	61,046
Consisting of:		
- Interest charge	**16,456**	7,984
- Repayment of balance sheet obligation	**12,430**	5,502
- Service element and other charges to operating expenditure	**36,525**	30,611
- Capital lifecycle maintenance	**5,289**	3,130
- Contingent rent	**-**	10,386
- Addition to lifecycle prepayment	**2,211**	3,433
Total amount paid to service concession operator	**72,911**	61,046

Note 29 Impact of change in accounting policy for on-SoFP PFI, LIFT and other service concession liabilities

IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities from 1st April 2023. When payments for the asset are uplifted for inflation, the imputed lease liability recognised on the SoFP is remeasured to reflect the increase in future payments. Such increases were previously recognised as contingent rent as incurred.

The change in measurement basis has been applied retrospectively without restatement of comparatives and with the cumulative impact on 1st April 2023 recognised in the income and expenditure reserve. The incremental impact of applying the new accounting policy on (a) the allocation of the unitary charge in 2023/24 and (b) the primary statements in 2023/24 is set out in the disclosures below.

Note 29.1 Impact of change in accounting policy on the allocation of unitary payment

	IFRS 16 basis (new basis) 2023/24 £000	IAS 17 basis (old basis) 2023/24 £000	Impact of change 2023/24
Unitary payment payable to service concession operator	**72,911**	**72,911**	**-**
Consisting of:			
- Interest charge	**16,456**	**7,983**	**8,473**
- Repayment of balance sheet obligation	**12,430**	**6,177**	**6,253**
- Service element	**36,525**	**36,525**	**-**
- Lifecycle maintenance	**5,289**	**5,289**	**-**
- Contingent rent	**-**	**14,726**	**(14,726)**
- Addition to lifecycle prepayment	**2,211**	**2,211**	**-**

Note 29.2 Impact of change in accounting policy on primary statements

Impact of change in PFI accounting policy on 31st March 2024 Statement of Financial Position:	£000
Increase in PFI / LIFT and other service concession liabilities	**(223,159)**
Increase in cash and cash equivalents (impact of PDC dividend only)	**3,271**
Impact on net assets as at 31st March 2024	**(219,888)**

Impact of change in PFI accounting policy on 2023/24 Statement of Comprehenaive Income:	£000
PFI liability remeasurement charged to finance costs	**(53,382)**
Increase in interest arising on PFI liability	**(8,473)**
Reduction in contingent rent	**14,726**
Reduction in PDC dividend charge	**3,271**
Net impact on surplus / (deficit)	**(43,858)**

Impact of change in PFI accounting policy on 2023/24 Statement of Changes in Equity:	£000
Adjustment to reserves for the cumulative retrospective impact on 1st April 2023	**(176,030)**
Net impact on 2023/24 surplus / deficit	**(43,858)**
Impact on equity as at 31st March 2024	**(219,888)**

Impact of change in PFI accounting policy on 2023/24 Statement of Cash Flows:	£000
Increase in cash outflows for capital element of PFI / LIFT	**(6,253)**
Decrease in cash outflows for financing element of PFI / LIFT	**6,253**
Decrease in cash outflows for PDC dividend	**3,271**
Net impact on cash flows from financing activities	**3,271**

Note 30 Financial instruments

Note 30.1 Financial risk management

Liquidity risk

The Trust's net operating costs are normally incurred in delivering healthcare under annual contracts with Place and Integrated Care Boards (ICBs), which are ultimately funded from resources voted annually by Parliament.

Credit risk

The Trust minimises its exposure to credit risk arising from deposits with banks and financial institutions through implementing its Treasury Management procedures. Cash required for day to day operational purposes is held within the Trust's Government Banking Services (GBS) account.

The Trust has and expects a very low level of debt write-off as the majority of its invoices by value relate to public sector bodies. The Trust regularly reviews debtor balances, and has a comprehensive system in place for pursuing past-due debt. Aged debts are regularly assessed and proactive credit control is in place, including referral to debt recovery agents when internal efforts are exhausted and pursuit is deemed cost-effective. Every quarter, aged debts are presented to the Trust's Audit Committee for further scrutiny.

The main source of income for the Trust is from CCGs and ICBs in respect of healthcare services provided under contractual agreements. The credit risk associated with such customers is minimal. Non-NHS customers (for example, private patients and prescription charges) typically have a higher rate of write-off, but represent a small proportion of income. Therefore, the Trust is not exposed to significant credit risk from its customers.

The movement in the Allowance for credit losses during the year is disclosed in Note 18. The Trust's approach to the impairment of financial assets is detailed in Note 1.13.

The carrying amount of financial assets represents the Trust's maximum level of credit exposure. Therefore, the maximum exposure to credit risk at the Statement of Financial Position date was £67.9m, being the total of the carrying amount of financial assets excluding cash (Note 29.2). There are no amounts held as collateral against these balances.

Market risk

The Trust is principally a domestic organisation with the majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations and therefore has low exposure to currency rate fluctuations.The Trust does not invest for capital appreciation. All of the Trust's financial assets and financial liabilities carry nil or fixed rates of interest other than the Trust's bank accounts which earn interest at a floating rate the Trust is not exposed to significant interest rate risk.

Note 30.2 Carrying values of financial assets

Carrying values of financial assets as at 31st March 2024	Total book value £000
Trade and other receivables excluding non financial assets	**61,317**
Other investments / financial assets	**-**
Cash and cash equivalents	**24,658**
Total at 31st March 2024	**85,975**

Carrying values of financial assets as at 31st March 2023	Total book value £000
Trade and other receivables excluding non financial assets	59,115
Cash and cash equivalents	25,639
Total at 31st March 2023	84,754

All of the Trust's financial assets are classified as held at amortised cost and are measured accordingly. The Trust's financial assets have carrying values which are not significantly different from their fair values.

Note 30.3 Carrying values of financial liabilities

Carrying values of financial assets as at 31st March 2024	Total book value £000
Loans from the Department of Health and Social Care	**-**
Obligations under leases	**32,518**
Obligations under PFI, LIFT and other service concession contracts	**445,431**
Other borrowings	**211**
Trade and other payables excluding non financial liabilities	**67,627**
Other financial liabilities	**-**
Provisions under contract	**-**
Total at 31st March 2024	**545,787**

Carrying values of financial assets as at 31st March 2023	Total book value £000
Obligations under leases	24,780
Obligations under PFI, LIFT and other service concession contracts	219,785
Other borrowings	633
Trade and other payables excluding non financial liabilities	77,187
Total at 31st March 2023	322,385

All of the Trust's financial liabilities are classified as held at amortised cost , and are measured accordingly. The Trust's financial liabilities have carrying values which are not significantly different from their fair values.

Note 30.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31st March 2024 £000	31st March 2023 £000
In one year or less	**100,593**	95,249
In more than one year but not more than five years	**125,522**	67,140
In more than five years	**520,241**	271,630
Total	**746,356**	**434,019**

The Trust is required to include in this note future cash flows for finance charges. Because of these additional finance charges, this note's total balances exceed Total financial liabilities per Note 29.3.

Note 30.5 Fair values of financial assets and liabilities

The book value (carrying value) is considered to be a reasonable approximation of fair value.

Note 31 Losses and special payments

	2023/24 Total number of cases Number	2023/24 Total number of cases £000	2022/23 Total number of cases Number	2022/23 Total number of cases £000
Losses				
Cash losses	**9**	**8**	13	4
Bad debts and claims abandoned	**3**	**1**	17	1
Stores losses and damage to property	**85**	**240**	74	139
Total losses	**97**	**249**	104	144
Special payments				
Compensation under court order or legally binding arbitration award	**1**	**6**	-	-
Ex-gratia payments	**57**	**154**	37	78
Total special payments	**58**	**160**	37	78
Total losses and special payments	**155**	**409**	141	222

Note 32 Related parties

Whole of Government Accounts (WGA) and consolidation

NHS England and NHS Improvement prepares consolidated NHS provider accounts which do not contain its results or those of its constituent bodies, as it is not a parent body of NHS trusts or foundation trusts. The Department of Health and Social Care (DHSC) is the parent department of all NHS providers, including Mersey and West Lancashire Teaching Hospitals NHS Trust. The Department of Health and Social Care uses the provider sub-consolidation as part of the DHSC group accounts, which are ultimately then further consolidated into the Whole of Government Accounts. Although there is a number of consolidation steps between the Trust's accounts and Whole of Government Accounts, the Trust's ultimate parent is HM Government.

WGA bodies

All bodies within the scope of Whole of Government Accounts are considered to be related parties as they fall under the common control of HM Government and Parliament. The Trust's related parties therefore include other NHS bodies, local authorities, and central government entities.During the year, the Trust has had a number of transactions with WGA bodies. Listed below are those entities other than DHSC for which the total transactions or total balances with the Trust have been collectively significant or potentially material to the other body.

NHS England (including sub-entities), NHS Cheshire & Mersey ICB, NHS Lancashire & South Cumbria ICB, NHS Greater Manchester ICB, Mersey Care NHS Foundation Trust, Warrington and Halton Teaching Hospitals NHS Foundation Trust, HM Revenue & Customs, NHS Pension Scheme, Cwm Taf Morgannwg University Health Board, NHS Resolution

Transactions with DHSC

The Trust received additional PDC of £33.3m (2022/23: £18m) from DHSC, and incurred no PDC dividend expenditure in 2023/24 (2022/23: £nil). During the year, DHSC also provided the Trust with centrally procured consumables totalling £0.2m (2022/23: £0.9m) and other low-value equipment.

Allowance for credit losses - related parties

No related party debts have been written off by the Trust in 2023/24 (22/23: £nil). The Trust's Allowance for credit losses includes no balance in relation to its related parties (22/23: £nil).

Charitable related parties

Whiston and St Helens Hospitals' Charity and Southport and Ormskirk Hospitals Charity are effectively subsidiaries of the Trust and therefore considered related parties. The Trust is the Charity's corporate trustee of both, which means that the Trust's Board of Directors is charged with the governance of the Charities. The Charities' sole activity is the funding of capital and revenue items for the benefit of the Trust's patients.

The Charities' combined fund total funds balance as at 31st March 2024 was £1.555m. During the year, the Charity incurred expenditure of £0.588m in respect of goods and services for which the Trust was the beneficiary, and to reimburse the Trust for support costs relating to administration.

Other related parties

Aside from the Trust's Charity, the Trust has no subsidiaries or associates.

Note 33 Transfers by absorption

The Trust acquired all the assets and liabilities of Southport & Ormskirk Hospital NHS Trust on 1st July 2023. This has been accounted for as a gains on transfer by absorption and is recognised in the SOCI. The value of the gain is £115,928k.

Historic financial performance of the acquired Southport & Ormskirk Hospital NHS Trust is available on the Mersey & West Lancashire website: https://www.merseywestlancs.nhs.uk/annual-report-and-accounts

Note 34 Events after the reporting date

On 11th July 2024, the Chief Executive Officer, Ann Marr OBE announced that she is to step down from her role. However, she will be staying with the organisation to enable a recruitment process to take place and a seamless transition as a new Chief Executive is appointed.

Note 35 Better Payment Practice code

	2023/24 Number	2023/24 £000	2022/23 Number	2022/23 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	**111,214**	**339,659**	74,736	242,099
Total non-NHS trade invoices paid within target	**100,402**	**317,330**	68,361	233,998
Percentage of non-NHS trade invoices paid within target	**90.3%**	**93.4%**	91.5%	96.7%
NHS Payables				
Total NHS trade invoices paid in the year	**7,019**	**52,493**	5,087	27,356
Total NHS trade invoices paid within target	**6,202**	**45,865**	4,672	22,947
Percentage of NHS trade invoices paid within target	**88.4%**	**87.4%**	91.8%	83.9%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 36 External financing limit

The Trust is given an external financing limit against which it is permitted to underspend

	2023/24 £000	2022/23 £000
Cash flow financing	**25,906**	36,056
External financing requirement	**25,906**	36,056
External financing limit (EFL)	**25,940**	41,456
Under / (over) spend against EFL	**34**	5,400

Note 37 Capital Resource Limit

	2023/24 £000	2022/23 £000
Gross capital expenditure	**61,790**	17,031
Less: Disposals	**(3)**	-
Less: Donated and granted capital additions	**(533)**	(103)
Charge against Capital Resource Limit	**61,254**	16,928
Capital Resource Limit	**62,193**	31,324
Under / (over) spend against CRL	**939**	14,396

The Trust has underspent against its CRL by £939k which is in line with expectations.

Note 38 Breakeven duty financial performance

	2023/24 £000
Surplus / (deficit) for the period	**76,831**
Remove net impairments not scoring to the Departmental expenditure limit	**(2,348)**
Remove (gains) / losses on transfers by absorption	**(115,928)**
Remove I&E impact of capital grants and donations	**(21)**
Remove impact of IFRS 16 on IFRIC 12 schemes	**43,935**
Remove net impact of inventories received from DHSC group bodies for COVID response	**103**
Adjusted financial performance surplus / (deficit) (control total basis)	**2,572**
Add back incremental impact of IFRS 16 on PFI revenue costs in 2023/24	**(43,935)**
IFRIC 12 breakeven adjustment	**39,466**
Breakeven duty financial performance surplus / (deficit)	**(1,897)**

Certain impairments score as DEL (within DHSC budgets). In a broad sense, this is when they are deemed to be 'controllable'.

Note 39 Breakeven duty rolling assessment

	1997/98 to 2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Breakeven duty in-year financial performance		225	296	305	700	1,150	(2,551)	(9,551)
Breakeven duty cumulative position	2,807	3,032	3,328	3,633	4,333	5,483	2,932	(6,619)
Operating income		236,411	252,944	263,864	278,572	288,448	301,674	313,287
Cumulative breakeven position as a percentage of operating income		1.3%	1.3%	1.4%	1.6%	1.9%	1.0%	(2.1%)

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Breakeven duty in-year financial performance	4,861	5,001	(597)	4,351	(2,618)	697	7,131	**(1,897)**
Breakeven duty cumulative position	(1,758)	3,243	2,646	6,997	4,379	5,076	12,207	**10,310**
Operating income	349,934	383,587	402,158	446,792	511,310	524,352	585,938	**817,389**
Cumulative breakeven position as a percentage of operating income	(0.5%)	0.8%	0.7%	1.6%	0.9%	1.0%	2.1%	**1.3%**

www.merseywestlancs.nhs.uk