Mersey and West Lancashire Teaching Hospitals
NHS Trust

Annual Report and Accounts 2024/25

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Section 1 - Performance Report

1. Performance Overview

This section provides the reader with information on the organisation, its purpose, how it has performed in 2024/25 and the key risks to the achievements of its objectives.

1.1 Statement from the Chief Executive

I am pleased to present the second annual report of Mersey and West Lancashire Teaching Hospitals NHS Trust (MWL) which reviews the performance and achievements of the past year, as well as outlining the priorities for the coming year.

This is my first annual report as Chief Executive of MWL and after nearly 10 years working in the Trust, I am proud and honoured to be the new Chief Executive and lead MWL in the next phase of its development as we continue to deliver outstanding care for our patients.

I would like to thank my predecessor, Ann Marr OBE, for her drive and commitment to the patients and staff of the Trust over her 22 years working at St Helens and Knowsley Teaching Hospitals NHS Trust (STHK), her tenure as joint CEO for the former Southport and Ormskirk Hospital NHS Trust, and latterly MWL, when the two Trusts came together.

Our integration journey continued in 2024/25 with the formal launch of our Clinical Divisions and the agreement of MWL values with staff, to support our vision to deliver Five Star Patient Care.

2024/25 was another challenging year for the Trust, and the wider NHS. The Trust undertook increased levels of elective activity across almost all areas and more than the years before the COVID 19 pandemic.

While the overall number of attendances to our Emergency Departments (ED) has seen a modest reduction, the Trust continued to see large numbers of patients attending with more severe illness. This resulted in a significant increase in non-elective admissions across the Trust, which combined with consistently high levels of patients that were ready to be discharged from our acute beds, resulted in an increased length of stay, bed occupancy levels above 100%, and long waits for a bed which translated into increased corridor care in our EDs, delayed ambulance handovers and an increase in 12-hour breaches.

This is not the standard of care the Trust aspires to provide for its patients. There were several occasions during the year where the Trust had to declare that it was Full To Capacity, and once in January 2025 a critical incident was declared. Colleagues worked tirelessly to de-escalate the incident and mitigate the impact on our patients. We are grateful for the support of our system partners for their response during these periods.

In summer 2024 the staff at our emergency departments at Southport and Ormskirk Hospitals were involved in the aftermath of the attacks that took place in the town. This was a truly terrible time, and I am very proud of how our services responded.

2024/25 was the first full year of MWL, following the transaction in July 2023, and has seen a continued focus on integrating services and aligning processes and systems.

The main driver for the transaction and subsequent integration was to stabilise services at Southport and Ormskirk hospitals, including re-opening some "fragile services" to new referrals, or improving the sustainability of those services. Moving forward, the Shaping Care Together Programme is reviewing the strategic configuration of services between the Southport and Ormskirk hospital sites, and this programme continued to progress through the pre-consultation phase in 2024/25. MWL is a key partner in the Shaping Care Together Programme with NHS Cheshire and Merseyside and NHS Lancashire and South Cumbria.

MWL has continued to retain the highest CQC rating of Outstanding from the legacy STHK. There were no new inspections undertaken in 2024/25, but the reports of inspections of our maternity units and urgent and emergency care services undertaken in 2023/24 were received.

During 2024/25 there were six methicillin-resistant staphylococcus aureus (MRSA) bacteraemia cases reported and five never events which related to; a retained guide wire, wrong site steroid injection, wrong site surgery, wrong site nerve block and a retained foreign object. As a Trust, we are committed to learning when things go wrong and following these incidents we have put in place measures to improve the care we provide. Those measures are outlined in further detail in the 2024/25 Quality Account.

I am very proud of the staff at MWL. Over the last 12 months the whole team has shown extraordinary resilience and commitment to deliver Five Star Patient Care. Thank you for everything that you do to care for our patients.

R Cooper

Rob Cooper
Chief Executive

24 June 2025

1.2 Overview of the purpose and activities of the Trust

The Trust provides acute healthcare services at Whiston, Southport, Ormskirk and 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 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, HCRG Care Group and Bridgewater Community Services NHSFT in the other boroughs covered by the Trust's services.

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

The Trust delivers 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 provide 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 is 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 the Private Finance Initiative (PFI) agreement that is in place. Newton Hospital is of a similar age and is a community hospital managed by Community Health Partnerships and houses several Trust services as well as GP practices and other community services.

Southport and Ormskirk Hospitals are both between 30 and 40 years old. The facilities in many cases do not meet current hospital building standards, but a three-year programme is now in place to address the high risk backlog maintenance and improve the condition wherever feasible.

The new organisational structure implemented by MWL is based on four Clinical Divisions: Medicine and Urgent Care, Surgery, Women and Children, and Clinical Support and Community Services, 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 Resident 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.

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 10,612 whole time equivalent (WTE) staff during 2024/5. The Trust's turnover grew from £817m in 2023/24 to £1bn in 2024/25.

Our catchment population

The areas served by the Trust range from urban and densely populated to rural and more sparsely populated. A significant proportion of the Trust's catchment has a high level of health inequalities, with local people being generally less healthy than the rest of England, and more people 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 still 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. During 2024/25 the Trust was a member of both Provider Collaboratives in Cheshire and Merseyside and is also a partner in four of the nine Place-Based Partnership Boards that are the constituent parts of Cheshire and Merseyside and one that is part of Lancashire and South Cumbria.

The Trust's Chief Executive through to November 2024 was Chair of the Cheshire and Merseyside Acute and Community Provider Collaborative (CMAST) and held one of the provider Partner Member positions on the Cheshire and Merseyside Integrated Care Board.

CMAST coordinates collaborative workstreams across the provider trusts covering elective and diagnostic waiting list 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 2024/25 which were included in the 2023/24 Annual Report. The Trust Board objectives were agreed for 2025/26 in March 2025 and these are summarised in the following table:

2025/26 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

- Further improve the experience of patients across the inpatient and urgent care services, with a focus on pain management and improved waiting time information
- Ensure patients in hospital have their nutritional needs met, are assessed, monitored and have timely referral to appropriate services
- Continue to improve the experience for women and their families, receiving antenatal care through the Trust's maternity services

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
- Improve the levels of compliance with Trust infection prevention policies to reduce avoidable healthcare associated infections
- Ensure all patients with a working diagnosis of sepsis receive appropriate timely antibiotics in line with NICE guidance

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 to provide a better experience for patients and carers
- Further improve cancer pathways to ensure all national cancer performance standards are met
- Continue to implement and embed standardised clinical pathways across MWL

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

- Complete the roll-out of a new speech recognition system to improve the turnaround times for clinic letters
- Reduce missed appointments by improving digital patient communications and expanding waiting list management solutions
- Improve efficiency of internal communications by delivering a single telephone operating system across MWL

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

- Move forward with plans to secure a single Electronic Patient Record (EPR) system to ensure alignment of clinical and operational processes across MWL
- Encourage a culture of improvement across MWL by embedding best practice service improvement methodologies
- Implement the Electronic Prescribing and Medicines Administration (EPMA) system across the Southport and Ormskirk sites

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 where our people feel valued and supported to care for our patients

- Complete the harmonisation of all workforce policies across MWL
- Promote a positive culture that enables staff to lead healthy lives and supports them to work flexibly
- Foster a workplace that champions equity, diversity, and inclusion to create a culture of belonging, respect, and opportunity for all
- Strengthen core management and leadership skills within our workforce to ensure our leaders are equipped with the required skills and techniques

OPERATIONAL PERFORMANCE

We will meet and sustain national and local performance standards

- Deliver all national cancer improvement targets
- Improve urgent and emergency care performance, delivering timely and effective assessment of patients on attendance
- Achieve all elective/outpatient activity targets assigned to the Trust

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 2025/26
- Work with healthcare organisations across the MWL footprint to develop and deliver opportunities for collaboration to increase efficiency
- Deliver the agreed capital schemes to increase capacity and improve clinical facilities for patients

STRATEGIC PLANS

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

- Work with system partners to develop a long-term plan for financial and clinical sustainability
- Develop a Community Services Strategy to support improved outcomes for patients
- Work with place-based partners to improve patient flow and increase timely discharge from hospital to appropriate community settings
- Support improvement in health inequalities across our local communities, working with local health and social care partners
- 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 2024/25, and these are the basis of the Trust's identified key risks going forward. Managing demand, access and reducing waiting lists and waiting times continue to be key priorities for the NHS, but in an increasingly constrained financial environment, the focus on efficiency, transformation and productivity will be further heightened during 2025/26. Ongoing Urgent and Emergency care pressures mean that escalation beds continue to be needed, although there are ICB programmes of work with system partners to address the numbers of Ready of Discharge (RFD) patients, which would improve patient flow. When these programmes demonstrate consistent improvement the Trust will be able to safely reduce the number of escalation beds and corridor care in the Emergency Department, because there will be ward beds available for patients who need to be admitted. In the meantime, waiting times, patient experience and the quality of care the Trust can deliver to patients remains compromised and the significant cost pressures remain.

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 (SCT) Programme led by the Cheshire and Merseyside ICB and the Lancashire and South Cumbria ICB, was re-started following the transaction in 2023 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. The SCT programme made significant progress during 2024/25 and enters a critical phase in 2025/26 with the public consultation on the shortlisted options for how services could be configured. However as this is major service change and there is a national process to follow, it may still be several years before the outcome is determined and then implemented. The Trust therefore continues to manage the risk of the current service configuration across the Southport and Ormskirk hospital sites.

The Trust continued with its post transaction plans for staff communication and engagement in 2024/25 to cement the MWL identity. The journey to full integration will however take several years so a range of services, both clinical and corporate, will continue their integration journeys in 2025/26, to create the streamlined and common systems and process needed across our new Trust. One of the key enablers for clinical integration is a single Electronic Patient Record (EPR) for MWL, and the Trust was awarded funding from the national Frontline Digitisation Programme to deliver this. Unfortunately there were some interruptions and delays to the project to select and implement the new EPR during 2024/25 and this programme has had to be extended, which means a continued reliance on the separate legacy Trust EPRs for longer than the Board had hoped.

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 web-based recording and reporting systems which all staff can access to report risks and managers utilise to 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 2024/25, the Trust remained under pressure with a continued need to manage and respond to the care and treatment of increasing numbers of patients, focusing 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 of elective waiting lists, and an increase in referrals, the Trust undertook significantly more activity across all areas, including outpatient attendances and elective procedures, than pre-Covid. 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 2024/25 continued to be the number of patients attending urgent and emergency services, with increasing levels of acuity and dependency resulting in a significant increase in non-elective admissions. Against a backdrop of increasing urgent and emergency activity, alongside consistently high numbers of patients who do not meet the criteria to reside across the Trust, the resulting increase in length of stay and bed occupancy led to congestion within our emergency departments across the Trust. This had a direct impact on the ambulance service being able to handover patients to the Emergency Department in a timely manner. Although this position is not unique to MWL, as many other acute trusts across the country are experiencing the same challenges, and despite increasing the number of acute beds across the Trust, this situation has persisted.

2.2 Performance in 2024/25

		STHK				MWL (Combined STHK and S&O for 2022/23 as a comparator)		
Key access and quality targets	**Target**	**19/20**	**20/21**	**21/22**	**22/23**	**22/23**	**23/24**	**24/25**
% of urgent care patients seen within 4 hours (mapped)	78%	85.40%	87.30%	78.00%	74.40%	67.76%	74.90%	78.10%
% 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%	73.50%
% of patients receiving cancer treatment within 62 days of GP referral*	85%	80.20%	76.90%	66.20%	57.90%	76.87%	78.30%	73.36%
% of admitted patients treated in 18 weeks of referral	92%	93.00%	76.60%	81.40%	68.00%	66.04%	60.80%	64.60%
% waiting more than 6 weeks for a diagnostic test	5%	3.10%	24.50%	32.80%	34.70%	29.95%	12.20%	6.90%
Hospital-acquired MRSA bacteraemia	0	1	2	2	0	1	6	6
C Difficile cases (Trust-attributed)	<113	31	34	43	48	104	114	114

*Data for 2024/25 currently only available April 24-Feb 25, to be updated with full data when available nationally

Activity Type	STHK				MWL*	MWL
	19/20	**20/21**	**21/22**	**22/23**	**23/24**	**24/25**
Outpatient 1st attendances	149,517	120,103	150,170	163,217	249,915	263,058
Outpatient follow-up attendances	318,294	268,300	318,554	327,816	524,529	563,223
Ward attenders	21,893	17,467	23,068	22,581	22,398	21,973
Outpatient procedures	98,444	58,267	90,455	86,599	134,227	156,237
Elective inpatients	6,206	3,725	5,556	5,342	7,913	9,115
Day case	45,935	30,889	43,150	47,033	70,232	78,271
Non-elective inpatients	69,315	62,324	68,077	75,012	110,410	112,359
Non-elective inpatients (less Obstetrics)	56,458	49,771	54,166	61,254	95,062	97,677
A&E attendances (inc. GPAU Atts)	119,181	102,404	121,809	116,203	210,870	207,007
A&E attendances (excl. GPAU Atts)	112,743	97,885	116,728	111,216	200,394	192,255
Births	3,983	3,738	3,995	3,770	5,941	5,613

*Total combined activity from 01/04/2023 to 31/03/2024 for St Helens and Knowsley Teaching Hospitals NHS Trust, Southport and Ormskirk Hospital NHS Trust and Mersey and West Lancashire Teaching Hospitals NHS Trust

2.3 Social, Human Rights, Diversity and Anti-Corruption

2.3.1 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.

2.3.2 Health Inequalities

NHS England requires Trusts and ICB to provide a statement on information on health inequalities. There is a duty under section 13SA of the National Health Service (NHS) Act 2006 to publish a Statement setting out a description of the powers available to relevant NHS bodies to collect, analyse and publish information, and the views of NHS England about how those powers should be exercised in connection with such information.

The Trust Board approved a Health Inequalities Strategy 2025-2028 at its March 2025 Board along with a delivery plan for 2025/26. This strategy has the following vision and objectives:

Health Inequalities Vision:

Reducing health inequalities by ensuring equitable access to our services and promoting preventable support in the community.

Health Inequalities Objectives:

The Trust will use its role to reduce health inequalities in the communities it serves by:

- Being a **provider** of quality health care
- Being an active **partner**
- Being an **employer** of choice
- Being an **anchor institution**

Health inequalities are "avoidable, unfair and systematic differences in health between different groups of people". This means that some population groups have significantly worse health experiences and outcomes than others.

The Trust is a significant provider of services in six local authority areas across Merseyside and West Lancashire. Working with such a diverse range of partners has its challenges but also has benefits for learning and best practice. Around 50% of our patient populations come from areas of high deprivation and within the geographies we serve there are communities that endure significant health inequalities.

The table overleaf highlights the extent of the challenges:

- in a majority of boroughs there is a decade between the life expectancy of people living in the worst and least deprived areas
- the Merseyside boroughs have higher mortality rates
- behavioural risk factors are much more prevalent
- children do not have the best start in life

A Comparison of Places: Deprivation, Mortality, Risk Factors and Child Health

Place		England	North West	St Helens	Halton	Knowsley	Liverpool	Sefton	West Lancs
Deprivation									
IMD (2019) Rank out of 317		-	-	26	22	2	3	89	155
% of people in lowest quintile		-	-	43.4%	48.6%	62.8%	62.0%		
Health Inequalities									
Life Expectancy: Most v Least deprived areas	Male	9.7 years	-	12.4 years	10.8 years	11.4 years	11.1 years	11.8 years	8.6 years
	Female	7.9 years	-	8.6 years	8.8 years	12.6 years	8.9 years	11.5 years	7.9 years
Causes of death (per 100k population)									
Under 75 mortality rate (all causes)		330.5	388.4	411.9	428.1	476.2	497.6	369.2	332.7
Mortality rate from CVD		71.7	86.6	85.8	88.4	98.9	106.1	76.9	74.3
Mortality rate from cancer		132.3	145.6	143.1	170.9	185.3	179.4	141.6	129.3
Suicide rate		9.64	10.4	16.1	11.4	11.5	9.54	11.5	13.3
Behaviour risk factors (per 100k population)									
Hospital Admissions for alcohol specific conditions (under 18 years)		31.6	45.9	100.2	58.6	45.4	51.7	52.9	37.8
Hospital Admissions for alcohol related conditions (under 18 years)		663.7	741.5	882.7	862.7	939.7	997.0	912.3	648.4
Smoking prevalance in adults (%)		14.4	14.7	15.8	17.9	18.1	14.7	11.1	14.1
% of physically active adults		66.3	64.7	61.7	62.8	63.3	66.4	63.7	70.6
% of adults overweight or obese		62	64.3	72.6	74.4	71.2	62.4	71.2	69.5
Child health									
Teenage conception rate (per 1k population)		17.8	21.9	37.1	34.9	27.6	28.1	17.4	19.5
% of smoking during pregnancy		10.6	12.7	16.2	17.3	14.6	13.0	12.9	12.6
% of breastfeeding initation		74.5	64.5	55.3	54.6	48.4	55.0	57.9	62.4
Infant mortality rate (per 1k births)		3.93	4.62	3.50	3.40	3.36	6.12	4.20	4.95
Year 6: % prevalence of obesity		20.2	21.5	23.0	25.0	26.9	24.9	21.3	19.4
% of children in low income families		17.0	18.0	19.5	19.6	25.0	26.3	17.1	13.7

The challenges are stark and require a fundamental rethink in how the Trust as a provider, partner, employer, and anchor in the community can play a more influential role in turning the inequalities tide.

The Trust has had some notable successes regarding the prevention agenda and tackling health inequalities. We have developed a Health Inequalities Dashboard that can analyse activity across most of our points of delivery for patients living in our local places overlaying all this with demographic data to provide a picture of access and potential exclusion.

- Warm Homes for Lungs: Using the fuel poverty dashboard to invite patients into a community-based respiratory service (those with high inhaler usage/multiple ED attends) for clinical review, including spirometry and FeNO. Patients also get support with improving the homes with grants and benefits advice.

- Warm Homes for Young Lungs: Providing an enhanced localised offer at a Children's Community Centre, with a mix of clinic appointments and drop-in sessions by all partners.
- NHS app utilisation: The Digital Inclusion Team supports Primary Care teams to enable patients to maximise the use of the NHS app.

Elective activity vs pre-pandemic levels for under 18s and over 18s

Total activity	2024/25	2019/20
Male under 18	746	838
Male over 18	41,805	37,874
Female under 18	573	633
Female over 18	45,418	39,628

Activity by ethnicity	2024/25	2019/20
Male under 18 Minority Ethnic	22.3%	22.3%
Male under 18 White British	77.7%	77.7%
Male over 18 Minority Ethnic	11.3%	9.5%
Male over 18 White British	88.7%	90.5%
Female under 18 Minority Ethnic	19.1%	14.7%
Female under 18 White British	79.9%	85.3%
Female over 18 Minority Ethnic	12.3%	8.8%
Female over 18 White British	87.7%	91.2%

Activity by deprivation (% from most deprived quartile)	2024/25	2019/20
Male under 18	30.3%	28.9%
Male over 18	26.3%	26.0%
Female under 18	27.5%	28.0%
Female over 18	34.0%	32.5%

Emergency admissions for under 18s

Total activity	2024/25	2019/20
Male under 18	4,168	5,686
Female under 18	4,657	5,292

Activity by ethnicity	2024/25	2019/20
Male under 18 Minority Ethnic	14.3%	9.3%
Male under 18 White British	85.7%	90.7%
Female under 18 Minority Ethnic	13.9%	8.4%
Female under 18 White British	86.1%	91.6%

Tooth extractions due to decay for children admitted as inpatients to hospital, aged 10 years and under (number of admissions, not number of teeth extracted)

Due to the very low numbers within the data for this indicator, they have not been included due to concerns around data de-anonymisation.

Smoking cessation

The Trust established a new tackling tobacco dependency service in November 2023, operating across our acute inpatient settings. The service includes behavioural advice and provision of smoking cessation aids, including nicotine replacement therapy (NRT). During 2024/25 the team advised 3,168 patients who identified as smokers during 2024/25 - 44% of these patients agreed to smokefree care plan and around 550 patients (17.6%) had quit smoking at 28 days.

The maternity service also provides in-house smoking cessation support. The majority of patients who smoke live in the most deprived areas of our Trust catchment population and we work closely with our community smoking cessation services to target support within the hospital and in the community. The in-house service makes onward referrals to community pharmacy or local authority smoking cessation services where appropriate.

2.3.3 Anti-Corruption and Anti-Bribery

The Trust is committed to the prevention, deterrence and detection of bribery and fraud in the NHS and has policies and procedures in place to ensure that we mitigate against them. This includes compliance with the NHS Fit and Proper Persons Framework, the Trust Standards of Business Conduct Policy, provisions in the Corporate Governance Manual and Anti-Fraud, Bribery and Corruption Policy & Response Plan. The Trust also publishes an Anti-Bribery Statement on its website.

The Trust works closely with MIAA who provides an external Anti-Fraud Specialist to ensure that any act of fraud or bribery is investigated, and an annual report detailing counter fraud, bribery and corruption work is provided to the Audit Committee to provide assurance.

2.4 Environmental analysis

2.4.1 Task Force on Climate-related Financial Disclosures (TCFD) Compliance Statement

The DHSC Group Accounting Manual (GAM) has adopted a phased approach to incorporating the TCFD recommended disclosures as part of sustainability annual reporting requirements for NHS bodies, stemming from HM Treasury's TCFD aligned disclosure guidance for public sector annual reports. TCFD recommended disclosures as interpreted and adapted for the public sector by the HM Treasury TCFD aligned disclosure application guidance will be implemented in sustainability reporting requirements on a phased basis up to the 2025/26 financial year. Local NHS bodies are not required to disclose scope 1, 2 and 3 greenhouse gas emissions under TCFD requirements as these are computed nationally by NHS England.

The phased approach incorporates the disclosure requirements of the governance, risk management, and metrics and targets pillars for 2024/25. These disclosures are provided below with appropriate cross-referencing to information elsewhere in the annual report, the Trust's Green Plans, and in other external publications as relevant.

Disclosures related to strategy will be implemented in the next reporting period in line with the central government implementation timetable. Notwithstanding this, the Trust has Heat Decarbonation Plans for the Trust's four main sites and two green plans from each of the legacy organisations. The green plans will be brought together as a single document for MWL in 2025/26 financial year and the final document will be signed off by the Board. The plan has evolved in line with delivering a Net Zero National Health and includes the 9 key aspects.

2.4.2 Governance

Board oversight

MWL has established a robust governance structure to oversee climate-related risks and opportunities. The Trust Board, supported by the Executive Committee and the Net Zero Action Group (NZAG), is responsible for the strategic direction and oversight of the Trust's Green Plan implementation and sustainability initiatives. The NZAG, chaired by the Net Zero Delivery Manager, includes representatives from various departments and external stakeholders, ensuring comprehensive oversight and engagement by reporting net zero progress in the newsletter annually.

Management's role in assessing and managing climate-related issues

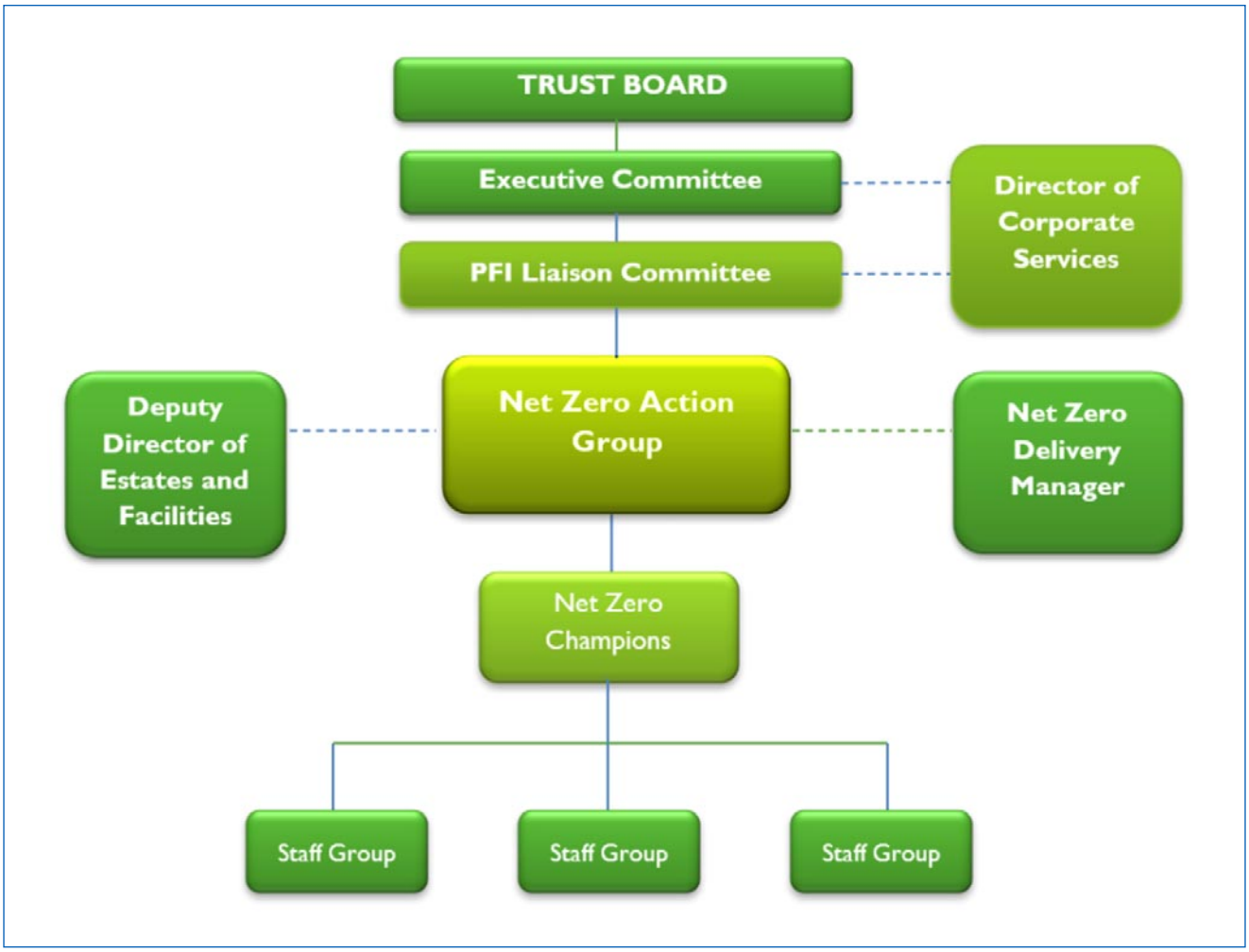
The Director of Corporate Services oversees the implementation of the Green Plan, ensuring alignment with national requirements and frameworks such as the NHS Net Zero commitment.

The NHS has committed to two new targets:

- Achieve net zero on emissions controlled directly by the NHS (the NHS Carbon Footprint) by 2040, with the ambition to reach an 80% reduction by 2028-32.
- Achieve net zero on emissions within NHS influence (the NHS Carbon Footprint Plus) by 2045, with the ambition to reach an 80% reduction by 2036-39.

The Net Zero Delivery Manager coordinates the NZAG meetings, engages with staff and stakeholders, and reports progress to the Executive Committee. A network of sustainability champions across departments supports the implementation of initiatives and promote sustainable development and carbon reduction solutions.

The following figure summarises the sustainable development implementation structure established by the Trust:



2.4.3 Risk Management

Processes for identifying, assessing and management climate-related risks

The Trust utilises a comprehensive framework to identify, assess and manage climate-related risks, based on its Green Plan. The Trust identifies various types and categories of climate-related risks, including physical risks such as extreme weather events (heatwaves, floods, droughts), transition risks related to the shift towards a low-carbon economy, and regulatory risks associated with evolving environmental legislation. These risks are assessed for their relative significance compared to other organizational risks, considering their potential size and scope.

Climate-related risks are deemed highly significant due to their potential impact on healthcare delivery, infrastructure, and financial performance. The Trust uses detailed energy audits, carbon hotspot analysis, and scenario analysis to identify and assess these risks. The framework includes regular reviews of energy consumption, carbon emissions, and the environmental impact of operations, facilitated by tools such as the NHS Estates Return Information Collection (ERIC) and the Sustainable Development Assessment Tool (SDAT). The NZAG plays a critical role in monitoring these risks, coordinating structured meetings, and engaging with stakeholders to ensure comprehensive oversight and effective mitigation strategies. This structured approach enables the Trust to proactively manage climate-related risks and integrate them into its overall risk management processes which are detailed in the Annual Governance Statement.

Risk mitigation

Key risk mitigation measures include the development of Heat Decarbonisation Plans, the implementation of energy-saving projects, and the promotion of sustainable travel and transport. The Trust also engages with local authorities and community partners to enhance resilience to climate-related events.

The Trust EPRR Team have developed adverse weather plans along with local protocols to national heat wave plans, cold weather plans and multiagency flood plans in relation to the Civil Contingencies Act 2004 and from this have developed business continuity plans to include a response to flooding, unavailability of fuel, blackout etc.

2.4.4 Metrics and targets

Metrics used to assess climate-related risks and opportunities

The Trust employs a range of key metrics to measure and manage climate-related risks and opportunities in alignment with its Green Plan and overall risk management strategy.

Key metrics include:

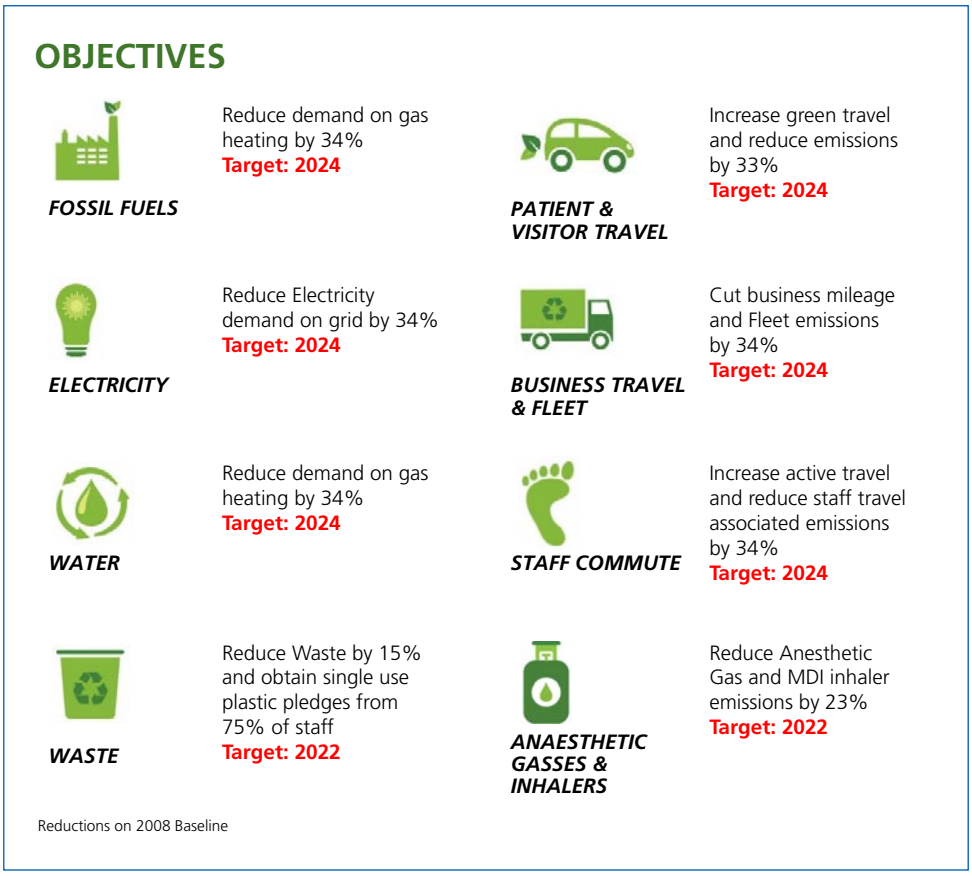
- Carbon emissions (tonnes CO e)
- Energy use (kWh)
- Water consumption (m^3)
- Waste volumes (tonnes)
- Active travel & fleet performance
- Metered Dose Inhalers

Historical trends of these metrics are tracked against a baseline year of 2008, chosen due to the greater quality in comparative carbon data following the Climate Change Act (2008). Methodologies employed to calculate these metrics include regular meter readings, the use of Stark logging and monitoring services, and the NHS Estates Return Information Collection (ERIC) program, which automatically calculates related CO2e emissions. Additionally, the Trust uses the Sustainable Development Assessment Tool (SDAT) to track progress against UN Sustainable Development Goals. While the Green Plan does not explicitly mention internal carbon pricing, the Trust's approach to appraising and evaluating projects involves detailed energy audits and the consideration of financial savings from energy efficiency measures. These comprehensive metrics and methodologies ensure that the Trust effectively monitors and manages climate-related risks and opportunities, driving progress towards its net zero carbon goals.

Targets used to manage climate-related risk and opportunities

The Trust has set key climate-related targets to manage risks and opportunities, aligned with its Green Plan. These targets include both absolute and intensity-based formats. Intensity-based targets measure greenhouse gas (GHG) emissions relative to a unit of economic output, such as emissions per patient treated or per square meter of hospital space. The Trust aims to achieve net zero carbon emissions controlled directly by the NHS by 2040, with interim targets set in the St Helens and Knowsley Teaching Hospitals NHS Trust Green Plan 2021-26. No interim targets were established in the Southport and Ormskirk Hospital NHS Trust Green Plan 2022-2025.

Headline interim targets include:



The baseline period for these targets is 2008, chosen due to the greater quality in comparative carbon data following the Climate Change Act (2008). Progress against these targets is measured using key performance indicators (KPIs) such as energy consumption, carbon emissions, water usage, and waste generation. Historical trends of these metrics are tracked to analyse progress and identify areas for improvement. Any updates to targets, such as restatements or revisions to baselines, are explained with a rationale to ensure transparency and accountability. This comprehensive approach enables the Trust to effectively manage climate-related risks and opportunities, driving progress towards its sustainability goals.

Progress against the interim targets are noted in the table below. In summary:

- The interim carbon reduction targets for **Electricity**, **Water**, **Waste** and **Anaesthetic Gasses & Inhalers** were successfully achieved.
- **Patient & Visitor Travel** showed a significant reduction and is close to meeting the target.
- **Gas Heating** and **Business Mileage & Fleet** fell short of the set targets.
- The Gas Heating target has been impacted by our installation of a CHP plant at Whiston Hospital in 2018. This plant uses gas to generate electricity and heat. Overall, the CHP has significantly increased total carbon reduction; its positive impact is evident in how far we exceeded our Electricity reduction target.
- The Business Travel and fleet target has been impacted by increased mileage due to operational changes in the way patients can access healthcare services. However, this is an area where we are making significant progress. Over the last 3 years the use of EV vehicles for business travel has increased by 775%.
- The data for **Staff Commute** is currently pending, awaiting final results of the NHS staff travel survey.

Mersey and West Lancashire Teaching Hospitals NHS Trust		Whiston and St Helens Hospital				
		Green Plan (2021-26) Target Reduction (2008 Baseline)	Targeted Year	Actual Reduction		
				2022/23	2023/24	2024/25
Objective	Fossil Fuels (Gas Heating)	-34%	2024	22.8%	19.9%	24.1%
	Electricity	-34%	2024	-67.0%	-61.8%	-63.0%
	Water	-34%	2024	-63.3%	-70.0%	-68.4%
	Waste	-15%	2022	-37.1%	-27.7%	-25.4%
	Patient & Visitor Travel	-33%	2024	-22.7%	-20.0%	-28.9%
	Business Travel & Fleet	-34%	2024	61.8%	30.0%	82.8%
	Staff Commute	-34%	2024	TBC	TBC	TBC
	Anaesthetic Gasses & Inhalers	-23%	2022	-15.2%	-26.7%	-30.1%

Legend	Below target	Target achieved

2.5 Financial performance in 2024/25

The Trust posted a year end deficit of £14.7m, taking the Trust's assessed cumulative deficit to £4.4m (Annual Accounts note 35). Despite this deficit, 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 revised financial plan for 2024/25 included a £10.9m deficit as its adjusted financial performance. The Trust's performance against its 2024/25 financial plan, and the relationship between the two types of surplus/deficit, are shown in the table below.

	2024/25	
	Actual £m	**Plan £m**
Surplus/(deficit) per Annual Accounts		
Statement of Comprehensive Income (SoCI)	(48.1)	(21.3)
Remove net impairments [Annual Accounts note 6]	28.1	0.0
Remove SoCI impact of capital grants and donations	0.2	0.6
Remove IFRIC 12 scheme finance costs on an IFRS 16 basis	82.9	84.9
Add Back IFRIC 12 scheme finance costs on a UK GAAP basis	(77.9)	(75.0)
Adjusted financial performance surplus/(deficit)	**(14.7)**	**(10.9)**

2.5.1 Income

For the financial year 2024/25, the Trust received income totalling £1,004.8m, which is a 22.3% increase on the previous year.

Of the income received by the Trust, £879.9m (87.6%) came from patient care activities. Year on year there has been 23.9% increase in income from patient care activities.

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

In accordance with Section 114A of the Health and Social Care Act 2012, 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 2024/25 NHS Payment Scheme enables different payment mechanisms to be used in different circumstances.

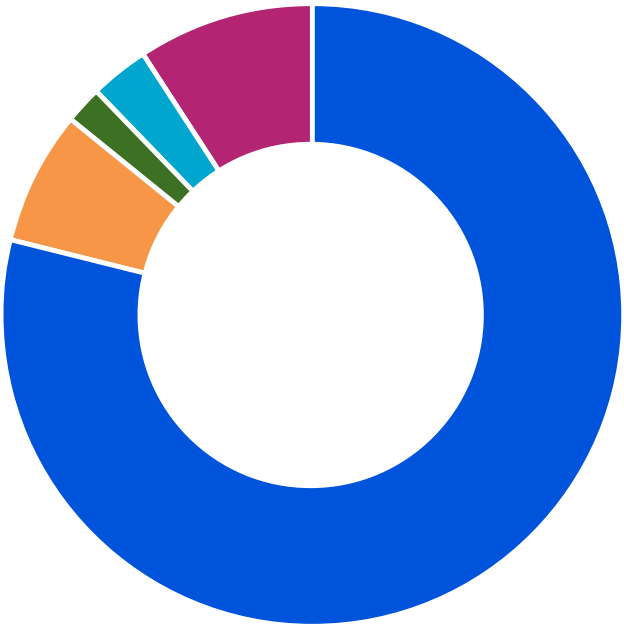
The chart (right) depicts the Trust's total income for 2024/25, split by customer or commissioner type.

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

The majority of the Trust's NHS Patient Care Income for 2024/25 fell within the Aligned Payment and Incentives (API) payment mechanism. System envelope block top-up funding arrangements continued in 2024/25, allocated at a Cheshire and Merseyside Integrated Care Board and Lancashire and South Cumbria Integrated Care Board level.

The remaining £120.3m (12.0%) 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 Resident Doctors, and services provided to other organisations, such as IT, HR, pharmacy, pathology services. In 2024/25, this other operating income also included PFI income support £19.9m.

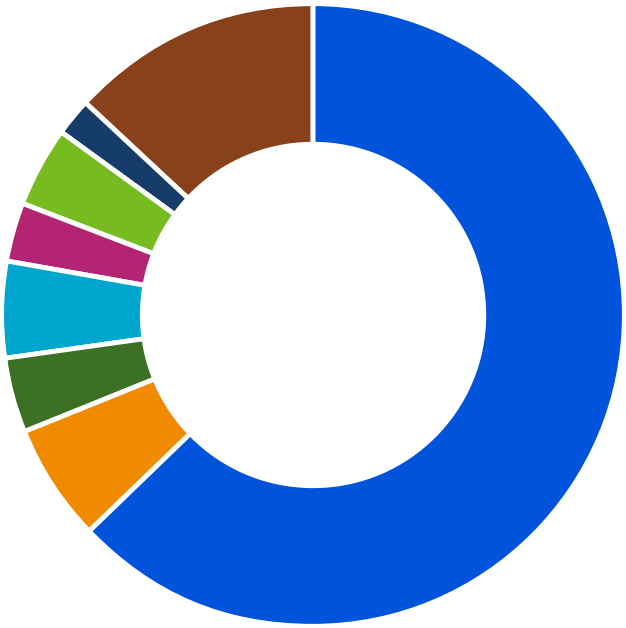
£4.6m Finance Income was received in year.



Total income £1,004.8m

- 79% Integrated Care Boards
- 7% NHS England and its sub-entities
- 2% Bodies external to Government
- 3% NHS Providers (Trusts)
- 9% Other Government Bodies (including DHSC bodies, special health authorities, local authorities)

2.5.2 Expenditure



Total expenditure and losses £1,052.9m

- 63% Pay
- 6% Clinical supplies
- 4% PFI
- 5% Drugs
- 3% Depreciation
- 4% Finance costs
- 2% CNST
- 13% Other

The Trust incurred expenditure and losses totalling £1,052.9m. 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 2024/25.

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

The Trust also experiences significant annual finance costs related to its PFI arrangements (£40.9m) and an annual clinical negligence insurance (CNST) premium of £25.4m. A further £32.3m in 2024/25 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.

2.5.3 Capital expenditure

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

Capital expenditure on tangible (e.g. equipment), intangible (e.g. software) and prepayment assets was higher than initial plan figures as the Trust secured £2.5m 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 £0.09m were agreed during the financial year.

At a headline level, the Trust's 2024/25 capital schemes, totalling £45.3m, can be broken down as follows.

- **£7.7m Improvements to the Trust's built estate** including ongoing work to address backlog maintenance.
- **£8.0m Refurbishments** to Southport and Ormskirk hospitals.
- **£8.2m New land and building purchases** to allow future improvements to patient care.
- **£4.2m Private Finance Initiative** lifecycle replacement expenditure.
- **£2.2m Medical equipment** including replacement theatre equipment and diagnostic equipment.
- **£10.8m Information technology schemes**, including improvements funded by DHSC's Frontline Digitalisation programme.
- **£4.3m New leased equipment** & required accounting valuation of existing of leases.

2.5.4 Other financial results

The Trust's closing cash balance was £10.2m, which was a £14.5m 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 85.7%, as shown in note 32 to the Annual Accounts.

The Trust's borrowings (£488.3m) relate to its PFI and lease arrangements, which incorporate increases due to remeasurements following the introduction of accounting standard (IFRS16) which changed the treatment of both. These increased liabilities do 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 - whilst maintaining quality services. The Trust delivered an efficiency target of £48.0m in 2024/25 (£35.4m recurrently and £12.6m non-recurrently).

2.5.5 Financial forward look

The Trust's current financial plan for 2025/26, has yet to be agreed at system level. 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 £6.1m and adjusted financial performance deficit of £10.7m. 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 £48.2m, with schemes exceeding this identified for delivery in year.

The indicative capital expenditure plan for the combined organisation is £64.6m.

The current plan is summarised below:

2025/26 PLAN	£m
Surplus/(Deficit)	(6.1)
Adjusted financial performance surplus/(deficit)	(10.7)
Assumed CIP achievement within the above deficit	48.0
Capital expenditure (capex)	64.6
PDC funding for capex schemes	33.8
Closing cash balance	22.1

Performance Report signed by

R Cooper

Rob Cooper
Chief Executive

24 June 2025

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 2024/25 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 Left June 2024	Charitable Funds Finance & Performance Quality Remuneration Strategic People
	Non-Executive Director	Lisa Knight	Associate NED from July 2019 then substantively appointed September 2022	Remuneration Strategic People
	Non-Executive Director	Ian Clayton	Appointed September 2019, 2021 & 2024 Death in Service November 2024	Audit Finance & Performance Remuneration Strategic People
	Deputy Chair	Gill Brown	Appointed Non-Executive Director January 2020 & 2022 Appointed Deputy Chair July 2024	Audit Finance & Performance Quality Remuneration
	Non-Executive Director (university nominated)	Professor Hazel Scott	Appointed November 2023	Charitable Funds Quality Remuneration
	Non-Executive Director	Stephen Connor	Appointed February 2024	Audit Finance & Performance Remuneration
	Non-Executive Director	Carole Spencer	Associate Non-Executive Director May 2024 then appointed substantively August 2024	Audit Finance & Performance Remuneration Strategic People
Executive Directors	Chief Executive	Ann Marr	Appointed January 2003 Left November 2024	Executive
	Chief Executive/ Managing Director	Rob Cooper	Appointed January 2017 as Director of Performance and Operations, appointed Managing Director from July 2023, appointed Chief Executive from December 2024	Executive Finance & Performance Quality Strategic People

	Position	Name	Term of Office	Committee Membership
Executive Directors	Deputy CEO/ Director of Human Resources	Anne-Marie Stretch	Appointed July 2003, stepped back from Director of Human Resources role May 2024, continued as Deputy CEO	Executive Finance & Performance Quality Strategic People
	Medical Director	Dr Peter Williams	Appointed July 2022	Executive Quality Finance & Performance
	Director of Nursing, Midwifery and Governance	Sue Redfern*	Appointed May 2013 Stepped back from Executive Director role from April 2024 and resigned as a Board Director November 2024	Executive Quality Strategic People
	Director of Finance and Information	Gareth Lawrence	Appointed April 2022	Executive Charitable Funds Finance & Performance Quality Strategic People
	Acting Director of Nursing, Midwifery and Governance	Lynne Barnes	Appointed April 2024	Board Executive Quality Strategic People
Associate Directors	Director of Corporate Services	Nicola Bunce	Appointed July 2017	Executive Quality Finance & Performance Strategic People
	Director of Informatics	Malcom Gandy	Appointed April 2024	Executive Finance & Performance
	Chief Operating Officer	Lesley Neary	Appointed July 2023	Executive Finance & Performance Quality Strategic People
	Acting Director of HR	Malise Szpakowska	Appointed June 2024	Executive Finance & Performance Quality Strategic People
	Associate Non-Executive Director	Paul Growney	Appointed September 2018 and 2020 – stepped back from being a substantive Non-Executive Director June 2022 Left August 2024	Audit Charitable Funds Finance & Performance Remuneration
	Associate Non-Executive Director	Rani Thind	Appointed September 2021 and September 2024	Quality Remuneration

*Stepped down from her Board role as Director of Nursing, Midwifery and Governance and took up the role of Director of Infection, Prevention and Control following a period of absence

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 FPPT checks are completed for all new Directors before appointment and the Trust then requires all Directors to make an annual declaration of compliance with the FPPR standards. In 2024/25 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 2024 and the process will be repeated for 2025/26 in accordance with the 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.

R Cooper

Rob Cooper
Chief Executive

24 June 2025

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 31 March 2025 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, and the Trust also has a risk assurance framework.

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 and from 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 exactly the same, they both embodied the best practice principles of risk management; and a risk assurance framework has now been developed for MWL. Guidance in undertaking risk assessment, and 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 risk reporting and management is also accessible to staff via the Trust intranet.

The Trust continued to operate two instances of the risk management system (DATIX) inherited from the legacy organisations, until the implementation of InPhase in March 2025. However, 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 2024/25 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 (for example via FFT feedback and national patient surveys), staff feedback (via the annual national staff survey, quarterly pulse survey and local surveys), and social media channels are other sources of information which support the Trust in identifying and responding to any emerging issues or underlying themes.

All staff have the ability 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 to review the actions in mitigation.

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

Risks with a score below 15 are managed at Divisional or corporate department level. 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 division 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 and tracked through a 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 2025 there were a total of 1068* 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
14	**52**	**29**	**84**	**7**	**197**	**95**	**201**	**52**	**258**	**9**	**7**	**7**	**0**
95 = 9.4%			**288 = 28.5%**			**606 = 59.9%**				**23 = 2.3%**			

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

Of the 23 risks that score 15 or above, 20 were on the live Corporate Risk Register while 3 were on the historic legacy Southport and Ormskirk hospitals tolerated risk register. None of these risks arise from significant internal control issues or gaps in control.

In addition, the Board has identified the strategic risks that 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.

Strategic concerns for MWL captured in the BAF on 31st March 2025 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 maintain patient, partner and stakeholder confidence in the Trust
- Failure to work in partnership with stakeholders
- Failure to attract and retain staff with the skills required to deliver high quality services
- Major and sustained failure of essential estates assets and infrastructure
- Major and sustained failure of essential IT systems

In developing its plans for 2025/26 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, progressing the single operating model, and further developing a shared culture for all our staff. There were also very specific risks associated with the fragile services at the legacy Southport and Ormskirk hospital sites, and the outstanding question of the strategic configuration of some key services between these sites, which is being reviewed by the Shaping Care Together Programme (see section 1.4)

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

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 last reviewed and updated 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 2024/25

There were several changes to the Board during 2024/25.

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.

Geoffrey Appleton left the Board in June 2024 after four years firstly as a Board Advisor and then as a Non-Executive Director/ Deputy Chair for St Helens and Knowsley Teaching Hospitals NHS Trust and since July 2023 for MWL.

Gill Brown was appointed as Deputy Chair in July 2024.

Carole Spencer was appointed as an Associate Non-Executive Director in May 2024 and as a Non-Executive Director in August 2024.

Anne-Marie Stretch stepped down from her role as Director of Human Resources in May 2024, retaining the role of Deputy CEO.

Sue Redfern took a leave of absence in April 2024 and then formally stepped down from her Board role as Director of Nursing, Midwifery and Governance in November 2024, remaining at the Trust as Director of Infection, Prevention and Control.

Malise Szpakowska was appointed as Acting Director of Human Resources in June 2024.

Lynne Barnes was appointed as Acting Director of Nursing, Midwifery and Governance in April 2024.

Paul Growney left the Board in August 2024 after six years as a Non-Executive Director and Associate Non-Executive Director.

Rani Thind was extended in her role as Associate Non-Executive Director in September 2024 for a further 12 months.

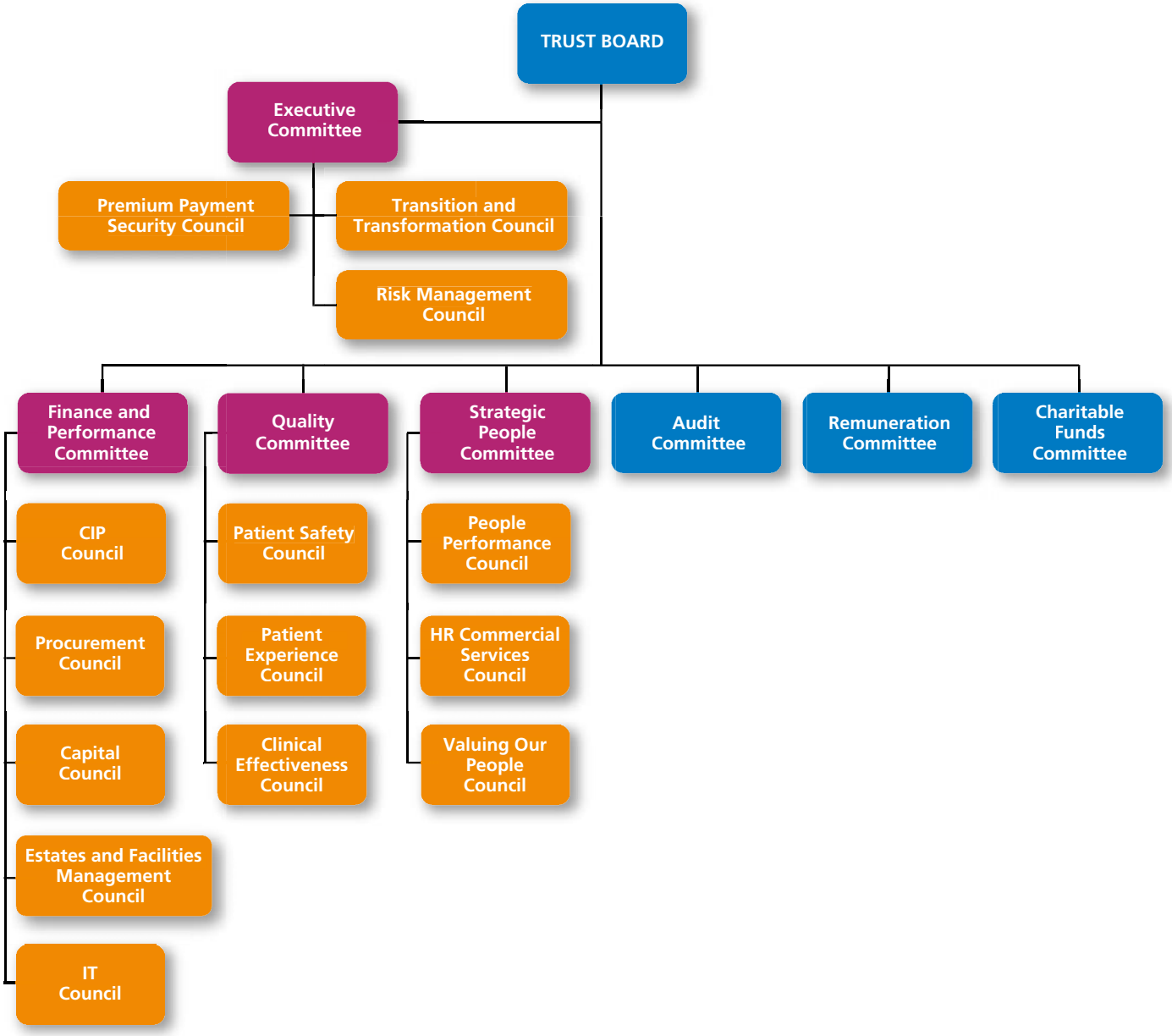
Following the retirement of Ann Marr OBE, Rob Cooper was appointed to the role of Chief Executive in December 2024.

Ian Clayton sadly passed away in November 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 (VSMs).

The Committee is required to meet at least once a year. During 2024/25 the Committee met on two occasions and conducted business via email (formal agreement of proposals previously discussed) on three other occasions. The meetings in August 2024 and February 2025 were quorate, and business via email was also quorate.

Audit Committee

The Audit Committee has a membership of three Non-Executive Directors, with the chair being a qualified accountant. The Trust's external and internal auditors, the NHS Counter Fraud Officer and other officers are regularly invited to attend. In 2024/25 the Committee met on five occasions.

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.

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.

This programme included key financial controls, Cost Improvement Plan processes, Board reporting, Council effectiveness, risk management, data quality, Emergency Preparedness, Resilience and Response (EPRR), quality spot checks, the Trust's Maternity Incentive Scheme submissions, workforce controls, 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 2024/25 the Quality Committee met on ten occasions. All meetings were quorate.

The Quality Committee is made up of both Non-Executive and Executive members and is supported by the Patient Safety, Patient Experience, and Clinical Effectiveness Councils. 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 operational activity metrics reported in the CPR, reflecting the annual financial and operational plans and targets agreed by the Trust Board. During 2024/25 the Finance and Performance Committee met ten times. Members of the committee include Non-Executive and Executive Board members, and all the meetings held during 2024/25 were quorate.

The Committee is also supported in its work by the Capital, Cost Improvement Plan, Procurement, Estates and Facilities Management, and IT Councils. Assurance reports from each of these Councils, including any matters for escalation, are reported to the Committee.

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. The committee usually meets each month (excluding August and December) and is supported by the People Performance, HR Commercial Services and Valuing Our People Councils, which provide assurance reports to the committee and include any matters for escalation.

The Committee membership includes Non-Executive and Executive members and met ten times in 2045/25. All meetings in 2024/25 were quorate.

Charitable Funds Committee

The Trust's Charitable Funds Committee normally meets at least three times a year and is responsible for managing the income and expenditure of any charitable and donated monies and assets held by the Trust, representing the Board as corporate trustees of the charitable funds. A key activity during 2024/25 was the establishment and launch of the new MWL Charity. During 2024/25 the committee met on three occasions all of which were quorate.

The Committee actively promotes fundraising and the regular expenditure from funds and ensures that the Trust receives a reasonable rate of interest from investments made of the funds held in trust.

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 2024/25 there were 49 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. The Committee was also supported by the Transition and Transformation Council until January 2025, this council provided assurance that the service integration, improvement plans, and transformation plans agreed as part of the transaction business case were delivered. The Board has subsequently agreed that the purpose of this council has been fulfilled, and it has been disbanded.

Board Meetings

The Trust Board meets in public ten times a year. The meetings are monthly, except August and December, and in 2024/25 there was an Extraordinary Board meeting held in July 2024.

A second part 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 in 2024/25 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**	**11**	**5**	**10**	**10**	**10**	**2**	**3**	**49**	**80**	**%**
Richard Fraser	Chair	8					2			10/13	77%
Geoffrey Appleton	NED	3		3	3	3		1		13/13	100%
Stephen Connor	NED	11	5		10		1	2		29/30	97%
Paul Growney	NED	5	2		4			1		12/13	92%
Ian Clayton	NED	6	2		4	5	0			17/25	68%
Gill Brown	NED	11	5	10		0	2			28/28	100%
Lisa Knight	NED	9				10	0	0		19/23	83%
Rani Thind	NED	10		10			1	1		22/25	88%
Hazel Scott	NED (university appointed)	8		1			1	2		12/21	57%
Ann Marr	Chief Executive	8							29	37/49	76%
Anne-Marie Stretch	Director of HR/Deputy CEO	10		10	10	8			40	79/88	89%
Gareth Lawrence	Director of Finance and Information	11	4	9	10	8		3	42	88/98	89%
Peter Williams	Medical Director	11		10	7				36	64/79	81%
Sue Redfern	Director of Nursing, Midwifery and Governance			1		0			2	3/4	75%
Rob Cooper	Chief Executive/ Managing Director	11		9	8	5		2	40	75/90	83%
Nicola Bunce	Director of Corporate Services	11	5	9	9	7			44	85/93	91%
Lesley Neary	Chief Operating Officer	7		8	7	7		1	31	61/91	67%
Carole Spencer	Non-Executive Director	10	1		6	5	2			24/25	96%
Lynne Barnes	Acting Director of Nursing, Midwifery and Governance	10	2	8		1		1	38	60/85	71%
Malise Szpakowska	Acting Director of HR	8		7	6	7			34	62/69	90%
Malcolm Gandy	Director of Informatics	11	3		8				43	65/75	87%
Total attendance		179 (197)	29 (38)	105 (107)	92 (110)	56 (89)	9 (15)	14 (16)	385 (564)	865 (1037)	83%

The Board completed a programme of time-out and development events during 2024/25.

Purpose	Provider / Lead	Date
Post Transaction Review	Ann Marr	April 2024
C&M Pathology Strategy – delivery model and shared Laboratory Information System Business Case	Rob Cooper	April 2024
MWL Estates Strategy	Nicola Bunce	June 2024
Anti-Racism Round Table	Darren Moody, ED&I Lead	October 2024
Developing a Trust Health Inequalities Strategy	Wayne Longshaw, Director of Integration	October 2024
2025/6 National Planning Guidance	Gareth Lawrence	February 2025

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 include the programme of Quality Ward Rounds and Team Talks that take place on all MWL sites.

The Board continued to receive patient stories on a bimonthly basis.

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.

The Trust was required to register with the CQC and was granted registration 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 2024/25.

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'.

Mersey and West Lancashire Teaching Hospitals NHS Trust is subject to periodic reviews by the Care Quality Commission. There have not been any CQC inspections undertaken in 2024/25 and MWL continues to retain the overall 'Outstanding' CQC rating. The following services received unannounced inspections in March 2024:

- Urgent and Emergency Care at Southport Hospital was inspected on 04 March 2024, the final report was published on 10 March 2025. This service was not rated, as the inspection took place less than a year following the transaction.
- Urgent and Emergency Care at Whiston Hospital was inspected on 25 March 2024 and the final report was published on 31 January 2025. The service was rated as 'Requires Improvement' overall, however, was rated 'Good' for Caring, Effective and Well-led. Regulatory breaches were notified to the Trust against three of the fundamental standards and action plans are in place to address these.

The results of those inspections did not impact the Trust's overall rating.

NHS England and the Provider Licence Conditions

The Trust has not been subject to any regulatory special interventions or support during 2024/25.

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.

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 2024/25 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 approved to ensure safe staffing of mobilised escalation beds. Investment was also made in additional HCA staffing establishment to eliminate agency HCAs for supplementary care.

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 means that the Board is assured that staffing processes are safe, sustainable and effective.

Register of Interests/Managing Conflicts of Interest

The Trust has published an up-to-date register of interests, including gifts and hospitality, for decision making staff (as defined by the Trust with reference to guidance) within the past 12 months on its website, 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.

Service Systems

The Trust uses Oracle EBS and BI, and the Electronic Staff Record (ESR), supplied by NHS Shared Business Services. The service auditor report from the Trust's auditors have provided a qualified opinion in relation to Oracle EBS relating to controls operating at a service organisation level. The Trust has appropriate compensating controls in these areas to mitigate against any increased area of risk.

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, and examples include:

- The Recruitment and Selection Policy is designed to inform management and other 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.

The Strategic People Committee reviews and makes recommendations to the Board in respect of key regulatory and statutory workforce publications, in particular:

- Annual Gender/Minority Ethnic/Disability Pay Gap reports and action plans
- WRES/WDES reports and actions plans

Climate change

The Trust has undertaken risk assessments on the effects of climate change and severe weather, and each of the legacy organisations has developed a Green Plan following the guidance from the Greener NHS Programme. Work is underway to combine these documents into a single MWL Green Plan which will be delivered in 2025/26. The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. For further detail on the Trust's approach to climate-related issues and Net Zero please see section 2.4 Environmental Analysis.

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 that risks to achieving them 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 2024/25 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 2024/25 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 of the 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 2024/25 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 2024/25, 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 continues to report 2024/25 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) and Advise Inc 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 continues to provide payroll, pensions and employment services to Trusts across Cheshire and Merseyside and NHS clients in the South East of England and has Lead Employer contracts nationally for Resident Doctors and Dentists, providing value for money for the NHS and contributing to system wide efficiencies.

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 2024/25 can be found in the Auditor's 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 set of standards and processes for ensuring that organisations comply with the laws and regulations regarding handling and dealing with personal information. It provides 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 Trust uses the Data Security and Protection Toolkit (DSPT) to benchmark its IG and IT security controls, also known as the IG Assessment Report. The 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 DSPT.

The 2023/24 DSPT was submitted in June 2024. This was the first DSPT as MWL. Prior to this the two legacy organisations, St Helens and Knowsley Teaching Hospitals NHS Trust, and Southport and Ormskirk Hospital NHS Trust, had demonstrated their IG and IT security controls via the DSPT independently, both submitting in the required timeframe and achieving substantial assurance via an independent audit.

The 2023/24 DSPT submission was audited by Mersey Internal Audit Agency, who check the quality and veracity of the evidence that was provided. MWL's first DSPT achieved 'substantial assurance.'

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 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 2024/25 there was 1 reportable incident. The ICO were informed of the lessons learned and of the action plan the Trust had put in place at the time of the incident. To date no further actions have been received from the ICO. Other 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, facilitate 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 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

As part of the robust governance framework for data quality, a Data Quality Forum meeting takes place monthly and reports to the Information Steering Group (ISG). The ISG meeting is a monthly group which provides a robust qualitative foundation for information management to support the clinical/management requirements of the Trust and reports into the Executive Team on a monthly basis.

Membership of the Data Quality Forum consists of representatives from individual departments across the Trust. The forum sets out to achieve improved data quality across the Trust and ensure compliance with the Quality Account and the 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 potential training areas to the relevant members of the group

3.3.8 Review of effectiveness

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 management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the audit committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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 provide the necessary assurance that the Trust is effectively and appropriately managed. The reviews for 2024/25 were undertaken between February and April 2025, and the findings reported to the individual committees and to the audit committee, and the reporting structure and Terms of Reference were reviewed by the Board in May 2025. The Board and all committees were assessed as remaining effective and fit for purpose.

In addition, during 2024 internal audit conducted a review of Trust councils reporting to the committees following the implementation of new operational and governance structures. The Head of Internal Audit opinion provides substantial assurance that the new processes are effective.

3.3.9 Conclusion

No significant internal control issues have been identified or reported in the annual governance statement for 2024/25.

Annual Governance Statement signed by.

R Cooper

Rob Cooper
Chief Executive

24 June 2025

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 2025-2028 builds on previous successes and outlines the Trust's commitment to fostering a culture based on our values of kindness, inclusivity and openness, where staff can thrive while delivering 5 Star Patient Care. The plan is aligned with national NHS priorities, including the NHS Long Term Workforce Plan and the NHS People Promise, and focuses on four key ambitions:

- Fostering a Culture of Wellbeing and Support
- Developing an Inclusive and Diverse Workforce
- Embracing Innovation and Career Development
- Enhancing Workforce Planning and Partnerships

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 2024/25, the Trust directly employed over nine thousand whole time equivalent (WTE) staff of which 42% were doctors and nurses, 31% were clinical support staff, and the remaining 28% were non-clinical support staff. 6,747 staff were full time employees and 4,323 were employed less than full time.

Turnover of staff across the year as a rolling average was 11.29%.

The number of senior managers employed by the Trust on 31 March 2025 was 60 (56.07 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 senior manager calculation is based on those that report to a director or are a deputy director, based on the NHS Digital definition.

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 2025)***	**Male**		**Female**		**All staff**	
	Headcount	***FTE***	***Headcount***	***FTE***	***Headcount***	***FTE***
Non-executive directors	2	1.12	5	0.52	7	1.64
Directors	5	5	9	7.57	14	12.57
Other senior managers ***(AFC Bands 8D and above)***	13	12.2	24	22.7	37	34.9
All other staff	2244	2117.47	8766	7506.16	11010	9623.63
TOTAL	**2264**	**2135.79**	**8804**	**7536.95**	**11068**	**9672.74**

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 the Defence Employers Commitment (Gold) and maintained existing membership of the Disability Confident (Level 3 - Leader), the Armed Forces Covenant, Veterans Aware, TUC Dying to Work Charter, NHS Sexual Safety Charter, 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.

These reports are available on the Trust website as part of the publication scheme.

The Trust continues to support 7 staff networks (Armed Forces/Veterans, menopause, carers, disabled, LGBTQIA+, ethnic minority, women) 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 2024/25 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 the Trust is required to collate and publish trade union facility time data, which is also published nationally by the government. The deadline for national publication of this information is in July, and the relevant information will be updated once it is available. In 2023/24, the Trust's trade union facility time data was as follows:

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 is 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 2024/25

	Permanently employed £000	Other £000	Total £000
Salaries & Wages	464,198	47,821	512,019
Social Security Costs	46,132	-	46,132
Apprenticeship Levy	2,404	-	2,404
Employers Contributions to NHS Pensions	87,979	-	87,979
Pension cost – other	149	-	149
Temporary staff (including agency)	-	21,980	21,980
Total staff costs	**600,862**	**69,801**	**670,663**
Of which:			
Costs capitalised as part of assets	531	-	531

Average number of employees (WTE basis)

	Total 2024/25 No.	Permanent 2024/25 No.	Other 2024/25 No.
Medical and dental	1,311	1,181	130
Ambulance staff	-	-	-
Administration and estates	2,610	2,493	117
Healthcare assistants and other support staff	1,746	1,325	421
Nursing, midwifery and health visiting staff	3,296	3,005	291
Nursing, midwifery and health visiting learners	-	-	-
Scientific, therapeutic and technical staff	1,460	1,410	50
Healthcare science staff	185	183	2
Social care staff	4	4	-
Other	-	-	-
Total average numbers	**10,612**	**9,601**	**1,011**
Of which:			
Number of employees (WTE) engaged on capital projects	0	0	0

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.

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 2025	**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 2024 and 31st March 2025	**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	**23**
Of which...	
Number of off-payroll engagements of 'board members, and/or senior officers with significant financial responsibility', during the financial year	0

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) 2024/25, 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 are 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, unless this becomes national policy. 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

	2024/25				2023/24			
	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 (Retired from post 30 November 2024)-*total remuneration*	140-145	0	n/a	**140-145**	200-205	0	n/a	**200-205**
*Remuneration **included in the above figure** relating to this Trust*	140-145	0	n/a	**140-145**	185-190	0	n/a	**185-190**
Rob Cooper Managing Director, Strategy and Operations (to 30 November 2024)/Chief Executive Officer (from 1 December 2024)	175-180	0	135-137.5	**310-315**	170-175	0	0	**170-175**
Anne-Marie Stretch [1] Deputy CEO (formerly Deputy CEO/Director of Human Resources)-*total remuneration*	120-125	0	0	**120-125**	160-165	0	0	**160-165**
*Remuneration **included in the above figure** relating to this Trust*	120-125	0	0	**120-125**	125-130	0	0	**125-130**
Gareth Lawrence Director of Finance & Information	150-155	0	0	**150-155**	145-150	0	0	**145-150**
Dr Peter Williams [3] Medical Director	230 -235	0	110-112.5	**345 -350**	225 -230	0	0	**225 -230**
Sue Redfern Director of Nursing, Midwifery and Governance (Left post 30/11/24)	65-70	0	n/a	**65-70**	90-95	0	n/a	**90-95**
Lynne Barnes Acting Director of Nursing, Midwifery and Governance (From 19 April 2024)	125 -130	0	110-112.5	**240-245**				
Malise Szpakowska Acting Director of Human Resources (from 1 June 2024)	100-105	0	27.5-30	**130-135**				
Nicola Bunce [1] Director of Corporate Services	110-115	0	0	**110-115**	120-125	0	0	**120-125**
*Remuneration **included in the above** figure relating to this Trust*	110-115	0	0	**110-115**	115-120	0	0	**115-120**
Dr Kate Clark Director of Strategy (from 1 April 2024)	200-205	0	53.5-55	**250-255**				

	2024/25				2023/24			
	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
Lesley Neary Chief Operating Officer (from July 2023)	130-135	0	n/a	**130-135**	90-95	0	n/a	**90-95**
Malcolm Gandy Director of Informatics (from 2 April 2024)	135-140	0	247.5-250	**385-390**				
Christine Walters Director of Informatics (retired from post 31 March 2024)					120-125	0	30-32.5	**150-155**
Geoffrey Appleton Non-Executive Director (Deputy Chair) (Left June 2024)	0-5	0	n/a	**0-5**	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 (RIP November 2024)	5-10	0	n/a	**5-10**	15-20	0	n/a	**15-20**
Stephen Connor Non-Executive Director (from February 2024)	10-15	0	n/a	**10-15**	0-5	0	n/a	**0-5**
Jeff Kozer Non-Executive Director (to December 2023)					5-10	0	n/a	**5-10**
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 (Left 31 August 2024)	5-10	0	n/a	**5-10**	10-15	0	n/a	**10-15**
Professor Hazel Scott [3] Non-Executive Director (from November 2023)	10-15	0	n/a	**10-15**	5-10	0	n/a	**5-10**
Carole Spencer Associate Non-Executive Director (from 1 May 2024 to 31 July 2024) and Non-Executive Director (from 1 August 2024)	10-15	0	n/a	**10-15**				
Rani Thind Associate Non-Executive Director	10-15	0	n/a	**10-15**	10-15	0	n/a	**10-15**

Notes:

[1] Ann Marr, Anne-Marie Stretch and Nicola Bunce were partly recharged to Southport & Ormskirk Hospital NHS Trust during 2023/24 prior to Southport & Ormskirk Hospital NHS Trust becoming part of Mersey and West Lancashire Teaching Hospitals NHS Trust (MWL) – the element of remuneration relating to MWL is disclosed below their total remuneration

[2] The element of his salary that relates to his role as Board Director falls in the range £30k - £35k (2023/24) and £30k - £35k (2024/25)

[3] Nominated by the University of Liverpool

Unless otherwise indicated, all the senior managers in the table were in post for the twelve month period to 31 March 2025. 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 spouse's (or other allowable beneficiary's) 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

	2024/25						
	(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(g) £000
Ann Marr OBE [1] Chief Executive (Retired from post 30 November 2024)							
Rob Cooper Managing Director, Strategy and Operations (to 30 November 2024)/Chief Executive Officer (from 1 December 2024)	5 - 7.5	10 - 12.5	40 - 45	110 - 115	685	122	873
Anne-Marie Stretch [2] Deputy CEO (formerly Deputy CEO/Director of Human Resources)	0	0	80 - 85	230 - 235	2,138	0	2,145
Dr Peter Williams [3] Medical Director	5 - 7.5	7.5 - 10	55 - 60	150 - 155	1,056	109	1,257
Gareth Lawrence [4] Director of Finance & Information	0	0	0	0	436	0	0
Sue Redfern [1] Director of Nursing, Midwifery and Governance (Left post 30 November 2024)							
Lynne Barnes Acting Director of Nursing, Midwifery and Governance (from 19 April 2024)	5 - 7.5	7.5 - 10	35 - 40	95 - 100	661	103	831
Malise Szpakowska Acting Director of Human Resources (from 1 June 2024)	0 - 2.5	0	5 - 10	0	80	13	115
Nicola Bunce [2] Director of Corporate Services	0	0	55 - 60	160 - 165	1,484	0	0
Dr Kate Clark Director of Strategy (from 1 April 2024)	2.5 - 5	0 - 2.5	65 - 70	170 - 175	1,330	55	1,498
Malcolm Gandy Director of Informatics (from 2 April 2024)	10 - 12.5	27.5 - 30	40 - 45	110 - 115	700	262	1,027
Lesley Neary [5] Chief Operating Officer (from July 2023)							
Christine Walters Director of Informatics (retired from post 31 March 2024)							

(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 31 March 2025 (bands of £5,000)
(d) Lump sum at pension age related to accrued pension at 31 March 2025 (bands of £5,000)
(e) Cash equivalent transfer value (CETV) at 1 April 2024 (to the nearest £1,000)
(f) Real increase in CETV (to the nearest £1,000)
(g) CETV at 31 March 2025 (to the nearest £1,000)

	2023/24						
	(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(g) £000
Ann Marr OBE [1] Chief Executive (Retired from post 30 November 2024)							
Rob Cooper Managing Director, Strategy and Operations (to 30 November 2024)/Chief Executive Officer (from 1 December 2024)	0	0	30 - 35	90 - 95	630	0	685
Anne-Marie Stretch [2] Deputy CEO (formerly Deputy CEO/Director of Human Resources)	0	30 - 32.5	85 - 90	235 - 240	1,766	171	2,138
Dr Peter Williams [3] Medical Director	0	40 - 42.5	50 - 55	130 - 135	749	210	1,056
Gareth Lawrence [4] Director of Finance & Information	0	17.5 - 20	25 - 30	65 - 70	386	7	436
Sue Redfern [1] Director of Nursing, Midwifery and Governance (Left post 30 November 2024)							
Lynne Barnes Acting Director of Nursing, Midwifery and Governance (from 19 April 2024)							
Malise Szpakowska Acting Director of Human Resources (from 1 June 2024)							
Nicola Bunce [2] Director of Corporate Services	0	0	55 - 60	160 - 165	1,355	0	1,484
Dr Kate Clark Director of Strategy (from 1 April 2024)							
Malcolm Gandy Director of Informatics (from 2 April 2024)							
Lesley Neary [5] Chief Operating Officer (from July 2023)							
Christine Walters Director of Informatics (retired from post 31 March 2024)	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 at 31 March 2023 (bands of £5,000)
(d) Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000)
(e) Cash equivalent transfer value (CETV) at 1 April 2022 (to the nearest £1,000)
(f) Real increase in CETV (to the nearest £1,000)
(g) CETV at 31 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 were affected in the prior year by the Pensions Remedy where their membership between 1 April 2015 and 31 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 NHS Pension agency in staff sharing arrangements. Therefore, the disclosure for Anne-Marie Stretch and Nicola Bunce, in the 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 in the prior year given he was a Board Director for part of that year.
[4] Opted out of the NHS Pension Scheme on 1 July 2023.
[5] 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	2024/25 Number of compulsory redundancies Number	2024/25 Cost of compulsory redundancies £	2024/25 Number of other departures Number	2024/25 Cost of departures £	2024/25 Total number of exit packages Number	2024/25 Total cost of exit packages £
< £10,000			13	28,160	13	28,160
£10,001 - £25,000						
£25,001 - £50,000						
TOTAL	**0**	**0**	**13**	**28,160**	**13**	**28,160**

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 packages: non-compulsory 'other departure' payments

	2024/25 Agreements Number	2024/25 Total value of agreements £000	2023/24 Agreements Number	2023/24 Total value of agreements £000
Contractual payments in lieu of notice	13	28	28	120
Voluntary redundancies including early retirement contractual costs			2	10

No non-contractual exit packages, which require HM Treasury pre-approval, were made in either 2023/24 or 2024/25. 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 2024/25 (2023/24 Medical Director) was £230,000 to £235,000 (2023/24 £225k to £230k MD). Based on the midpoint of the band, this was 6.36 times (2023/24 6.58 times) the median remuneration of the workforce, which was £36,573 (2023/24 £34,581).

In 2024/25, 26 employees received remuneration in excess of the highest paid director (2023/24, 13 employees). Their remuneration in 2024/25 ranged from £357,373 to £234,384. 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 2% increase (2023/2024: 31% between MWL & St Helens and Knowsley (STHK), 20% between MWL & Southport & Ormskirk (S&O)) change from the previous financial year in respect of the highest paid Director in the mid-point of the remuneration band.

There was an average 15% (2023/2024 2% between MWL and STHK, 19% between MWL & S&O increase) 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).

The previous year calculations are split by the two legacy organisations. This is following the merge of two legacy organisations. Effective from the 1st July 2023 STHK was renamed Mersey & West Lancashire Teaching Hospitals (MWL) and S&O merged into MWL.

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 reduction in the median total is 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:

24-25 MWL	25th Percentile	Median	75th Percentile
Total Renumeration	£27,298	£36,573	£49,256
Salary Component of Total Renumeration	£23,615	£36,483	£48,526
Pay Ratio Information Renumeration	8.52:1	6.36:1	4.72:1
Pay Ratio Salary Component	9.85:1	6.37:1	4.79:1

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

Accountability Report signed by

R Cooper

Rob Cooper
Chief Executive

24 June 2025


OUT
NHS

Section 3 - Annual Accounts 2024/25

5. Annual Accounts

Annual Accounts for the year ended 31st March 2025

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 and
- 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

R Cooper

Rob Cooper
Chief Executive

Date 24 June 2025

G Lawrence

Gareth Lawrence
Director of Finance & Information

Date 24 June 2025

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 31 March 2025, 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 accounting policies and other information.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 2024-25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2025 and 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 2024-25; and
- 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 (2024) ("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 2024-25 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 2024) 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 November 2024 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 2024-25 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 2024-25; and

- 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; or
- 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; or
- 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 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 2024-25).

- 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, improper revenue recognition on patient care activities and improper expenditure recognition on certain non-pay expenditure where risks were not rebutted. We determined that the principal risks were in relation to:
  - journal entries crediting expenditure codes and closing journals crediting income codes to manipulate the financial performance;
  - patient care income not agreed in advance;
  - non pay and other expenditure susceptible for manipulation by management
  - significant accounting estimates and critical judgements made by management that could manipulate the financial performance; and
- 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 entries crediting expenditure codes and closing journals crediting income codes to manipulate financial performance.
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of manipulation of income and expenditure that would impact performance.
  - 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. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

- The engagement partner's 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 31 March 2025.

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

Responsibilities of the Accountable Officer

As explained in the Statement of the chief executive's responsibilities as the accountable officer of the Trust, 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 November 2024. 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 – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Mersey and West Lancashire Teaching Hospitals NHS Trust for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the Trust's consolidation schedules,, and we have received confirmation from the National Audit Office that the audit of the NHS group consolidation is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025

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.

Sarah L Ironmonger

Sarah Ironmonger, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

27 June 2025

5.3 Annual Accounts for the year ended 31st March 2025

Annual Accounts 2024-25

5.3.1 Statement of Comprehensive Income (SoCI)

	Note	2024/25 £000	2023/24 £000
Operating income from patient care activities	3	879,856	709,705
Other operating income	4	120,299	107,684
Operating expenses	6, 8	(1,012,071)	(790,253)
Operating surplus/(deficit) from continuing operations		**(11,916)**	**27,136**
Finance income	10	4,635	4,307
Finance expenses	11	(40,804)	(70,544)
Net finance costs		**(36,169)**	**(66,237)**
Other gains / (losses)	12	-	4
Gains / (losses) arising from transfers by absorption		-	115,928
Surplus / (deficit) for the year from continuing operations		**(48,085)**	**76,831**
Surplus / (deficit) for the year		**(48,085)**	**76,831**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(3,218)	403
Revaluations	16	3,251	3,754
Other reserve movements		-	(1,345)
Total comprehensive income / (expense) for the period		**(48,052)**	**79,643**

5.3.2 Statement of Financial Position

	Note	31st March 2025 £000	31st March 2024 £000
Non-current assets			
Intangible assets	13	21,396	15,294
Property, plant and equipment	14	441,768	460,890
Right of use assets	17	33,749	36,132
Receivables	19	21,738	15,794
Total non-current assets		**518,651**	**528,110**
Current assets			
Inventories	18	8,365	9,454
Receivables	19	83,337	70,045
Cash and cash equivalents	20	10,187	24,658
Total current assets		**101,889**	**104,157**
Current liabilities			
Trade and other payables	21	(73,171)	(78,795)
Borrowings	23	(19,606)	(17,637)
Provisions	24	(896)	(795)
Other liabilities	22	(7,853)	(13,049)
Total current liabilities		**(101,526)**	**(110,276)**
Total assets less current liabilities		**519,014**	**521,991**
Non-current liabilities			
Borrowings	23	(468,711)	(460,807)
Provisions	24	(4,870)	(4,177)
Total non-current liabilities		**(473,581)**	**(464,984)**
Total assets employed		**45,433**	**57,007**
Financed by			
Public dividend capital		333,618	297,140
Revaluation reserve		28,524	28,491
Income and expenditure reserve		(316,709)	(268,624)
Total taxpayers' equity		**45,433**	**57,007**

The notes on subsequent pages form part of these accounts.

Accounts signed by:

R Cooper

Rob Cooper
Chief Executive

Date 24 June 2025

5.3.3 Statement of Changes in Equity

Statement of Changes in Taxpayers Equity for the year ended 31st March 2025

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2024 - brought forward	**297,140**	**28,491**	**(268,624)**	**57,007**
Surplus/(deficit) for the year	-	-	(48,085)	**(48,085)**
Impairments	-	(3,218)	-	**(3,218)**
Revaluations	-	3,251	-	**3,251**
Public dividend capital received	36,478	-	-	**36,478**
Taxpayers' and others' equity at 31 March 2025	**333,618**	**28,524**	**(316,709)**	**45,433**

Statement of Changes in Taxpayers 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**

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	2024/25 £000	2023/24 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(11,916)	27,136
Non-cash income and expense:			
Depreciation and amortisation	6.1	32,667	25,679
Net impairments	7	28,083	(2,348)
Income recognised in respect of capital donations	4	(301)	(533)
(Increase) / decrease in receivables and other assets		(12,659)	7,143
(Increase) / decrease in inventories		1,089	(1,213)
Increase / (decrease) in payables and other liabilities		(12,728)	(55,400)
Increase / (decrease) in provisions		784	815
Net cash flows from / (used in) operating activities		**25,019**	**1,279**
Cash flows from investing activities			
Interest received		4,634	4,274
Purchase of intangible assets		(13,998)	(5,084)
Purchase of PPE and investment property		(31,698)	(6,323)
Receipt of cash donations to purchase assets		301	533
Prepayment of PFI capital contributions		-	(2,211)
Net cash flows from / (used in) investing activities		**(40,761)**	**(8,811)**
Cash flows from financing activities			
Public dividend capital received		36,478	33,386
Movement on other loans		(211)	(422)
Capital element of lease rental payments		(6,501)	(6,104)
Capital element of PFI, LIFT and other service concession payments		(11,129)	(12,430)
Interest paid on lease liability repayments		(570)	(702)
Interest paid on PFI, LIFT and other service concession obligations		(16,796)	(16,456)
PDC dividend (paid) / refunded		-	(1,216)
Net cash flows from / (used in) financing activities		**1,271**	**(3,944)**
Increase / (decrease) in cash and cash equivalents		**(14,471)**	**(11,476)**
Cash and cash equivalents at 1 April - brought forward		**24,658**	**25,639**
Cash and cash equivalents transferred under absorption accounting		-	10,495
Cash and cash equivalents at 31 March	20.1	**10,187**	**24,658**

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 2024/25 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 MWL NHS Charity. It has assessed its relationship with the Charity and determined them to be subsidiaries, as it has the power to realise economic returns and other benefits from the Charity. The Trust has reviewed the value of the Charity's fund balances at 31 March 2025 and does not consider these to be material to the Trust. Consequently, consolidated financial statements, incorporating the accounts of both the Trust and the Charity ('group accounts') have not been prepared for the year ended 31 March 2025.

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 former 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 £55.4m.

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 £917k.

Central employer pension contribution

Providers are required to account for the additional expenditure arising from the 9.4% pension contributions paid by NHS England and the related income on a gross basis.

For Mersey & West Lancashire Teaching Hospitals NHS Trust this pension contribution is £34.740m for 2024/25.

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). 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. 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.

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 are 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. 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.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

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 grants 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 apprenticeship service 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, or
- 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, with the latest being a full revaluation at 31st March 2025, 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.

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 in 2023/24

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

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 controlled by the Trust. They are capable of being sold separately from the rest of the Trust's business or arise from contractual or other legal rights. Intangible assets 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.

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 where it meets recognition criteria.

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	5	7

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.

Between 2020/21 and 2023/24 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. Distribution of inventories by the Department ceased in March 2024.

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

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through 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 31 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 or the Trust has transferred substantially all the risks and rewards of ownership.

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

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 4.72% applied to new leases commencing in 2024 and 4.81% to new leases commencing in 2025.

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.

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 31 March 2025:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.03%	4.26%
Medium-term	After 5 years up to 10 years	4.07%	4.03%
Long-term	After 10 years up to 40 years	4.81%	4.72%
Very long-term	Exceeding 40 years	4.55%	4.40%

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 31 March 2025:

	Inflation rate	Prior year rate
Year 1	2.60%	3.60%
Year 2	2.30%	1.80%
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 2.40% in real terms (prior year: 2.45%).

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 24.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

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 25 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 25, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

Note 1.17 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 31 March. Exchange gains or losses (arising on settlement of the transaction or on retranslation on 31 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 NHS 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 2024/25.

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

The DHSC GAM does not require the following IFRS Standards to be applied in 2024/25:

IFRS 17 Insurance Contracts – The Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 has been adopted by the FReM from 1 April 2025. Adoption of the Standard for NHS bodies will therefore be in 2025/26. The Standard revises the accounting for insurance contracts for the issuers of insurance. Application of this standard from 2025/26 is not expected to material impact on the Trust's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

IFRS 19 Subsidiaries without Public Accountability: Disclosures - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

Changes to non-investment asset valuation – Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to valuation frequency, valuation methodology and classification which are effective in the public sector from 1 April 2025 with a 5 year transition period. NHS bodies are adopting these changes to an alternative timeline.

Changes to subsequent measurement of intangible assets and PPE classification / terminology to be implemented for NHS bodies from 1 April 2025:

- Withdrawal of the revaluation model for intangible assets. Carrying values of existing intangible assets measured under a previous revaluation will be taken forward as deemed historic cost.
- Removal of the distinction between specialised and non-specialised assets held for their service potential. Assets will be classified according to whether they are held for their operational capacity.

These changes are not expected to have a material impact on the Trust's financial statements.

Changes to valuation cycles and methodology to be implemented for NHS bodies in later periods:

- A mandated quinquennial revaluation frequency (or rolling programme) supplemented by annual indexation in the intervening years.
- Removal of the alternative site assumption for buildings valued at depreciated replacement cost on a modern equivalent asset basis. The approach for land has not yet been finalised by HM Treasury.

The impact of applying these changes in future periods has not yet been assessed. PPE assets currently subject to revaluation have a total book value of £376m as at 31 March 2025. Assets valued on an alternative site basis have a total book value of £376m at 31 March 2025.

Note 2 Operating Segments

The Trust has an internal divisional structure based on specialties and functions. There are 5 divisions - Medicine & Urgent Care, Surgery, Womens & Childrens, Corporate, and Clinical Support Services & Community.

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)

	2024/25 £000	2023/24 £000
Acute services		
Income from commissioners under API contracts - variable element*	216,995	156,154
Income from commissioners under API contracts - fixed element*	500,531	443,067
High cost drugs income from commissioners	31,053	22,044
Other NHS clinical income	42,614	27,714
Community services		
Income from commissioners under API contracts*	27,462	25,650
Income from other sources (e.g. local authorities)	44	-
All services		
Private patient income	2,950	2,132
National pay award central funding***	1,730	351
Additional pension contribution central funding**	34,740	19,486
Other clinical income	21,737	13,107
Total income from activities	**879,856**	**709,705**

*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/

**Increases to the employer contribution rate for NHS pensions since 1 April 2019 have been funded by NHS England. NHS providers continue to pay at the former rate of 14.3% with the additional amount being paid over by NHS England on providers' behalf. The full cost of employer contributions (23.7%, 2023/24: 20.6%) and related NHS England funding (9.4%, 2023/24: 6.3%) have been recognised in these accounts.

***Additional funding was made available directly to providers by NHS England in 2024/25 and 2023/24 for implementing the backdated element of pay awards where government offers were finalised after the end of the financial year. NHS Payment Scheme prices and API contracts are updated for the weighted uplift in in-year pay costs when awards are finalised.

Note 3.2 Income from patient care activities (by source)

	2024/25 £000	2023/24 £000
Income from patient care activities received from:		
NHS England	70,054	60,534
Integrated care boards	794,116	633,506
Other NHS providers	491	426
Local authorities	5,266	4,533
Non-NHS: private patients	2,950	2,132
Non-NHS: overseas patients (chargeable to patient)	20	108
Injury cost recovery scheme	1,554	2,171
Non NHS: other	5,405	6,295
Total income from activities	**879,856**	**709,705**
Of which:		
Related to continuing operations	879,856	709,705

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

	2024/25 £000	2023/24 £000
Income recognised this year	20	108
Cash payments received in-year	3	7
Amounts added to provision for impairment of receivables	-	83
Amounts written off in-year	-	1

Note 4 Other operating income

	2024/25 Contract income £000	2024/25 Non-contract income £000	2024/25 Total £000	2023/24 Contract income £000	2023/24 Non-contract income £000	2023/24 Total £000
Research and development	1,317	-	**1,317**	1,252	-	**1,252**
Education and training	29,015	1,009	**30,024**	23,121	986	**24,107**
Non-patient care services to other bodies	34,869	-	**34,869**	36,368	-	**36,368**
Receipt of capital grants and donations and peppercorn leases	-	301	**301**	-	533	**533**
Charitable and other contributions to expenditure	-	-	**-**	-	201	**201**
Other income	53,788	-	**53,788**	45,223	-	**45,223**
Total other operating income	**118,989**	**1,310**	**120,299**	**105,964**	**1,720**	**107,684**
Of which:						
Related to continuing operations			120,299			107,684

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.

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

	2024/25 £000	2023/24 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	**-**	7,500

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

The following disclosure is of income from charges to service users where the full cost of providing that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2024/25 £000	2023/24 £000
Income	-	2,733
Full cost	-	(3,179)
Surplus / (deficit)	-	(446)

Note 6.1 Operating expenses

	2024/25 £000	2023/24 £000
Purchase of healthcare from NHS and DHSC bodies	8,251	5,074
Purchase of healthcare from non-NHS and non-DHSC bodies	10,578	7,914
Staff and executive directors costs	664,674	536,477
Remuneration of non-executive directors	168	169
Supplies and services - clinical (excluding drugs costs)	66,927	51,307
Supplies and services - general	8,240	5,647
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	49,028	38,793
Consultancy costs	738	279
Establishment	9,174	9,589
Premises	46,000	39,963
Transport (including patient travel)	2,185	2,508
Depreciation on property, plant and equipment	29,316	23,840
Amortisation on intangible assets	3,351	1,839
Net impairments	28,083	(2,348)
Movement in credit loss allowance: contract receivables / contract assets	974	265
Increase/(decrease) in other provisions	1,314	-
Change in provisions discount rate(s)	15	(73)
Fees payable to the external auditor audit services - statutory audit	300	360
Internal audit costs	199	150
Clinical negligence	25,436	19,578
Insurance	58	45
Research and development	1,323	1,199
Education and training	6,940	6,467
Expenditure on short term leases	-	476
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	40,909	36,525
Other	7,890	4,210
Total	**1,012,071**	**790,253**
Of which:		
Related to continuing operations	1,012,071	790,253

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 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2,000k (2023/24: £2,000k).

Note 7 Impairment of assets

	2024/25 £000	2023/24 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	28,083	(2,348)
Total net impairments charged to operating surplus / deficit	**28,083**	**(2,348)**
Impairments charged to the revaluation reserve	3,218	(403)
Total net impairments	**31,301**	**(2,751)**

Note 8 Employee benefits

	2024/25 Total £000	2023/24 Total £000
Salaries and wages	512,019	413,946
Social security costs	46,132	39,981
Apprenticeship levy	2,404	2,063
Employer's contributions to NHS pensions	87,979	63,999
Pension cost - other	149	172
Temporary staff (including agency)	21,980	21,080
Total gross staff costs	**670,663**	**541,241**
Recoveries in respect of seconded staff	-	-
Total staff costs	**670,663**	**541,241**
Of which		
Costs capitalised as part of assets	531	1,027

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 2024/25 there were 11 early retirements from the Trust agreed on the grounds of ill-health (9 in the year ended 31 March 2024). The estimated additional pension liabilities of these ill-health retirements is £1,193k (£56k in 2023/24).

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 31 March 2025, is based on valuation data as at 31 March 2023, updated to 31 March 2025 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 Statement by the Actuary, which forms part of the annual NHS Pension Scheme Annual Report and 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 (considering recent demographic experience), and to recommend the contribution rate payable by employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 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.

The 2024 actuarial valuation is currently being prepared and will be published before new contribution rates are implemented from April 2027.

Note 10 Finance income

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

	2024/25 £000	2023/24 £000
Interest on bank accounts	4,635	4,307
Total finance income	**4,635**	**4,307**

Note 11.1 Finance expenditure

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

	2024/25 £000	2023/24 £000
Interest expense:		
Interest on lease obligations	570	702
Finance costs on PFI, LIFT and other service concession arrangements:		
Main finance costs	16,795	16,456
Remeasurement of the liability resulting from change in index or rate	23,429	53,382
Total interest expense	**40,794**	**70,540**
Unwinding of discount on provisions	10	4
Total finance costs	**40,804**	**70,544**

Note 11.2 The late payment of commercial debts (interest) Act 1998

	2024/25 £000	2023/24 £000
Compensation paid to cover debt recovery costs under this legislation	-	2

Note 12 Other gains / (losses)

	2024/25 £000	2023/24 £000
Gains on disposal of assets	-	6
Losses on disposal of assets	-	(2)
Total other gains / (losses)	**-**	**4**

Note 13.1 Intangible assets - 2024/25

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2024 - brought forward	**27,260**	**7,866**	**5,012**	**40,138**
Additions	1,624	7,829	-	**9,453**
Reclassifications	-	2,872	(2,872)	**-**
Disposals / derecognition	(19,758)	(2,326)	-	**(22,084)**
Valuation / gross cost at 31 March 2025	**9,126**	**16,241**	**2,140**	**27,507**
Amortisation at 1 April 2024 - brought forward	**21,595**	**3,249**	**-**	**24,844**
Provided during the year	1,843	1,508	-	**3,351**
Disposals / derecognition	(19,758)	(2,326)	-	**(22,084)**
Amortisation at 31 March 2025	**3,680**	**2,431**	**-**	**6,111**
Net book value at 31 March 2025	**5,446**	**13,810**	**2,140**	**21,396**
Net book value at 1 April 2024	**5,665**	**4,617**	**5,012**	**15,294**

Note 13.2 Intangible assets - 2023/24

	Software licences £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2023 - as previously stated	**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 31 March 2024	**27,260**	**7,866**	**5,012**	**40,138**
Amortisation at 1 April 2023 - as previously stated	**4,127**	**2,591**	**-**	**6,718**
Transfers by absorption	16,409	-	-	**16,409**
Provided during the year	1,181	658	-	**1,839**
Disposals / derecognition	(122)	-	-	**(122)**
Amortisation at 31 March 2024	**21,595**	**3,249**	**-**	**24,844**
Net book value at 31 March 2024	**5,665**	**4,617**	**5,012**	**15,294**
Net book value at 1 April 2023	**3,197**	**2,139**	**204**	**5,540**

Note 14.1 Property, plant and equipment - 2024/25

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2024 - brought forward	**16,729**	**347,239**	**230**	**38,410**	**129,653**	**953**	**35,016**	**3,617**	**571,847**
Additions	-	13,302	-	9,728	7,152	4	1,358	31	**31,575**
Impairments	-	(3,200)	-	(19)	-	-	-	-	**(3,219)**
Reversals of impairments	-	(1)	-	2	-	-	-	-	**1**
Revaluations	705	(35,123)	(96)	-	-	-	-	-	**(34,514)**
Reclassifications	-	36,178	-	(36,178)	-	-	-	-	**-**
Disposals / derecognition	-	(27)	-	-	(62,701)	(599)	(15,997)	(2,683)	**(82,007)**
Valuation/gross cost at 31 March 2025	**17,434**	**358,368**	**134**	**11,943**	**74,104**	**358**	**20,377**	**965**	**483,683**
Accumulated depreciation at 1 April 2024 - brought forward	**-**	**308**	**11**	**23**	**84,247**	**628**	**22,727**	**3,013**	**110,957**
Provided during the year	-	9,338	6	-	9,636	52	3,521	94	**22,647**
Impairments	-	24,914	79	3,789	-	-	-	-	**28,782**
Reversals of impairments	-	(699)	-	-	-	-	-	-	**(699)**
Revaluations	-	(33,834)	(96)	(3,789)	(46)	-	-	-	**(37,765)**
Reclassifications	-	23	-	(23)	-	-	-	-	**-**
Disposals / derecognition	-	(27)	-	-	(62,701)	(599)	(15,997)	(2,683)	**(82,007)**
Accumulated depreciation at 31 March 2025	**-**	**23**	**-**	**-**	**31,136**	**81**	**10,251**	**424**	**41,915**
Net book value at 31 March 2025	**17,434**	**358,345**	**134**	**11,943**	**42,968**	**277**	**10,126**	**541**	**441,768**
Net book value at 1 April 2024	**16,729**	**346,931**	**219**	**38,387**	**45,406**	**325**	**12,289**	**604**	**460,890**

Nearly 70% of the Trust's building assets and 13% of Plant and machinery (equipment) assets relate to on-SoFP PFI contracts (see Note 28). 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 2024/25 and 2023/24 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.

Note 14.2 Property, plant and equipment - 2023/24

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1st April 2023									
- brought forward	**9,796**	**259,120**	**-**	**9,078**	**64,615**	**44**	**11,765**	**914**	**355,332**
Transfers by absorption	4,689	81,016	228	11,324	53,270	658	21,295	2,508	**174,988**
Additions	1,097	10,096	-	21,402	14,197	251	1,605	195	**48,843**
Reversals of impairments	-	401	-	2	-	-	-	-	**403**
Revaluations	1,147	(3,982)	2	20	-	-	-	-	**(2,813)**
Reclassifications	-	591	-	(3,416)	2,438	-	387	-	**-**
Disposals / derecognition	-	(3)	-	-	(4,867)	-	(36)	-	**(4,906)**
Valuation/gross cost at 31 March 2024	**16,729**	**347,239**	**230**	**38,410**	**129,653**	**953**	**35,016**	**3,617**	**571,847**
Accumulated depreciation at 1 April 2023									
- as previously stated	**-**	**175**	**-**	**-**	**43,155**	**44**	**6,566**	**712**	**50,652**
Transfers by absorption	-	417	5	-	39,101	568	13,008	2,227	**55,326**
Provided during the year	-	8,348	6	-	6,858	16	3,189	74	**18,491**
Impairments	47	9	-	-	-	-	-	-	**56**
Reversals of impairments	-	(2,404)	-	-	-	-	-	-	**(2,404)**
Revaluations	(47)	(6,214)	-	-	-	-	-	-	**(6,261)**
Reclassifications	-	(23)	-	23	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(4,867)	-	(36)	-	**(4,903)**
Accumulated depreciation at 31 March 2024	**-**	**308**	**11**	**23**	**84,247**	**628**	**22,727**	**3,013**	**110,957**
Net book value at 31 March 2024	**16,729**	**346,931**	**219**	**38,387**	**45,406**	**325**	**12,289**	**604**	**460,890**
Net book value at 1 April 2023	**9,796**	**258,945**	**-**	**9,078**	**21,460**	**-**	**5,199**	**202**	**304,680**

Note 14.3 Property, plant and equipment financing - 31 March 2025

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Owned - purchased	17,434	126,086	134	11,943	30,900	246	9,998	382	**197,123**
On-SoFP PFI contracts and other service concession arrangements	-	231,323	-	-	10,329	-	-	-	**241,652**
Owned - donated/granted	-	936	-	-	1,739	31	128	159	**2,993**
Total net book value at 31 March 2025	**17,434**	**358,345**	**134**	**11,943**	**42,968**	**277**	**10,126**	**541**	**441,768**

Note 14.4 Property, plant and equipment financing - 31 March 2024

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Owned - purchased	16,729	106,244	219	38,387	37,507	325	12,245	478	**212,134**
On-SoFP PFI contracts and other service concession arrangements	-	239,280	-	-	5,803	-	-	-	**245,083**
Owned - donated/granted	-	1,407	-	-	2,096	-	44	126	**3,673**
Total net book value at 31 March 2024	**16,729**	**346,931**	**219**	**38,387**	**45,406**	**325**	**12,289**	**604**	**460,890**

Note 15 Donations of property, plant and equipment

In 2024/25, the Trust recognised donated asset additions of £293k.

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 31 March 2025 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

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

Note 17.1 Right of use assets - 2024/25

	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 1 April 2024 - brought forward	**43,679**	**3,517**	**11**	**1,805**	**49,012**	**23,494**
Additions	-	-	81	-	**81**	-
Remeasurements of the lease liability	4,089	116	-	-	**4,205**	3,818
Valuation/gross cost at 31 March 2025	**47,768**	**3,633**	**92**	**1,805**	**53,298**	**27,312**
Accumulated depreciation at 1 April 2024 - brought forward	**8,877**	**2,737**	**10**	**1,256**	**12,880**	**4,568**
Provided during the year	5,636	737	9	287	**6,669**	2,437
Accumulated depreciation at 31 March 2025	**14,513**	**3,474**	**19**	**1,543**	**19,549**	**7,005**
Net book value at 31 March 2025	**33,255**	**159**	**73**	**262**	**33,749**	**20,307**
Net book value at 1 April 2024	**34,802**	**780**	**1**	**549**	**36,132**	**18,926**

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	20,307

Note 17.2 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 1 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**	3,276
Revaluations	36	-	-	-	**36**	-
Valuation/gross cost at 31 March 2024	**43,679**	**3,517**	**11**	**1,805**	**49,012**	**23,494**
Accumulated depreciation at 1 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 31 March 2024	**8,877**	**2,737**	**10**	**1,256**	**12,880**	**4,568**
Net book value at 31 March 2024	**34,802**	**780**	**1**	**549**	**36,132**	**18,926**
Net book value at 1 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	18,926

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.

	2024/25 £000	2023/24 £000
Carrying value at 1 April	**32,802**	**24,780**
Transfers by absorption	-	8,096
Lease additions	81	1,555
Lease liability remeasurements	4,205	4,475
Interest charge arising in year	570	702
Lease payments (cash outflows)	(7,071)	(6,806)
Carrying value at 31 March	**30,587**	**32,802**

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 2025 £000	Of which leased from DHSC group bodies: 2025 £000	Total 2024 £000	Of which leased from DHSC group bodies: 2024 £000
Undiscounted future lease payments payable in:				
- not later than one year;	5,844	2,552	6,723	2,364
- later than one year and not later than five years;	15,664	10,726	15,496	8,814
- later than five years.	10,782	7,642	11,896	7,957
Total gross future lease payments	**32,290**	**20,920**	**34,115**	**19,135**
Finance charges allocated to future periods	(1,703)	(921)	(1,313)	(615)
Net lease liabilities at 31 March 2025	**30,587**	**19,999**	**32,802**	**18,520**
Of which:				
Leased from other DHSC group bodies		19,999		18,520

Note 18 Inventories

	31 March 2025 £000	31 March 2024 £000
Drugs	3,604	3,831
Consumables	4,522	5,363
Energy	239	260
Total inventories	**8,365**	**9,454**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £69,198k (2023/24: £41,817k). Write-down of inventories recognised as expenses for the year were £0k (2023/24: £0k).

Note 19.1 Receivables

	31st March 2025 £000	31st March 2024 £000
Current		
Contract receivables	60,784	51,129
Allowance for impaired contract receivables / assets	(2,194)	(1,222)
Prepayments (non-PFI)	9,592	10,005
Interest receivable	391	390
VAT receivable	3,553	899
Other receivables	11,211	8,844
Total current receivables	**83,337**	**70,045**
Non-current		
Contract receivables	1,706	1,701
Allowance for impaired contract receivables / assets	(393)	(392)
Prepayments (non-PFI)	181	833
PFI lifecycle prepayments	19,361	12,785
Other receivables	883	867
Total non-current receivables	**21,738**	**15,794**
Of which receivable from NHS and DHSC group bodies:		
Current	34,570	25,743
Non-current	883	867

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

	2024/25 Contract receivables and contract assets £000	2023/24 Contract receivables and contract assets £000
Allowances as at 1 April - brought forward	**1,614**	**1,189**
Changes in existing allowances	974	265
Utilisation of allowances (write offs)	(1)	(177)
Allowances as at 31 Mar 2025	**2,587**	**1,614**

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.

	2024/25 £000	2023/24 £000
At 1 April	**24,658**	**25,639**
Transfers by absorption	-	10,495
Net change in year	(14,471)	(11,476)
At 31 March	**10,187**	**24,658**
Broken down into:		
Cash at commercial banks and in hand	85	65
Cash with the Government Banking Service	10,102	24,593
Total cash and cash equivalents as in SoCF	**10,187**	**24,658**

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.

	31 March 2025 £000	31 March 2024 £000
Bank balances	4	16
Monies on deposit	-	-
Total third party assets	**4**	**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

	31 March 2025 £000	31 March 2024 £000
Current		
Trade payables	7,338	7,017
Capital payables	18,492	16,584
Accruals	40,716	40,576
Social security costs	42	2,033
Other taxes payable	787	7,618
Pension contributions payable	37	4,391
Other payables	5,759	576
Total current trade and other payables	**73,171**	**78,795**
Of which payables from NHS and DHSC group bodies:		
Current	7,047	3,578

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 24/25 or 23/24.

Note 22 Other liabilities

	31 March 2025 £000	31 March 2024 £000
Current		
Deferred income: contract liabilities	7,853	13,049
Total other current liabilities	**7,853**	**13,049**

Note 23.1 Borrowings

	31 March 2025 £000	31 March 2024 £000
Current		
Lease liabilities	5,400	6,723
Obligations under PFI, LIFT or other service concession contracts	14,206	10,703
Total current borrowings	**19,606**	**17,637**
Non-current		
Lease liabilities	25,187	26,079
Obligations under PFI, LIFT or other service concession contracts	443,524	434,728
Total non-current borrowings	**468,711**	**460,807**

Note 23.2 Reconciliation of liabilities arising from financing activities

	Other loans £000	Lease Liability £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2024	**211**	**32,802**	**445,431**	**478,443**
Cash movements:				
Financing cash flows - payments and receipts of principal	(211)	(6,501)	(11,129)	**(17,841)**
Financing cash flows - payments of interest	-	(570)	(16,796)	**(17,366)**
Non-cash movements:				
Additions	-	81	-	**81**
Lease liability remeasurements	-	4,205	-	**4,205**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-	-	23,429	**23,429**
Application of effective interest rate	-	570	16,795	**17,365**
Carrying value at 31 March 2025	**-**	**30,587**	**457,730**	**488,316**

	Other loans £000	Lease Liability £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 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 1 April 2023			176,030	**176,030**
Transfers by absorption	-	8,096	8,665	**16,761**
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 31 March 2024	**211**	**32,802**	**445,431**	**478,443**

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 1 April 2024	**854**	**2,824**	**316**	**978**	**4,972**
Change in the discount rate	3	12	-	(8)	**7**
Arising during the year	734	549	205	145	**1,633**
Utilised during the year	(172)	(230)	(169)	(18)	**(589)**
Reversed unused	(23)	(172)	(30)	(87)	**(312)**
Unwinding of discount	4	6	-	45	**55**
At 31 March 2025	**1,400**	**2,989**	**322**	**1,055**	**5,766**
Expected timing of cash flows:					
- not later than one year;	172	230	322	172	**896**
- later than one year and not later than five years;	861	1,130	-	106	**2,097**
- later than five years.	367	1,629	-	777	**2,773**
Total	**1,400**	**2,989**	**322**	**1,055**	**5,766**

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 (2023/24: £90k). For certain employment-related claims, reimbursement may be due to the Trust from third parties. The remaining balance of £232k (2023/24: £226k) comprises employer's liability and public liability claims for which there is also a corresponding contingent liability of £67k (2023/24: £104k) 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 includes 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 £917k (2023/24: £891k) 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.

Note 24.2 Clinical negligence liabilities

At 31 March 2025, £284,893k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Mersey and West Lancashire Teaching Hospitals NHS Trust (31 March 2024: £259,121k).

Note 25 Contingent assets and liabilities

	31 March 2025 £000	31 March 2024 £000
Value of contingent liabilities		
NHS Resolution legal claims	(67)	(104)
Gross value of contingent liabilities	**(67)**	**(104)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(67)**	**(104)**
Net value of contingent assets	**-**	**-**

Contingent liabilities are not included within the Trust's financial statements. A contingent liability of £67k exists at 31 March 2025 for potential third party claims in respect of employer's liability and public liability claim excesses (2023/24 £104k). 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.

There is a claim against the Trust that could be considered a contingent liability. While the Trust acknowledges this claim, should it materialise the impact is not considered to be of material value to the Trust financial position. Further details are withheld for reasons of commercial confidentiality.

The Trust has no contingent assets to disclose in this or the prior year.

Note 26 Contractual capital commitments

	31 March 2025 £000	31 March 2024 £000
Property, plant and equipment	4,072	7,445
Intangible assets	3,771	93
Total	**7,843**	**7,538**

Note 27 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 2024/25 (2023/24: £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 also has 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

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2025 £000	31 March 2024 £000
Gross PFI, LIFT or other service concession liabilities	**656,057**	**644,370**
Of which liabilities are due		
- not later than one year;	30,519	25,715
- later than one year and not later than five years;	116,798	110,310
- later than five years.	508,740	508,345
Finance charges allocated to future periods	(198,327)	(198,939)
Net PFI, LIFT or other service concession arrangement obligation	**457,730**	**445,431**
- not later than one year;	14,206	10,703
- later than one year and not later than five years;	58,064	55,058
- later than five years.	385,460	379,670

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:

	31 March 2025 £000	31 March 2024 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**1,553,973**	**1,571,676**
Of which payments are due:		
- not later than one year;	75,923	73,342
- later than one year and not later than five years;	286,176	284,331
- later than five years.	1,191,874	1,214,003

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:

	2024/25 £000	2023/24 £000
Unitary payment payable to service concession operator	**79,480**	**72,911**
Consisting of:		
- Interest charge	16,795	16,456
- Repayment of balance sheet obligation	11,129	12,430
- Service element and other charges to operating expenditure	40,909	36,525
- Capital lifecycle maintenance	4,178	5,289
- Addition to lifecycle prepayment	6,469	2,211
Total amount paid to service concession operator	**79,480**	**72,911**

Note 29 Financial instruments

Note 29.1 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 NHS England 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 19. 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 £72.3m, 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 a domestic organisation with its 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 29.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2025	Total book value £000
Trade and other receivables excluding non financial assets	72,388
Cash and cash equivalents	10,187
Total at 31 March 2025	**82,575**

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

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 29.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2025	Total book value £000
Obligations under leases	30,587
Obligations under PFI, LIFT and other service concession contracts	457,730
Trade and other payables excluding non financial liabilities	72,305
Total at 31 March 2025	**560,622**

Carrying values of financial liabilities as at 31 March 2024	Total book value £000
Obligations under leases	32,802
Obligations under PFI, LIFT and other service concession contracts	445,431
Other borrowings	211
Trade and other payables excluding non financial liabilities	67,627
Total at 31 March 2024	**546,071**

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 29.4 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.

	31 March 2025 £000	31 March 2024 £000
In one year or less	108,668	100,593
In more than one year but not more than five years	132,462	125,806
In more than five years	519,522	520,241
Total	**760,652**	**746,640**

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 29.5 Fair values of financial assets and liabilities

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

Note 30 Losses and special payments

	2024/25 Total number of cases Number	2024/25 Total number of cases £000	2023/24 Total number of cases Number	2023/24 Total number of cases £000
Losses				
Cash losses	-	-	9	8
Bad debts and claims abandoned	-	-	3	1
Stores losses and damage to property	248	192	85	240
Total losses	**248**	**192**	**97**	**249**
Special payments				
Compensation under court order or legally binding arbitration award	-	-	1	6
Ex-gratia payments	50	180	57	154
Total special payments	**50**	**180**	**58**	**160**
Total losses and special payments	**298**	**372**	**155**	**409**
Compensation payments received				

Note 31 Related parties

Whole of Government Accounts (WGA) and consolidation

NHS England 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 PDC of £36.4m (2023/24: £33.3m) from DHSC, and incurred no PDC dividend expenditure in 2024/25 (2023/24: £nil).

Allowance for credit losses - related parties

No related party debts have been written off by the Trust in 2024/25 (2023/24: £nil). The Trust's Allowance for credit losses includes no balance in relation to its related parties (2023/24: £nil).

Charitable related parties

MWL NHS Charity is effectively a subsidiary of the Trust and therefore considered a related party. The Trust is the Charity's corporate trustee, which means that the Trust's Board of Directors is charged with the governance of the Charity. The Charity's sole activity is the funding of capital and revenue items for the benefit of the Trust's patients.

The Charity's total funds balance as at 31 March 2025 was £1.45m. During the year, the Charity incurred expenditure of £0.607m 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 32 Better Payment Practice code

	2024/25 Number	2024/25 £000	2023/24 Number	2023/24 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	133,295	385,649	111,214	339,659
Total non-NHS trade invoices paid within target	113,357	355,478	100,402	317,330
Percentage of non-NHS trade invoices paid within target	85.0%	92.2%	90.3%	93.4%
NHS Payables				
Total NHS trade invoices paid in the year	8,473	66,316	7,019	52,493
Total NHS trade invoices paid within target	8,128	63,020	6,202	45,865
Percentage of NHS trade invoices paid within target	95.9%	95.0%	88.4%	87.4%

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 33 Capital Resource Limit

	2024/25 £000	2023/24 £000
Gross capital expenditure	45,314	61,790
Less: Disposals	-	(3)
Less: Donated and granted capital additions	(301)	(533)
Charge against Capital Resource Limit	**45,013**	**61,254**
Capital Resource Limit	45,013	62,193
Under / (over) spend against CRL	**-**	**939**

Note 34 Breakeven duty financial performance

	2024/25 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(14,728)
Remove impairments scoring to Departmental Expenditure Limit	-
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	-
Breakeven duty financial performance surplus / (deficit)	**(14,728)**

Note 35 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		225	296	305	700	1,150	(2,551)	(9,551)	4,861
Breakeven duty cumulative position	2,807	3,032	3,328	3,633	4,333	5,483	2,932	(6,619)	(1,758)
Operating income		236,411	252,944	263,864	278,572	288,448	301,674	313,287	349,934
Cumulative breakeven position as a percentage of operating income		**1.3%**	**1.3%**	**1.4%**	**1.6%**	**1.9%**	**1.0%**	**(2.1%)**	**(0.5%)**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	5,001	(597)	4,351	(2,618)	697	7,131	(1,897)	(14,728)
Breakeven duty cumulative position	3,243	2,646	6,997	4,379	5,076	12,207	10,310	(4,418)
Operating income	383,587	402,158	446,792	511,310	524,352	585,938	817,389	1,000,155
Cumulative breakeven position as a percentage of operating income	**0.8%**	**0.7%**	**1.6%**	**0.9%**	**1.0%**	**2.1%**	**1.3%**	**(0.4%)**


Main Entrance

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