East Lancashire Hospitals
NHS Trust

Annual Report

2018/19

Safe | Personal | Effective

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Foreword

Welcome to our Annual Report and Accounts for 2018/19

Staff at ELHT achieved some amazing things during a year in which the Trust faced the huge challenge of continuing to deal with substantial demand for our services at a time when, like many Trusts, we were already under great pressure.

Perhaps the most obvious achievement was that the Care Quality Commission (CQC) rated ELHT as good with areas of outstanding for the quality of care which we provide. It is no coincidence that the results from our latest NHS staff survey were so positive. We were particularly pleased that our response rate had increased and that ELHT staff rate us in the top 10 per cent nationally for staff recommending the hospital as a place to work or receive care.

Our staff continued to strive tirelessly to provide both the quality of care and the speed of access to treatment to which we aspire. We are confident that we have done both although the continued increase in patient numbers has at times made it difficult. We are determined to improve our performance to achieve the standards our patients expect. We are encouraged by the terrific results we achieve in the NHS Friends and Family test, with patients overwhelmingly recommending ELHT as a place to have their care.

After achieving our best ever performance in the NHS Staff Survey last year, we did even better this year. Completed by a record 3,655 employees, the independently-verified survey results showed our staff rate the Trust higher than ever and well above the national average in 9 of the 10 key themes including staff health and wellbeing, supportive management, staff morale, quality of appraisals, quality of care, safe environment against bullying harassment and violence, safety culture and staff engagement.

The past 12 months have seen us continue to improve delivery of emergency and urgent care services which are fully integrated within the local health and care system and meet the needs of the new NHS Long Term Plan. Following the opening of new Ambulatory Emergency Care and Surgical Ambulatory Emergency Care units, we were delighted to receive approval for our Business Case which releases £10 million funding to build an Emergency Care Village at the Royal Blackburn Teaching Hospital. The approval of this further significant investment into purpose-built emergency care facilities is excellent news for patients, staff and the people in East Lancashire.

ELHT is a major player in the Integrated Care Partnerships which are playing a key role in how health and social care services are being transformed. More and more, ELHT works closely with our NHS and local authority partners to meet the needs of our local population with greater co-ordination between providers here in Pennine Lancashire and the wider Lancashire and South Cumbria region.

It is important to remember that even in a publicly funded service such as ours, charitable funding needs to play an important part in our activities. A separate report is available which details our charitable activities and we would like to thank all our supporters who fundraise for our official charity ELHT&Me in so many different ways.

To summarise, this year has not been without its challenges as is the case for many NHS organisations, however the Trust continues to learn, progress and achieve excellence because of our dedicated staff to whom we are indebted.

Professor Eileen Fairhurst, Chairman

Mr Kevin McGee, Chief Executive

Performance Overview

Introduction and background

East Lancashire Hospitals NHS Trust (ELHT) was established in 2003 and is a large integrated health care organisation providing acute secondary and community healthcare for the people of East Lancashire and Blackburn with Darwen.

Our population includes patients who live in several of the most socially deprived areas of England.

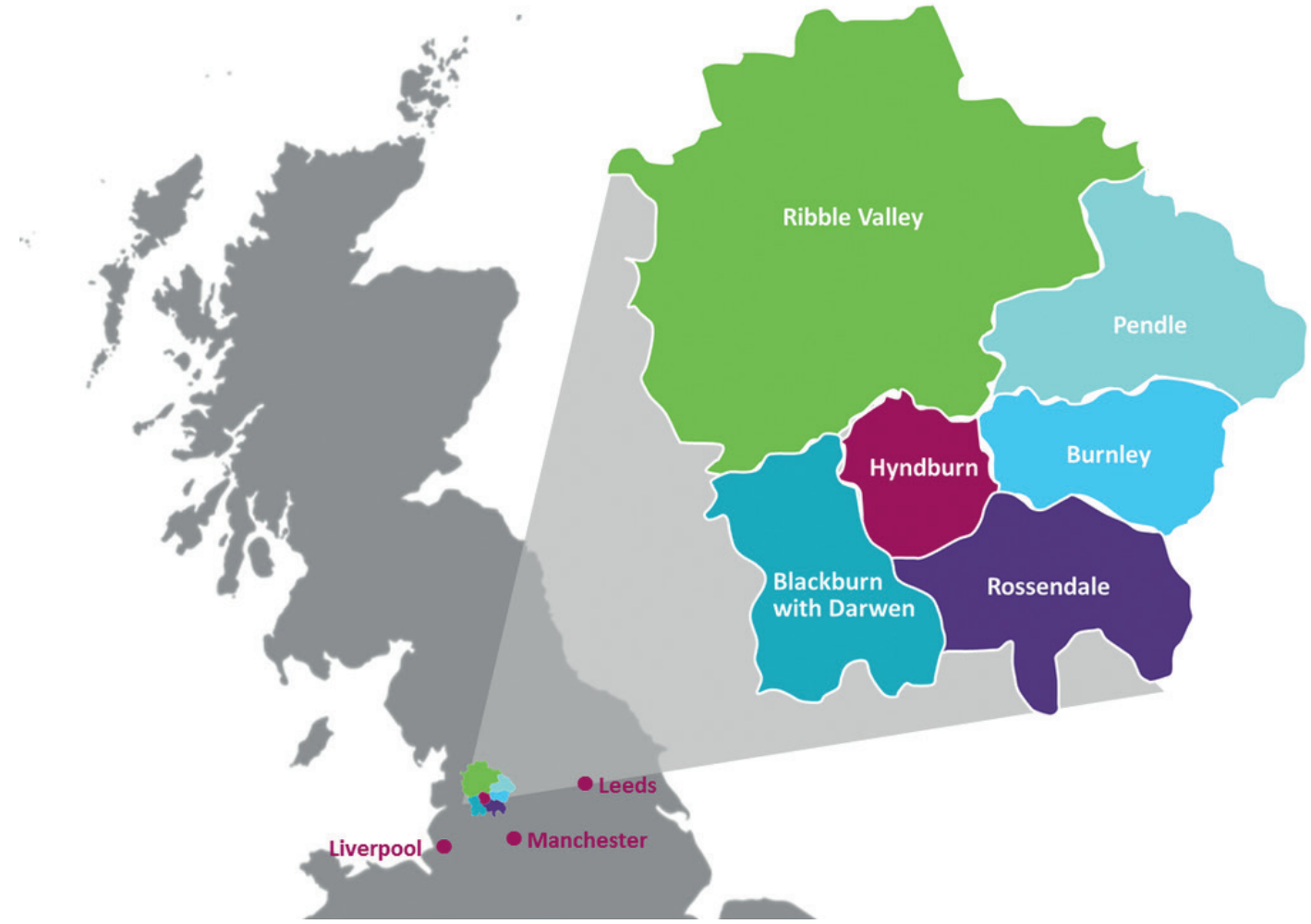
We aim to deliver high quality, high value care and contribute to a health gain for our community. Located in Lancashire in the heart of North West England, with Bolton and Manchester to the South, Preston to the West and the Pennines to the East we have a combined population of approximately 530,000. We employ in the region of 8,000 staff, some of whom are internationally renowned and have won awards for their work and achievements.

We offer care across five hospital sites, and various community locations, using state-of-the-art facilities. In addition, our patients are also offered a range of specialist hospital services which are provided either by the Trust, neighbouring Trusts, with some being delivered in Manchester.

The majority of the Trust's services are funded by NHS East Lancashire and Blackburn with Darwen Clinical Commissioning Groups (CCGs) and NHS England. The Trust continues to work alongside our commissioners and local authorities to deliver the best possible care in the most appropriate locations for the people of East Lancashire.

Our absolute focus on patients as part of our vision 'to be widely recognised for providing safe, personal and effective care' has been demonstrated in the Trust's continued progress and being rated 'Good with areas of outstanding' by the Care Quality Commission (CQC).

The underlying performance position of the Trust has continued its upward path during 2018-19, with recent improvement in the four-hour treatment target measured in the Emergency Department. Further details of our performance against key national, local access and treatment priorities can be found later in this document.



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Performance Report

Chief Executive's Statement

Staff at ELHT achieved some amazing things in 2018-19, a year in which the Trust faced the huge challenge of dealing with continued heavy demand for our services at a time when, like many hospitals, we were already under great pressure.

The Trust reported a two per cent financial performance deficit for the 2018-19 financial year, which is in line with the 2018-19 financial plan. The Trust achieved the majority of its performance targets for the year, with the notable exception being the Accident and Emergency four hour standard. Perhaps our most obvious achievement was that the Care Quality Commission (CQC) rated ELHT as 'Good with areas of outstanding' following a full inspection during August and September 2018. The Trust is placed in segmentation two by the Regulator under the Single Oversight Framework that is a reflection of the excellent overall performance of the organisation.

However, it's truly in times of adversity that you see teamwork and commitment shine through. Our staff and volunteers worked tirelessly to deal with the operational pressures that we experienced during the last financial year and the Trust remains committed to delivering safe, personal and effective care to every patient every time.

Vision and values

Our vision is to be widely recognised for providing safe, personal and effective care.

We will do this by achieving our objectives to:

- put safety and quality at the heart of everything we do
- invest in and develop our workforce
- work with key stakeholders to develop effective partnerships
- encourage innovation and pathway reform and deliver best practice.

Our objectives are underpinned by our values. We have committed in all our activities and interactions to:

- put patients first
- respect the individual
- act with integrity
- serve the community, and
- promote positive change.

In achieving the objectives our staff observe our operating principles:

- Quality is our organising principle
- We strive to improve quality and increase value
- Clinical leadership influences all our thinking
- Everything is delivered by and through our clinical divisions
- Support departments support patient care
- We deliver what we say we will deliver
- Compliance with standards and targets is a must; this helps secure our independence and influence
- We understand the world we live in, deal with its difficulties and celebrate our successes.

Our staff are committed to delivering against these challenges by continually improving the quality of the services we provide to meet the needs of our local population. Our improvement priorities for the year were to:

- reduce mortality
- avoid unnecessary admissions
- enhance communication and engagement
- deliver reliable care
- ensure timeliness of care.

Reducing mortality	Safe
Avoiding unnecessary admissions	Safe
Enhancing communications and engagement	Personal
Delivering reliable care	Effective
Timeliness of care	Effective

Our services

We provide a full range of acute hospital and adult community services. We are a specialist centre for Hepatobiliary and Pancreatic Surgery and Interventional Vascular Centre.

Royal Blackburn Hospital provides a full range of hospital services to adults and children. This includes:

- General and specialist medical
- Elective and Emergency Surgery
- Full range of diagnostic (e.g. MRI, CT scanning) and support services
- 11 Operating Theatres including Robotic assisted Surgery
- Urgent Care Centre
- Emergency Department
- 2 cardiac catheterisation laboratories
- 3 endoscopy rooms
- state of the art inpatient facilities
- Centralised outpatients department
- Renal Dialysis services (provided by Lancashire Teaching Hospitals Foundation Trust)

Burnley General Hospital provides a full range of elective hospital services. This includes:

- general, specialist medical and surgical services
- 13 Theatres, 2 Obstetric and 1 procedures room
- full range of diagnostic (e.g. MRI, CT scanning) services
- Urgent Care Centre for minor injuries and illnesses
- The Lancashire Women and Newborn Centre, comprising:
  - Centralised consultant-led maternity unit
  - Level 3 Neonatal Intensive Care Unit
  - Midwife-led birth centre
  - Purpose-built Gynaecology unit
- Lancashire Elective Centre
- 3 endoscopy rooms
- Phase 8 development to include new specialist ophthalmology centre, maxillo-facial department and outpatient facilities
- Specialised Neuro-Rehabilitation
- Renal Dialysis services (provided by Lancashire Teaching Hospitals Foundation Trust)

Accrington Victoria Community Hospital provides inpatient services and a Minor Injuries Unit for the local population. The hospital also has access to dedicated specialist services together with a range of outpatient services. Many consultants and specialties use this busy facility which allows local people to be seen within their community. Services include:

- Audiology Clinics
- Inpatient Services
- Minor Injuries
- Occupational Therapy
- Outpatient Services
- Physiotherapy
- Renal Dialysis services (provided by Lancashire Teaching Hospitals Foundation Trust)
- X-Ray

Clitheroe Community Hospital provides:

- 32-bed inpatient ward on the first floor
- outpatient clinics and other services on the ground floor, including a restaurant for visitors
- inpatient and Rehabilitation services for people 16 years old or over
- outpatient facility sees patients of any age as requested by the consultants

Our **outpatient services** are also provided at a range of local community settings, enabling patients to access care closer to their homes wherever appropriate. The Trust also provides community services such as district nursing and health visiting in patients' homes.

Pendle Community Hospital in Nelson provides:

- Rehabilitation service for people following illness or injury
- Two 24 bed rehabilitation wards
- A 24 bed stroke rehabilitation unit
- East Lancashire Community Stroke Team
- Outpatient services

Staff

The Trust is a major local employer. We recognise that our ongoing success is due to the hard work, dedication and commitment of all our staff and volunteers. During the course of the year the Trust has worked hard to recruit and retain nursing and medical staff.

Recognising that in order to provide consistent high standards of safe, personal and effective care means high staffing requirements at times of peak demand. The Trust continues to increase our Staff Bank and reduce the cost of agency staff.

As well as ensuring that we have the appropriate workforce numbers, the Trust has worked hard to recognise the importance of employee engagement. Our Trust has an Employee Engagement Strategy which was designed and developed with input from staff across the organisation and a focused staff engagement team is in place.

In addition to the information and data from the national NHS Staff Survey, we conduct more focused surveys to enable staff to feedback confidentially their experience of working for the Trust. We do this regularly and then monitor the actions that have been taken to improve the staff experience at our monthly Employee Engagement Sponsor Group chaired by the Chief Executive.

Employee engagement

At ELHT we believe our employees are our greatest asset, and we all have a part to play in setting and achieving our vision, values and key priorities.

Our people are at the heart of everything that we do, striving for excellence and driving up standards of care. We want our staff to enthuse pride in their service and similarly for our patients and carers to be proud of us as their local health provider.

As an organisation we are committed to improving employee engagement and empowerment. Our strategy led by the Chief Executive and championed by the Director of Human Resources and Organisational Development (HR&OD) has enabled ELHT to drive the organisation forward by highlighting the importance of employee engagement as well as implementing evidence based interventions to enhance it.

We have devised, implemented and embedded a systematic approach to engage and empower our employees through our 10 Enablers of Employee Engagement which has now created an environment whereby our workforce demonstrates high levels of advocacy is truly involved and motivated, working together towards our shared vision of being widely recognised for providing safe personal and effective care.

Finance

Financial duties

The Trust reported a £3.9 million adjusted financial performance deficit for the 2018-19 financial year. The deficit includes a £11.9 million allocation from the Provider Sustainability Fund, approved by the Department of Health and Social Care (DHSC) and HM Treasury. This deficit is in line with the 2018-19 financial plan.

The Trust delivered this outturn whilst continuing to support a significant Safely Releasing Cost Programme (SRCP), improving the way it delivers services. In addition, the Trust achieved all its other financial duties as set out later in this report.

Better Payments Practice Code

Although it is not a financial duty, the Trust met the Better Payment Practice Code target by paying more than 95% of undisputed invoices within 30 days of receipt of the goods or invoice, whichever is the later.

Where our money comes from

In 2018-19, the Trust received income of £512.7 million compared with £495.5 million in the previous year, including £399.6 million for healthcare services provided to people living in East Lancashire and Blackburn with Darwen.

Most of the Trust's income comes from Clinical Commissioning Groups (CCGs) who purchase healthcare on behalf of their local populations. The Trust negotiates an annual contract with the local CCGs for the payment of services. Much of this contract is driven by a nationally-determined tariff.

Where our money goes

From a total revenue spend of £514.7 million in 2018-19, £345.5 million or 67% was spent on staff costs. Throughout the year the Trust employed an average of 7,360 staff and contracted a further average of 890 staff.

At £40.2 million, drugs costs were the next highest area of expenditure with the Trust spending £34.3 million on other clinical supplies and services and a further £17.8 million on clinical negligence 'insurance' premiums.

The Trust has continued to invest in healthcare facilities on all sites including the £10.0 million spent on the new Ophthalmology department at Burnley General Teaching Hospital. Further investment on this capital project of £5.0 million is planned in advance of the scheduled opening in October 2019.

The Trust also spent £3.6 million on information technology and £1.3 million on medical equipment.

Financial Outlook for 2019-20

The financial outlook for the National Health Service continues to be extremely challenging. The Trust has accepted the 2019-20 control total and by doing so allows the Trust access to non-recurrent funds of £13.6 million. 2019-20 will remain an extremely challenging financial year. To meet the £6.7 million planned surplus the Trust has committed to deliver a £16.3 million (3%) cost improvement programme; the Trust will continue to work closely with our Pennine Lancashire colleagues to achieve this level of savings across the health economy.

Modern Slavery Act 2015 – Annual Statement 2018/19

In accordance with the Modern Slavery Act 2015, East Lancashire Hospitals NHS Trust agreed the final statement regarding the steps it has taken in the financial year 2017-18 to ensure that Modern Slavery i.e. slavery and human trafficking, is not taking place in any part of its own business or any of its supply chains. The full statement can be found on the Trust's website (www.elht.nhs.uk).

The Trust is committed to taking all necessary actions to ensure compliance with legislation relating to equality, diversity, human rights, anti-corruption and anti-bribery. The Trust has a range of policies and statements in relation to these matters, including the aforementioned Modern Slavery Statement; Standards of Conduct Policy; and Anti-Fraud, Bribery and Corruption Policy all of which were reviewed in 2018.

In May 2018 the Trust underwent an inspection by the NHS Counter Fraud Authority against the Inform and Involve and Hold to Account domains and a total of 10 standards were assessed. Four areas were rated as green, three were rated as amber and three were rated as red. Appropriate action plans were enacted to improve performance against the amber and red rated standards and are monitored through the Trust's Audit Committee.

Principal activities of the Trust

Our principal activities are to provide:

- elective (planned) operations and care to the local population in hospital and community settings
- non-elective (unplanned emergency or urgent) operations and care to the local population in hospital settings
- diagnostic and therapy services on an outpatient and inpatient basis to the local population in hospital and community settings
- specialist services within a network of regional and national organisations e.g. Level 3 Neonatal services, Interventional Vascular Centre and specialist Hepatobiliary and Pancreatic Centre
- ELHT also provides Robotic Assisted Surgery within Urology, Colorectal and Head and Neck Services
- learning and development opportunities for staff and students
- additional services commissioned where agreement has been reached on service delivery models and price
- support services to deliver the above activity and support the activity of other local health providers where these have been commissioned and agreement has been reached on service delivery models and price.

Performance summary

Healthcare providers across the country are set a range of quality and performance targets by the Government, commissioners and regulators. 2018/19 has been a challenging year for all providers due to increasing patient numbers, financial challenges and the increasing frailty of patients. Generally though, our performance this year has been one of improvement, with many indicators being better than last year and compare very favourably with our local and national peers.

Particular highlights this year have included:

- the Trust continued to be within the expected tolerances for mortality rates
- the Trust has one of the lowest levels of complaints in the country
- the Trust continues to receive a high response rate and positive scores for the 'Friends and Family Test'
- the Trust being rated 'Good' for being 'open and honest' with its public and patients
- the Referral to Treatment time was achieved for the majority of the year
- the Trust had the highest staff 'flu vaccination rate in the country
- the Trust had very low infection rates from MRSA and C.Difficile
- the provision of robotic surgery for cancer patients in the North West for Urology, Colorectal and Head and Neck Surgery
- the Trust continues to ensure it is compliant with safeguarding training for working with children and adults
- the Trust has been voted as one of the best places to work in the NHS

You can read about these and many more successes, in the section of this annual report titled, 'Our Highlights of 2018/19'.

Our key challenges in year have been in relation to a number of key performance targets.

Accident and Emergency

The national target is that 95% of all patients are seen and treated or discharged within four hours of their arrival on the emergency or urgent care pathway. Factors affecting performance include discharges from wards, high number of attendances (particularly of acutely ill patients), increasing numbers of frail elderly patients, very sick patients requiring intensive support and people not using other services in the community appropriately such as GP services and pharmacies.

A combination of these factors meant that the Trust experienced significant difficulties in meeting the required target in the last year. Overall, performance against the Accident and Emergency four-hour standard remains under the 95% target at 81.0% for the year.

	Target	2016/17	2017/18	2018/19
Percentage of patients treated in four hours or less	95%	83.5%	82.7%	**81.0%**
Number of patients (non-elective)		61,945	62,230	**59,238**

Referral to Treatment (18 weeks)

The Trust met the ongoing pathway target to ensure that no less than 92% of patients at any time are waiting more than 18 weeks. The target was met for 9 months out of the 12 in 2018/19; however performance fell below the target during January, February and March. This resulted in a full year performance of 92.2%.

	Target	2016/17	2017/18	2018/19
Percentage of patients on an ongoing pathway under 18 weeks	92%	93.49%	91.90%	**92.30%**

Cancer

There are a number of targets that relate to people who either have cancer or are suspected of having cancer and require treatment. Two of these targets are referrals for suspected cancer must be seen within 14 days and patients who are undergoing investigation and subsequent treatment following a diagnosis of cancer should receive their treatment within 62 days of their referral. A more extensive list of targets can be seen in the table below.

At the Trust we are committed to ensuring our patients receive timely and effective treatment in line with national targets and guidance. We are continually reviewing our pathways to ensure that the organisation of tests, outpatient appointments, treatments and multi-disciplinary team meetings are as efficient as possible to avoid undue delays.

The national cancer data relating to our surgeons has indicated that there are no issues with their performance when compared with the rest of the country. Our performance in the National Cancer Survey indicated that there were areas of care we could improve on and we have developed and deployed action plans to ensure we can continue to improve the quality and timeliness of the care we provide.

	Target	2016/17	2017/18	2018/19 (at Feb 2019)
Percentage of patients seen in two weeks or less of an urgent GP referral for suspected cancer	93%	95.8%	94.2%	**94.1%**
Percentage of patients seen in two weeks or less of an urgent referral for breast symptoms where cancer is not initially suspected	93%	96.6%	94.9%	**91.4%**
Percentage of patients receiving treatment within 31 days of a decision to treat	96%	98.8%	98.4%	**98.1%**
Percentage of patients receiving subsequent treatment for cancer within 31 days where that treatment is surgery	94%	97.4%	96.2%	**92.8%**
Percentage of patients receiving subsequent treatment for cancer within 31 days where treatment is an anti-cancer drug regime	98%	99.9%	99.6%	**99.9%**
Percentage of patients receiving treatment for cancer within 62 days of an urgent GP referral for suspected cancer	85%	85.9%	86.6%	**83.3%**
Percentage of patients receiving treatment for cancer within 62 days of referral from an NHS Cancer Screening Service	90%	97.4%	97.7%	**95.8%**

Stroke

The National Institute for Health and Care Excellence (NICE) stroke quality standard provides a description of what a high quality stroke service should look like. We continue to perform well in most areas of the 'gold standard' but have continued to experience difficulties in meeting the required target that patients attending our services with the signs and symptoms of stroke are admitted to our specialist stroke beds within four hours of arrival. This is reflective of the pressures seen across the country in increasing demands for non-elective services and the availability of beds.

Change in process and increase in capacity have led to an increase in patients being seen within 24 hours from referral to outpatients for Transient ischaemic attack (TIA) appointments.

	Target	2016/17	2017/18	April 2018 to Jan 2019
Percentage of stroke patients spending > 90% of their stay on a stroke unit	80%	85.6%	89.0%	**83.46%** **Dec 18 SSNAP Verified
Percentage of stroke patients admitted to a stroke unit within four hours	90%	50.2%	63.9%	**65.44%** **Dec 18 SSNAP Verified
Percentage of patients with TIA at higher risk of stroke seen and treated within 24 hours	60%	48.5%	53.9%	**96.12%**

Infection prevention and control

Reducing avoidable healthcare associated infections is a key part of our harms reduction strategy. Everyone has a part to play in infection prevention and control, and our team dedicated to support the on-going education and training of all staff to ensure we maintain the highest possible standards of cleanliness and reduce the incidence of infections.

In 2018/9 the Trust had an objective to have no more than 27 cases of Clostridium difficile (C Diff) infection occurring at least 3 days after admission. We review all cases both pre and post 3 days of admission both internally and along with the Clinical Commissioning Group Multi-Disciplinary Team to determine any lessons to learn. We are under our objective for 2018-19 having had 26 cases of Clostridium difficile infection this year. There was one case of Meticillin Resistant Staphylococcus aureus (MRSA) blood stream infection, post 2 days of admission, this year; this is a decrease from two cases in 2017-18.

The Government ambition to reduce Gram-negative bloodstream infections by 50% by 2021 has been revised and now is to deliver a 25% reduction by 2021-2022 with the full 50% by 2023-2024.

In 2017-18 the ambition was to reduce E. coli bloodstream infections by 10% across the health economy. The Trust was one of only 59 who achieved a >10% reduction in the hospital onset E.coli blood stream infections. We have unfortunately been unable to sustain this improvement this year and have seen a slight increase in post 2 day gram negative blood stream infections; however we have seen an increase in total numbers of gram negatives (both pre and post 2 days of admission).

We have continued to reinforce the need for high standards of infection prevention including strict hand hygiene protocols across our sites and continue with detailed monitoring at a directorate and divisional level, via the Divisional performance dashboards. Our dedicated infection prevention and control meeting is attended by appropriate clinical representatives from each Division to continue to reinforce the Trust's commitment to delivering safe care at every patient interaction.

	Target	2016/17	2017/18	2018/19
Methicillin-resistant Staphylococcus aureus (MRSA)	0	1	2	**1**
Clostridium Difficile infections	28	28	37	**26**

Cancelled elective procedures

We recognise that it is extremely difficult for patients with planned operations to have their procedures cancelled. When this occurs we aim to rearrange the operation within the following 28 days. In 2018-19, 10 patients with an elective admission date that had been cancelled by the hospital were not provided with another admission date within the 28-day standard. A full root cause analysis took place to understand the reasons for the delay and ensure we share the learning across the Trust.

Staff Engagement indicators

The 2018 National Staff Survey demonstrated that ELHT has achieved its best ever scores for staff engagement with 9 of the 10 key themes better than average when compared with acute trusts across the country. 82 questions can be compared historically between 2017 and 2018. ELHT demonstrated that 35 questions scored significantly better, 44 questions no significant difference and 3 questions significantly worse when compared with 2017.

The results showed that for the fourth year in a row, staff ratings have improved which has helped ELHT maintain its position in the top 20% of hospital Trusts for staff satisfaction and engagement, placing ELHT 7th nationally and 3rd regionally based on our overall staff engagement score.

The results show that as an organisation we continue to improve the support we provide for our most important asset, our staff. The results are also excellent news for patients as we know that high levels of employee engagement and satisfaction directly and indirectly influence the quality of patient care and customer satisfaction in our hospitals and clinics.

Likewise our quarterly Staff Friends and Family Test scores continue to demonstrate that staff would be happy to recommend the Trust for care and as a place to work and at Quarter four 88% of respondents recommended ELHT as a place for care/treatment and 80% recommended the Trust as a good place to work.

It is a testimony that so many staff would recommend the Trust as a place for care/treatment and as a good place to work and as a Trust we will strive to further improve our staff engagement and satisfaction by continuing to embed our employee engagement strategy. Based on our continued long term improvements with staff engagement and empowerment ELHT was awarded the prestigious 2018 winners of the Health Service Journal award for Creating a Supportive Staff Culture in November 2018.

Complaints

As a result of complaints made in the year 2018/19 and those investigated by the Parliamentary and Health Service Ombudsman, action has been taken Trust wide and within Divisions to ensure that concerns raised lead to positive improvements and lessons are shared. These are disseminated through Ward meetings, Share to Care Meetings, Divisional Quality and Safety Meetings, patient stories and reports to Quality Committee and Trust Board.

The main subjects of complaints in the year relate to: clinical care and treatment; communication with patients and families; and delays and cancellations of treatment or appointments. Many concerns raised are handled informally and are resolved at a ward or department level. This has maintained the reduction in the numbers of formal complaints over the last four years and has led to the remaining complaints now relating to more complex clinical issues.

As a result of feedback about the complaints process and in order to ensure that our correspondence meets the expected standards, changes have been made to the sign off process to ensure that the response is now checked divisionally, centrally, and clinically prior to sign off by the Chief Executive Officer. In addition, as far as possible, the process takes place electronically in order to reduce the time taken from draft response to signature. The process has been found to minimise delays and ensures that all written responses are robust. The feedback and reduction in the number of complainants expressing dissatisfaction following receipt of a written response suggests that the changes to the process have been effective. Work continues to improve the feedback process to gain further insight into areas which may be subject to review.

Environmental efforts

The Trust aims to limit the impact of its activities on the environment by complying with all relevant legislation and regulatory requirements.

Together with our partners at Blackburn with Darwen and Lancashire County Councils, we have put a significant effort into highlighting alternatives to single occupier car journeys and we have introduced a car buddy system which encourages staff to share cars. This has had a significant impact on the reduction in car numbers on site. We have also worked with the council to make sure the right bus routes compliment the Trust to and from the town centre. The Trust also has a Green Travel plan that is reviewed and monitored by a Sustainable Development Committee with membership across all Divisions.

The development of the new £15.6 million Ophthalmology Unit, General Outpatients, Maxillofacial Department and ancillary services facility at the Burnley General Teaching Hospital was assessed for its environmental performance using the Building Research Establishment Environment Assessment Method (BREEAM) healthcare toolkit. This evaluated the procurement, design, construction and operation of that development against a range of targets based on performance benchmarks. The focus was on sustainable value across a range of categories, with the most influential factors, including reduced carbon emissions, low impact design, adaption to climate change, ecological value and biodiversity protection. This development was rated as 'Very Good' against the BREEAM standards.

The Trust records and reports the impact its business has on the environment. As part of monitoring and reporting of greenhouse gas emissions, The Trust submits an annual emissions report under the EU Emissions Trading System (EU ETS) scheme. The Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) is another compliance tool that monitors the Trust against its carbon reduction target. Moreover, the Estates Returns Information Collection (ERIC) data submissions to NHS Digital, generate performance information in comparison with other NHS Trusts across energy, water, waste, business travel and transport. This information feeds into the model hospital.

The Trust has also used the Sustainable Development Unit self-assessment tool to establish progression across all its sustainable development goals. This informs the Trust of areas where comprehensive action plans are required and where more resources will need to be applied.

Lancashire and Cumbria Integrated Care System

Lancashire and South Cumbria experience significant levels of health inequality with an average life expectancy significantly worse than the national average. To help address this, an overarching programme is being developed to help transform health and care services to make them more effective and efficient. In so doing they will become more sustainable. Within Lancashire and South Cumbria there are five health and care economies. ELHT is part of the 'Pennine Lancashire' health and care economy (Pennine Lancashire Integrated Care Partnership). It is recognised that the majority of the required transformation will need to take place in each local health and care economy; however for some services this will be across the whole of Lancashire & South Cumbria.

The transformation or change programme aims to deliver:

- Financial improvement – We estimate there is a recurrent resource gap of over £800m facing the Lancashire & South Cumbria health and care economy over the next five years (about £250m in Pennine Lancashire and over £100m in ELHT). We intend to close this gap by greater standardisation of our clinical processes, reducing waste, by rationalising our estates and continuing to transform our workforce.
- Access standards – With the exception of the four-hour standard, ELHT's performance is robust. In the course of 2016-17 we have continued to modify our acute pathway which has helped to sustain our performance; however we need to improve access to out of hospital services.
- Reducing variability – As a health and care economy, we see variability in services and duplication across a range of health and social care providers. The transformation programme aims to significantly reduce this meaning care is more coordinated and therefore more effective and efficient.

Local health and care system vision

The Pennine Lancashire leadership (ELHT, East Lancashire Clinical Commissioning Group, Blackburn with Darwen Clinical Commissioning Group, Lancashire Care NHS Foundation Trust, Blackburn with Darwen Council and Lancashire County Council) have worked together on the formation of an integrated care partnership. This partnership, or coming together of organisations and the services they provide, will work to ensure people in Pennine Lancashire have long and healthy lives but also that when they need extra help and support this is easy to find.

A new model of care has been developed, through engagement and consultation with the public. ELHT will continue as the single largest provider of secondary care services to the community of Pennine Lancashire. Partners are working together to develop neighbourhood teams to continue to develop the high quality care that is delivered across the Pennine Lancashire area, including closer and more integrated working with primary care. ELHT also has a significant role to play in preventing people from becoming ill.

The executive team at ELHT are closely involved with the developing governance arrangements at both the ICS and ICP. From the ICS Partnership Board through to the Care Professionals Board, Digital Health Board and the Finance & Investment Group, ELHT executives are helping to shape and respond to the needs of the Five Year Forward View and new models of care. The work of the Executive extends out to broader leadership roles including for example the following workstreams: Cancer services, Hyper Acute Stroke, Acute services, vulnerable services, collaborative services, pathology reconfiguration and the broader configuration of diagnostics services.

These partnership arrangements aim to secure improved sustainable outcomes for our population. The partnership approach extends between the NHS, Local Authorities, the third sector and patients groups.

Stakeholder Engagement

The Trust's Patient, Carer and Family Experience Strategy 2018 to 2021 sets out how staff, patients, families, carers and stakeholders can all work together to review, develop and improve services. This ensures patients have the best possible experience whilst using our services.

Any patient or carer of a patient is welcome to attend our Public Participation Panel (PPP) to give us your views about the services we provide and work with us to improve them. Set up in 2018, PPP meetings offer the opportunity for independent observers to make a meaningful contribution to the development of Trust services.

A patient story is presented at each public Board meeting. Patients/carers attend in person to relate their experience and identified opportunities for change/improvement direct to the Board. In addition to routine media activity, we work with patients from across the Trust to share their experience of our services. Stories from a purely patient perspective regularly appear in national and local publications, and were published in our Continuing Compassionate Care magazine.

Our website has a 'contact Kevin' button which invites people to communicate directly with our Chief Executive. This is a well-used feature with a personal response within 48 hours.

The good relationships with the local, regional and national media provide an opportunity to publicly share our plans and developments, and celebrate the skill and professionalism of our staff. Our social media accounts are proving an effective and engaging method of two way contact, reaching an average of 56,000 people per week.

We routinely involve patient representatives in Quality Improvement projects. For example the Frailty Care Pathway project, Electronic Patient Record Project, development of an information booklet for patients, family and carers and the End of Life Steering Group.

Acting on feedback from local MPs, we have developed a light version of our monthly Team Brief which we issue to staff. The MP version includes performance information, areas of development and key messages from the executive board. In addition the MPs have regular meetings with our Chief Executive.

The Medical Director's GP newsletter has recently been adapted to reflect the level of detail and information GPs would prefer to receive.

The Trust works closely with Healthwatch Lancashire and Healthwatch Blackburn with Darwen and with the Carers Services for East Lancashire and Blackburn with Darwen. Regular meetings are held between the Trust and these organisations and representatives are invited to take part in quality improvement projects. The Trust is also involved in and contributes to Healthwatch projects; for example the 'The Young Person's Voice' project on the Childrens Ward, and the 'Spotlight on Accident & Emergency' project.

Representatives from Healthwatch, the Carers Services and the local CCGs are invited to participate in 'mini' inspections which are carried out on our wards and departments, and Healthwatch representatives take part in the annual Patient-Led Assessments of the Care Environment (PLACE) assessments along with representatives from ELMS (East Lancs Medical Services) and the Patient Voices Group.

The Trust has established partnerships with the University of Central Lancashire (UCLan) and Blackburn, Burnley and Nelson and Colne colleges which help us attract local young people to come and work at the Trust. The Trust will benefit from students and graduates from UCLan's Medical School as well as IT, HR and Finance and other administrative professions.

The Trust works closely with the CCGs to ensure that issues raised by GPs and local healthcare providers via the CCG 'Connect' mailbox, are investigated and responded to.

We are continuously working closely with our NHS partners. For example, in the Pennine Lancashire Together a Healthier Future programme, we are part of:

1. Partnership Leadership Forum
2. Transformation Steering Group
3. Care Professionals Board
4. Finance and Investment Group
5. Joint Cost Improvement/Quality, Innovation, Productivity and Prevention (QIPP) Plans
6. Out of hospital working groups around development of the Integrated Neighbourhood Teams
7. On a wider Lancashire and South Cumbria footprint, we are part of the Integrated Care Partnership Board
8. Provider Board
9. Acute and Specialist work stream
10. Working groups on STP priorities e.g. Stroke, Urology, Vascular, CAMHS, Head and Neck Cancer, Diagnostics etc.

Principal risks

The Trust has identified and assessed its risk areas and put in place mitigation strategies.

The Board Assurance Framework and Corporate Risk Register are regularly presented to the senior leadership at the Operational Delivery Board and to the Directors at the Trust Board. The five main risks outlined on the Board Assurance Framework during last year were relating to:

1. delivery of the Trust's Clinical Strategy
2. workforce planning and recruitment
3. collaborative working at Local Delivery Plan and Sustainability and Transformational Plan levels and the impact on the delivery of sustainable services
4. financial sustainability
5. fulfilment of regulatory requirements

Risks 3, 4 and 5 were high and their scoring was above 15 throughout the year. Various actions were undertaken to reduce and mitigate the risks and the detail of those is provided in the Board Assurance Framework which is published as part of the Trust Board Reports. The Annual Governance Statement describes the risk approach for the Trust and provides details of risk management across the organisation (pages 23 to 41 of this document) and gives more details about the significant risks that the Trust encountered in the year.

Signed:

Kevin McGee, Chief Executive

Date: 22 May 2019

Accountability Report

X-ray Reception
UNISON
NHS
JOANNE
MORRISEY
CLERICAL OFFICER

a) Corporate Governance Report

i. Statement of the Accountable Officer

Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

The Chief Executive of NHS Improvement, in exercise of power conferred on the NHS Trust Development Authority, 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 with the approval of the Treasury 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, recognised gains and losses and cash flows for the year.

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.

Signed:

Chief Executive
22 May 2019

ii. Statement of Directors' Responsibilities

Statement of Directors' 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, recognised gains and losses 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.

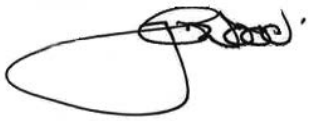
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They 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

Chief Executive
22 May 2019



Director of Finance
22 May 2019

iii. Annual Governance Statement 2018/19

Scope of responsibility

1. As Accountable Officer and Chief Executive of East Lancashire Hospitals NHS Trust, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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 Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also have responsibility for safeguarding the Trust's quality standards. In carrying out these obligations I and the Trust Board adhere to the NHS Codes of Conduct and Accountability and I am guided by the responsibilities set out in the Accountable Officer Memorandum.

   These include:

   a) Ensuring that the accounts of the Trust that are presented to the Board for approval are prepared under principles and in a format directed by the Secretary of State with the approval of the Treasury

   b) Ensuring that the accounts disclose a true and fair view of the Trust's finances

   c) Ensuring that managers at all levels have a clear view of their objectives and the means to assess achievements in relation to those objectives, have well defined responsibilities for making the best use of resources, have the training, information and access to expert advice they need to exercise their responsibilities effectively and are appraised and held to account for the responsibilities assigned to them

   d) Ensuring the Trust achieves value for money from the resources available to it, avoiding waste and extravagance in the Trust's activities

   e) Ensuring the implementation of any recommendations affecting good practice

   f) Ensuring the National Audit Office is provided with information it requests and that the Trust co-operates with external auditors in their enquiries

   g) Ensuring internal audit arrangements comply with the NHS Internal Audit Manual

   h) Ensuring prompt action is taken in response to concerns raised by internal or external audit

   i) Ensuring the Director of Finance properly discharges his responsibilities for the effective and sound financial management and information and that the Trust meets the financial objectives set by the Secretary of State for Health and the assets of the Trust are properly safeguarded

   j) Ensuring that the Codes of Conduct and Accountability are promoted to and observed by staff

   k) Ensuring appropriate advice is tendered to the Board on all matters of financial probity and regularity and all considerations of prudent and economical administration, efficiency and effectiveness

   l) Ensuring that the appropriate action is taken if the Board or Chairman contemplates a course of action which I consider would infringe the requirements of propriety and regularity or adversely affect my responsibility for obtaining value for money from the Trust's resources.

2. As Accountable Officer I have fulfilled these duties by:

   a) Continuing to review and realign the responsibilities of the Executive Directors

   b) Chairing the Operational Delivery Board which provides a forum for clinicians and managers to oversee delivery of the transformational, corporate and strategic agendas of the Trust

   c) Chairing the Executive Management Team weekly meeting enabling executive directors, clinicians and very senior managers the opportunity to challenge and hold each other to account for delivery of strategic and operational objectives and develop the preliminary thinking for emergent strategies and business cases

   d) Being a member of the Finance and Performance Committee which provides assurance on the delivery of the finance and performance requirements of the organisation

   e) Maintaining the Board focus, through my Chief Executive Report, on actions taken to address any areas of slippage on performance and advise the Board of emergent national and regional priorities

   f) Ensuring there is effective partnership between the Trust and the wider health economy and beyond and establishing processes to ensure that I and the senior management team have effective working relationships with our partner organisations', the Care Quality Commission, local commissioners and social care providers, local and regional education partners, local councils and MPs, other NHS providers including Trusts and GPs and the public. I also chair the system wide Accident and Emergency Delivery Board

   g) Attendance at Chief Executive Forums and other appropriate local, regional and national conferences

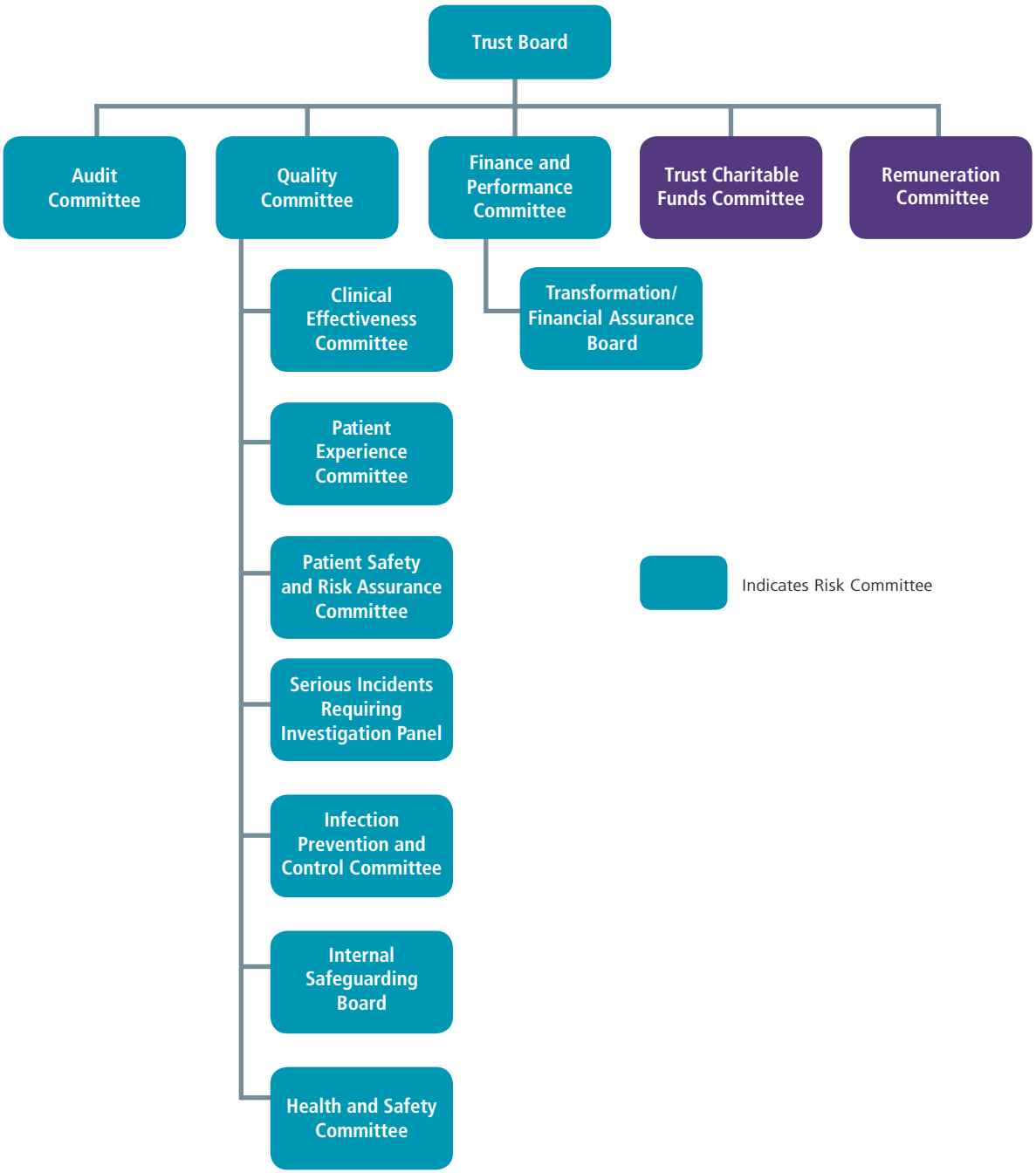
   h) Attendance and pro-active participation at the meetings in relation to the Pennine Lancashire Integrated Care Partnership and the Lancashire and South Cumbria Sustainability and Transformation Partnership.

The Governance Framework of the Trust

Board Committee Structure

3. The Trust Board has overall responsibility for setting the strategic direction of the Trust and managing the risks to delivering that strategy. All committees with risk management responsibilities have reporting lines to the Trust Board.

Board Committee Structure



Board and Committee Attendance Records and Scope of Work

4. The Trust Board is responsible for monitoring the overall programme for management of risk across the organisation and its activities and decides the risk appetite of the Trust. The Trust Board sets the strategic direction of the Trust and receives regular reports on the performance of the Trust in meeting its objectives.

5. The Board utilises the Risk Appetite for NHS Organisations matrix to support better risk sensitivity in decision making. The risk appetite of the Board varies between a 'Preference for ultra-safe delivery options that have a low degree of inherent risk' and 'Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and value for money (VfM))' depending upon the risk area/matter under consideration.

Name	Role	2018/19					
		May	July	Sept	Nov	Jan	Mar
Professor Fairhurst	Chairman	Y	Y	Y	Y	Y	Y
Mr McGee	Chief Executive	Y	Y	Y	Y	Y	Y
Mrs Anderson	Non-Executive Director (Associate Non-Executive Director to June 2018)	A	A	Y	A	Y	Y
Mr Bannister	Director of Operations	Y	Y	Y	Y	Y	Y
Mr Barnes	Non-Executive Director	A	Y	A	Y	Y	Y
Mr Griffiths	Director of Sustainability	Y					
Mr Hodgson	Director of Service Development	A	Y	Y	Y	Y	Y
Mrs Hughes	Director of Communications and Engagement	Y	Y	Y	Y	Y	Y
Miss Malik	Non-Executive Director	Y	A	Y	Y	Y	A
Mr Moynes	Director of HR and OD	Y	Y	Y	Y	Y	A
Mrs Pearson	Director of Nursing	Y	Y	Y	Y	Y	Y
Dr Riley	Medical Director	Y	Y	Y	Y	Y	Y
Mr Slater	Non-Executive Director	Y	A	A	Y		
Mr Smyth	Non-Executive Director	Y	Y	Y	A	Y	Y
Professor Thomas	Associate Non-Executive Director (Non-Executive Director to 30 November 2018)	A	A	Y	Y	Y	Y
Mr Wedgeworth	Associate Non-Executive Director	Y	Y	Y	Y	Y	Y
Mr Wharfe	Non-Executive Director	Y	A	Y	Y	Y	A
Mr Wood	Director of Finance	Y	Y	Y	Y	Y	Y

6. The Audit Committee is the high level risk committee operating on behalf of the Board and concerns itself with the function and effectiveness of all risk committees. It is charged with ensuring that the Board and Accountable Officer gain the assurance they need on governance, risk management, the control environment and the integrity of the financial reporting.

Name	Role	2018/19				
		May	June	July	Oct	Jan
Mr Smyth	Non-Executive Director (Committee Chair)	Y	Y	Y	Y	Y
Mr Wharfe	Non-Executive Director	A	Y	Y	Y	Y
Mr Wedgeworth	Associate Non-Executive Director	Y	Y	Y	Y	Y

7. The Quality Committee provides assurance to the Board that all aspects of the delivery of safe, personal and effective care are being appropriately governed and that the evidence to support that assurance is scrutinised in detail on behalf of the Board.

Name	Role	2018/19				
		May	July	Sept	Nov	Feb
Mrs Anderson	Non-Executive Director (Committee Chair from 1 July 2018) Associate Non-Executive Director (until June 2018)	A	Y	Y	Y	Y
Miss Malik	Non-Executive Director (Committee Chair to 30 June 2018)	Y	Y	Y	Y	Y
Mr Bannister	Director of Operations	Y	Y			
Mr Moynes	Director of HR and OD	Y	D	D	D	D
Mrs Pearson	Director of Nursing	Y	Y	Y	D	Y
Mr Slater	Non-Executive Director	Y	Y	A	Y	
Dr Riley	Medical Director	Y	Y	Y	Y	Y

8. The role of the Finance and Performance Committee is to provide assurance on the delivery of the financial plans approved by the Board for the current year, develop forward plans for subsequent financial years for consideration by the Board and examine in detail risks to the achievement of national and local performance and activity standards. It maintains an overview of the financial and performance risks recorded on the Board Assurance Framework.

Name	Role	2018/19									
		April	May	June	July	Sept	Oct	Nov	Jan	Feb	Mar
Mr Wharfe	Non-Executive Director (Committee Chair)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr McGee	Chief Executive	Y	Y	Y	A	Y	Y	A	Y	Y	A
Mr Bannister	Director of Operations	Y	Y	Y	D	Y	Y	Y	Y	Y	Y
Mr Barnes	Non-Executive Director	Y	Y	Y	Y	A	Y	Y	A	A	Y
Mr Hodgson	Director of Service Development	A	Y	Y	Y	Y	Y	Y	A	Y	Y
Mr Moynes	Director of HR and OD	Y	Y	Y							
Mr Wedgeworth	Associate Non-Executive Director	A	Y	Y	A	Y	Y	Y	Y		
Mr Wood	Director of Finance	Y	Y	Y	Y	Y	D	Y	Y	Y	Y
Prof. Thomas	Associate Non-Executive Director									Y	Y
Mrs Anderson	Non-Executive Director									Y	Y

Board Performance and Effectiveness

9. The Board is committed to continuous improvement and development. The Trust first commissioned in March 2015 an independent review of the Board's performance and effectiveness by the Good Governance Institute. A governance action plan was put in place following the review, which covered the well-led framework and other governance matters to ensure that the organisation continues to improve on corporate and clinical governance. Part of the work focused on a measurement of the Board against the Good Governance Institute Matrix of Board Maturity and the action plan was developed to promote and evidence evolution of behaviours and processes. During 2018-19 the Board continued to work with the Good Governance Institute and had several strategy sessions discussion the challenges of the evolving health sector landscape and the opportunities for the organisation to continue on its journey of delivering safe, personal and effective care to the population of East Lancashire whilst improving our governance systems and processes and providing increasingly robust assurance.

10. The Trust Board considers the success of each Trust Board meeting in public at the conclusion of the meeting with particular focus on whether Board members have had sufficient focus on aspects such as patient experience, quality, risk and partnership working.

11. The Care Quality Commission (CQC) carried out a Well Led Review of the Trust on the 25 and 26 September 2018. The outcome of the review has resulted in the Trust being awarded an overall rating of 'Good' by the regulator.

12. The Trust has a clear vision, objectives, values, operating principles and improvement priorities. The hospital services are supported by strong governance processes including well managed risk registers and processes feeding into the Trust Board. This ensures a robust overview of the risks within the hospital. There is on-going work to enhance the Board Assurance Framework and risk management in the Trust and this is included in the action plan from the CQC Well Led Review. The Trust has a Clinical Strategy in place. The Trust Board has undertaken a programme of Board development with an external partner since 2015 and this has elements of both self and external assessment. The Board is committed in its support of continuous learning and professional development; is clear on roles and accountabilities in relation to Board governance and there are clearly defined and understood processes, which have been reviewed in the past year, for escalating and resolving issues and managing performance. The Trust Board ensures that it actively engages with its patients, staff and its shadow governors and other stakeholders as appropriate on quality, operational and financial performance. Reports are taken to the Trust Board each month on matters of performance and through the assurance committees of the Trust.

Highlights of Board Committee Reports

13. The Audit Committee has been active throughout the year in providing assurance on governance, risk management, the control environment and the integrity of the financial statements. Reports have been considered in detail from management representatives where 'limited assurance' opinions have been given by the internal audit service. Audit Committee members assess the strength of assurances received from a number of sources over the course of the year. These sources include but are not limited to:

    a) Internal Audit Reports
    b) External Audit Reports
    c) Anti-Fraud Service Reports
    d) The Quality Committee
    e) External reviews and self-assessments against best practice guidance
    f) External reviews commissioned by the Trust
    g) Stakeholder feedback
    h) Media reports
    i) Learning from other organisations
    j) Reports from internal service providers.

14. The Trust Board has additionally considered the annual reports in relation to Infection Control, Emergency Planning, Winter Planning, Medicines Management, and the recommendations of national reports. The Trust Board has engaged proactively in the development of a five year Clinical Strategy for the Trust and the wider health and social care economy that was approved in April 2016.

15. The Clinical Strategy is subject to regular review. Whilst it's basic tenets remain as relevant today as when first written it has been revised to be more reflective of the integrated system working prevalent within both the Pennine Lancashire Integrated Care Partnership and also the Lancashire and South Cumbria Integrated Care System. It was also reviewed subsequent to the publication of the NHS Long Term Plan to ensure it is coherent with the key recommendations and overall national policy direction.

16. Through this process, initiated through the 2019-20 planning round, we are confident there is a 'golden thread' from the NHS Long Term Plan, the Pennine Plan, ELHT's Clinical Strategy, the corporate one year ELHT Operational Plan and the individual Clinical Divisional and Directorate plans. Such plans have been shared with partners and there are some tangible areas of service development that have improved services to patients e.g. the development of Same Day Emergency Care, more integrated working with Neighbourhood Teams and General Practice.

Quality Governance

17. The Trust is committed to the continuous improvement of the quality of care given to local people and, in so doing, achieving our organisational aim 'to be widely recognised for providing safe, personal and effective care'. All Executive Directors have responsibility for Quality Governance across their particular spheres of activity and the Medical Director is the delegated lead for Quality on the Board overall.

18. Quality monitoring occurs through our clinical governance structure, reporting to the Board via the Quality Committee. The Quality Committee is informed by the Patient Safety and Risk Assurance Sub-Committee, Serious Incidents Requiring Investigation Panel, Clinical Effectiveness Sub-Committee, Patient Experience Group Sub-Committee, Health and Safety Committee, Internal Safeguarding Board and Infection Prevention and Control Sub-Committee. Divisional Directors or their agreed deputies attend and report at these committees. Reporting in Divisions replicates this corporate structure to ensure consistent reporting from 'floor to Board'.

19. In order to ensure that we are delivering safe, personal and effective care we have a robust process for the identification and agreement of key quality priorities. Those that require quality improvement are consolidated into our Quality Improvement Plan including Harms Reduction Programme, Clinical Effectiveness (reliability) and Patient Experience, and monitored for progress through this structure.

20. Our Quality Improvement methodology is the 7 Steps to Safe Personal Effective Care. This is based on the Model for Improvement and also incorporates Lean and other tools. For large multi team improvements we run Breakthrough Series Collaboratives.

21. We have a small and developing quality improvement team of facilitators and analysts as part of the Quality and Safety Unit, linking with the Quality Committee structure. A staff development programme in quality improvement skills is in place both internally and through our membership of Advancing Quality Alliance (AQuA). Professionals in training are supported to develop and participate in quality improvement projects, and support for projects is agreed at the Quality Improvement Projects Triage group.

22. Our Harm Reduction Programme now has a standardised approach to identifying high risk areas through review of incident reports and proactive identification of risk.

Once identified, a number of different tools are used to drive improvement. Specific notable areas of improvement include falls, deteriorating patient, sepsis, medication errors and still births through a collaborative approach, and the reduction of medication safety incidents.

23. The Trust has adopted the Care Quality Commission methodology of assessment to use on a regular basis to understand how quality governance arrangements are working across all spheres of activity by undertaking mini assessments. Regular meetings with the Care Quality Commission enhance a wider understanding of our progress and ensure we are able to access learning from other organisations. The Trust was last inspected by the Care Quality Commission in August/September 2018. The outcome of the inspection was that the Trust was awarded an overall rating of 'good' with some areas of Outstanding.

24. The Trust produces a regular Share to Care magazine based on sharing the learning and improvement work that has been initiated within the organisation following the identification of challenges, serious incidents and/or common themes. Topics and themes covered in 2018-19 included Sepsis, Medication Errors, Acute Kidney Injury, Falls, Fluid Balance, Human Factors and Never Events.

Quality Account

25. The Trust publishes an annual Quality Account which is subject to a review by the Trust's External Auditors, Messrs Grant Thornton, who are able to provide independent assurance on the data that is published and the systems that are used to collate the information presented in the Quality Account and in reports to the Board and its Committees on a regular basis. The Quality Account is reviewed by the Audit Committee, the Quality Committee and the Operational Delivery Board prior to a recommendation being made to the Trust Board that the Annual Quality Report should be released for publication. The Quality Account is also reviewed and commented upon by our health and social care partners to ensure that there is a consistent view on the quality both of the data that is published and the quality of the patient experience of our services.

26. The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year.

27. Among the controls in place to ensure the accuracy of data used in both the Quality Account and on-going internal and external reporting of data are:

a) Specific policies on the recording of data and quality indicators including:
   i. Root Cause Analysis Policy
   ii. Risk Management Policy
   iii. Clinical Records Policy
   iv. Production of Patient Information
   v. Information Governance Policy
   vi. Clinical Audit Policy

b) Continued development and expansion of near real time dashboard reporting systems with reporting of quality indicators at every level from ward to Board

c) Training programmes to ensure staff have the appropriate skills to record and report quality indicators including training on particular software and hardware systems, Information Governance Toolkit training and corporate and departmental induction and mandatory training

d) A rolling programme of audits on quality reporting systems and metrics

e) Alignment of the internal audit, clinical audit and counter fraud work plans on a risk based approach linked to the Board Assurance Framework and the Corporate Risk Register.

28. The Trust utilises its quality and risk associated committee structure to routinely review the data and information that is included within the Quality Report. This provides the Board with assurance that the Quality Report presents a balanced view of the action taken by the Trust in year to ensure the provision of high quality, safe and effective services.

29. Our quality priorities for 2018-19 are:

a) Support safe discharges to continuing care

b) Ensure safe transfers of Care between providers

c) Continue the work on improving the recognition and response to acutely deteriorating patients

d) Continue the work reducing the number of patients who fall in our care.

Data Quality

30. The Trust has a Data Quality Group which reports to the Trust Contracting and Data Quality Group. The group reviews the Secondary Uses Service data quality dashboards and the Dr Foster data quality summary dashboard. We have an online report for key data quality risks which has named leads for each data quality risk and an overall data quality log including risk scoring.

31. We work closely with the local Clinical Commissioning Groups and Commissioning Support Unit including a monthly Contract Performance and Delivery Group where we discuss data quality issues and Access and Choice meetings with East Lancashire and Blackburn with Darwen Clinical Commissioning Groups and Midlands and Lancashire Commissioning Support Unit take place which will also pick up data quality issues.

32. The Trust submitted records during 2018-19 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

33. The Trust undertakes a weekly review at specialty level of all patients which includes Quality and accuracy of elective waiting time data.

CQC Registration

34. The Trust remains registered unconditionally with the Care Quality Commission to provide the following regulated activities:

    a) Diagnostic and screening procedures
    b) Family planning services
    c) Management of supply of blood and blood derived products
    d) Maternity and midwifery services
    e) Nursing care
    f) Surgical procedures
    g) Termination of pregnancies
    h) Treatment of disease, disorder or injury

35. The Trust is rated as 'Good' with some areas of 'Outstanding' following the most recent CQC inspection in August and September 2018.

36. The Trust is fully compliant with the registration requirements of the Care Quality Commission.

Risk Management Strategy, Policy and Plan

37. The Trust draws inspiration from the AS/NZS Risk Management Standards ISO 31000:2009 including ISO 31000:2018 and best practice in robustly crafting and articulating its risk management framework, escalation and governance arrangements from 'Ward to Board'. The Trust is committed to implementing a structured, standardised, systematic, integrated, comprehensive, performance-based and whole-system approach to managing both operational and strategic risks. The Trust's risk management process which includes establishing the context, risk identification, assessment, prioritisation, monitoring and review is:

    a) Based on best available information e.g. data.
    b) Systematic, consistent, timely and underpinned by a structured enterprise-wide approach that seeks to contribute to efficiency and reliable results.
    c) Transparent and inclusive and involves appropriate stakeholders at all levels of the organisation.
    d) Dynamic, iterative and responsive to change.
    e) Capable of continual improvement and enhancement in patient care and safety.
    f) Wrapped around the values of the Trust – Value-based Risk Management.
    g) Focused on encouraging staff to continuously scan the horizon for emerging risks and to ensure appropriate mitigations are in place.
    h) Driven by the need to develop and strengthen staff capacity and capability in risk management through education and training.
    i) Underpinned by a succinct Risk Management Strategy which is available on the intranet for staff to access, explore and utilise.

Clinical Effectiveness

38. The Trust has a Clinical Effectiveness Team which reports regularly to the Clinical Effectiveness Committee Sub-Committee via assurance reports which measure the quality and safety of care against national best practice indicators. Having identified areas for improvement, the Quality Improvement team supports clinical teams in the implementation of improvement and action plans and measuring the effectiveness of tests of change on an on-going basis. A summary of the work of the Clinical Audit and Effectiveness Department is reported to the Quality Committee and it is provided in the Annual Report of the Trust.

Never Events and Serious Incidents Requiring Investigation (SIRI)

39. The Trust has robust systems to manage and learn from incidents. The Board receives a regular written report on serious incidents requiring investigation at each Part 1 meeting where new incidents are reported and an update is given in relation to the progress of the management of incidents, including Duty of Candour and a section on what lessons have been learnt as a consequence of the incident investigation process and how the lessons have been translated to deliver improvements in the quality and safety of services.

    The Trust also has a Serious Incident Requiring Investigation (SIRI) Panel which is chaired by a Non-Executive Director. The Panel reviews the investigations undertaken as a result of never events and serious

incidents to ensure that a thorough review is completed, the Duty of Candour is observed and that learning from incidents is circulated appropriately across the organisation. The Panel has representatives from local commissioners and provides assurance to the Quality Committee on the matters within the remit of its Terms of Reference.

40. Incidents are reported in accordance with the NHS England Serious Incident Framework and no significant control issues have been identified as a result of the incidents investigated during the course of the year.

41. Sharing the learning through risk related issues, incidents, complaints and claims is an essential component to maintaining the risk management culture within the Trust. In order to complement learning, the Trust also places emphasis on training in developing staff capacity and capability in risk management underpinned by the use of clearly articulated descriptors for likelihood and consequence as well as the use of the 5X5 risk matrix calculation. These have not only enabled engagement and consistency but have established a common currency, framework and methodology for the assessment of all types of risk. Learning is shared in a wide variety of ways at departmental, divisional and corporate levels through a number of face to face meetings and bulletins and the publication of the Trust's Share to Care newsletters. Learning is acquired from a variety of sources including:

    a) Analysis of incidents, complaints and claims and identification of trends with appropriate mitigating actions
    b) External inspections
    c) Internal and external audit reports
    d) Clinical audits
    e) Outcome of investigations and inspections relating to other organisations
    f) Quality Improvement Programmes

Discharge of Statutory Functions

42. As Accountable Officer my enquiries have confirmed that there are arrangements in place for the discharge of statutory functions and that the arrangements have been checked for irregularities and they are legally compliant. Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust taken action to ensure that the estate is statutorily compliant and that compliance processes are audited and monitored through the Estates and Facilities Quality and Safety Board and Trust Quality Committee. The Trust has confirmed compliance with Emergency Planning, Resilience and Response (EPRR) requirements in line with the Civil Contingencies Act 2004 and has confirmed full compliance with the associated EPRR standards.

Risk Assessment

The purpose of the system of internal control

43. 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 on-going process designed to: identify and prioritise the risks to the achievement of the policies, aims and objectives of East Lancashire 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. In addition to a system of internal controls, a performance management approach compromising two KPIs (compliance and maturity) is also used in undertaking a health check of the Trust's risk management culture. There is sufficient energy and momentum across the Trust in effectively minimising and managing risks by strengthening and developing integrated and agile risk management systems and processes which are wrapped around appropriate governance, scrutiny, assurance and oversight. Datix is the principal risk management system while risk registers are used as repositories for risks. As a general principle, the Trust will seek to eliminate or effectively control all risks to patients, staff, and other stakeholders including those which pose a threat to its reputation.

Capacity to handle risk

44. All members of the Trust Board have signed up to the Trust Risk Management and Governance plans which clearly identify the Board's responsibilities and accountability arrangements. These are reflected in the Trust's Standing Orders and Standing Financial Instructions, the Scheme of Reservation and Delegation and the Trust's Performance Accountability Framework. These are, in turn, repeated in the internal guidance and policies of the organisation.

45. Scrutiny by the Trust's Non-Executive Directors and internal and external auditors provide assurance on the systems and operation of the processes for internal control across the whole of the Trust's activities including probity in the application of public funds and in the conduct of the Trust's responsibilities to internal and external stakeholders.

46. In addition to the Committees outlined in the diagram earlier in the report which have Non-Executive Director membership, the Trust also has the Operational Delivery Board. The function of this committee is: to provide a forum by which the senior staff in the organisation can

assist in the development of strategies to present to the Board; monitor operational delivery against the Trust's strategic objectives and policies; advise the Board on the emerging risks to operational and strategic objectives; and the mitigation plans being deployed to ensure the delivery of safe, personal and effective care.

47. The Trust risk management process clearly identifies a score-based system in allocating responsibility for reviewing and scrutinising risks to specific committees and individuals. Directorate and Divisional risk registers are reviewed and discussed at appropriate directorate and divisional meetings. The Corporate Risk Register, the Trust-wide Risk Register and Board Assurance Framework are also sighted at appropriate meetings which include Risk Assurance Meeting, Patient Safety and Risk Assurance Committee, Quality Committee, Operational Delivery Board and the Trust Board. Risk register reports reviewed and scrutinised at the above meetings provide assurance as well as consistently confirm the Trust's attachment to the robust scrutiny, governance and oversight of our risk management culture. Whilst risks scoring 1-8 and 9-12 are managed at Directorate and Divisional levels respectively, those scoring 15 and above are escalated by the Divisions for consideration by the Risk Assurance Meeting for inclusion onto the Trust Corporate Risk Register although ownership is still locally owned and led. The Corporate Risk Register and the Board Assurance Framework are linked as they feed-off and inform each other.

48. The Board has in place established risk management groups and supporting governance structures that together are responsible for identifying, assessing, managing and reporting the risks associated with clinical, corporate, financial and information governance. The Medical Director has the lead responsibility for the risk management processes including the development and implementation of the Board Assurance Framework, Risk Management Strategy Policy and Plan and associated learning and development to ensure all staff are appropriately trained and supported thereby ensuring our risk management processes are thoroughly embedded across the organisation.

49. The Medical Director is supported by the members of the Executive Team in providing leadership to the risk management process. Executive Directors are lead directors for the strategic risks on the Board Assurance Framework. In this way the senior leaders in the organisation have an operational and strategic oversight of the key risks to achieving the Trust's strategic objectives. Each area of risk is mapped to the Care Quality Commission's Core Outcomes and risks contained in the Corporate Risk Register. The Trust Board receives a regular update on recommended changes to the Board Assurance Framework taking into account the progress of mitigation plans, positive assurances received since the last report to the Trust Board, and gaps in assurance identified in the period. In addition, the Board has delegated the review and deep-dive of the risks to two of its sub-Committees; the Finance and Performance Committee and Quality Committee. The format of the BAF has been revised in line with internal audit recommendations.. Work is continuing on refining the Board Assurance Framework and the Corporate Risk Register. This work is described in the CQC action plan following the last inspection and the plan is regularly monitored

50. The Medical Director, as Responsible Officer, reports directly to the Chief Executive Officer. The Medical Director has oversight of the systems and processes to ensure there is strong clinical education across the whole of the organisation, that medical revalidation arrangements are robust and effective and that the professional standards required of our medical staff are met, addressing any shortcomings effectively within the guidance issued by the General Medical Council. The Caldicott Guardian, who reports to the Medical Director, is the senior person responsible for protecting the confidentiality of patient and service-user information and enabling appropriate information-sharing.

51. The Director of Nursing provides professional leadership to nursing and midwifery staff within the organisation and provides senior leadership along with the Medical Director, to the organisation in relation to patient safety and quality of service delivery. She is supported by the Deputy Director of Nursing and Divisional Directors of Nursing within the clinical divisions, who ensure there is a continuing focus on the delivery of safe, personal and effective care. As a senior leadership team they ensure that there are sufficient appropriately qualified nursing and midwifery staff deployed on a daily basis to meet the levels of capacity and acuity and to meet safe staffing requirements.

52. The Director of Finance is accountable to the Trust Board and Chief Executive for the Trust's financial risk management activities. They are responsible for ensuring that the Trust carries out its business of providing healthcare within sound Financial Governance arrangements that are controlled and monitored through robust audit and accounting mechanisms that are open to public scrutiny on an annual basis. He also has delegated responsibility for 'Registration Authority'. The Director of Finance is the Board lead for Information Security and the Senior Information Risk Officer (SIRO).

53. The Director of Operations is responsible for the overall management of all patient services, ensuring that all key access targets are met. He is the Accountable Emergency Officer under the 2004 Civil Contingencies Act. The Trust Lead for Emergency Preparedness, Resilience & Response is the Deputy Director of Operations. The Trust also has a nominated Non-Executive Director with oversight of EPRR within their specific duties.

54. The Director of HR and OD is responsible for the management of risks within his areas of operational responsibility, especially those risks associated with sickness absence, bullying and harassment. He is responsible for ensuring provision of employment services across the Trust and ensuring that there is a systematic approach to managing the risks of employment checks and professional clinical registration.

55. Each clinical division is further supported by Quality and Safety Leads working with the divisions and reporting to the Associate Director of Quality and Safety.

56. The Trust supports the whole workforce to ensure they are appropriately trained and equipped to manage risk relevant to their role and requirements.

57. All staff are required to complete Core Skills Training (CST) and any essential to role training identified by their line manager. All managers have access to live CST compliance reports via the Learning Hub. Staff and their managers will receive 90, 60 and 30 day reminders of any CST due, enabling them to schedule this in.

58. As part of the Appraisal process all staff have the opportunity to contribute to their development via the Learning and Development Journey and are able to further support their personal and professional development using the e-portfolio area of the Learning Hub.

59. The Agency Group meets monthly to review the detail and identify appropriate actions to ensure maximum use and productivity of our workforce. These groups report into the Executive Oversight Committee that meets monthly to review agency spend and receive assurance that risks and hotspot areas are being addressed in order to reduce agency spend in line with the target set by NHS Improvement. There are multiple workstreams which underpin our programme to reduce agency spend and ensure the most effective use of our resources.

The risk and control framework

60. The main thrust of the Trust Risk Management Strategy is to support the development of an organisation-wide and integrated risk management culture that not only embeds an awareness of safety and risk alertness across all levels

of the Trust but empowers staff frequently scan the horizon for emerging risks. This is also underpinned by an enterprise-wide and consistent approach which includes appropriate ranking, grading, prioritisation, management, escalation and governance of risks in accordance with best practices and the Good Governance Framework. This equally ensures that both operational and strategic risks are consistently managed and mitigated to acceptable or tolerable level. Significant residual risks are openly accepted, monitored and managed by systematically addressing any gaps in control via action plans while reducing their potential impact to both individuals and the organisation as far as reasonably practicable. Analysis of the severity and likelihood of risks determines their overall ratings, level of managed and governance. The overarching performance management framework for risk management within the organisation endeavours to ensure that there are appropriate controls in place to mitigate and manage any risks to the delivery of key performance targets. National priorities highlighted either by NHS Improvement, NHS England or the Care Quality Commission is systematically reported to the Trust Board while risks to the achievement of strategic objectives are monitored through the Board Assurance Framework.

61. The objective of the Risk Management Strategy is to support the development of a culture that not only embeds an awareness of safety and risk across all levels of the organisation, but ensures the application of a consistent approach to a risk management process, thus allowing risks to be ranked and graded in order so that they may be prioritised. This minimises and mitigates risk to acceptable levels. Where significant risks remain, we can openly accept and monitor those risks, systematically addressing any gaps in control measures and reducing their impact to both individuals and the organisation so far as reasonably practicable.

62. The identification of risk to the organisation achieving its objectives is undertaken by staff at all levels of the organisation. The Trust focuses on a proactive identification of risks although staff may also identify risks reactively from the following internal and external sources:

    a) Non Clinical Risk Assessments
    b) Incident reports, Deep Dives, Internal Reviews, Walkabouts etc.
    c) Complaints / Patient Experience or Claims Audits and work place surveys
    d) Clinical risk assessments
    e) Patient satisfaction surveys
    f) External/Internal Audits, Coroner Reports, External Visits
    g) Regulatory Agency notices (e.g. CQC Reports, Safety Notices e.g. MHRA)
    h) National Enquiry Reports, Benchmarking and Key Performance Indicators.
    i) Financial

63. An acceptable risk is one which the Trust Board or the Operational Delivery Board and the Divisions are prepared accept and to put in place robust actions to mitigate any negative impacts to the achievement of its objectives. Once a risk has been accepted, staff choose from a range of tools often referred as the 4Ts (Treat, Tolerate, Terminate and Transfer) as to how best to effectively control and mitigate the risk. Risk treatment is closely linked to priorisation which is underpinned by available information and sound judgements. Deciding what is an acceptable risk involves identifying and assessing risks in relation to the impact. A risk is deemed acceptable when there are adequate control mechanisms in place and the risk has been mitigated and managed, as far as is considered to be reasonably practicable.

64. As a general principle the Trust will seek to eliminate or control all risk which has a potential to harm its patients, staff, and other stakeholders, which would result in loss of public confidence in the Trust and/or its partner agencies and/or would prevent the Trust from carrying out its functions on behalf of its local residents. However, the following list identifies areas which would never be deemed to be acceptable:

65. Any act, decision or statement which;

    a) would result in death
    b) would contravene Trust Standing Orders or Standing Financial Instructions
    c) would be illegal and/or breach of legislation
    d) would result in significant loss of Trust assets or resources
    e) would constitute willful contravention of Trust policies or procedures
    f) would fail to observe key targets and objectives

66. The risk grading system in use is adapted from the National Patient Safety Agency 'Risk Matrix for Risk Managers' and uses a scoring mechanism of a 5x5 grid approach to grade risks in respect of consequence and likelihood. The Trust uses DATIX to record incidents and risks and access to this system is via the Trust intranet, a web based package and an application for mobile users.

67. Each entry onto the DATIX system is allocated a manager to review and action the risk and monitor the effectiveness

of the risk mitigation plan. Low and moderate risks (those scoring 1-8) are managed at a local level by wards and teams and the department manager using appropriate controls. These are recorded on the local risk register. Significant risks (those scoring 9-12) are managed at a divisional level with assurance being sought through divisional structures and recorded on divisional risk registers. Extreme risks scoring 15 or above escalated by the Divisions, are presented at the Risk Assurance Meeting for approval for inclusion onto the Corporate Risk Register. The Trust has clear risk governance arrangements in place which offer the platform for risks to be discussed, challenged, reviewed, scrutinised, approved and where necessary the score of the risk including title and description may be modified. These mechanisms leverage the opportunity for informed scrutiny, accountability and oversight in line with the Principles of Good Governance. Risks included on the corporate risk register are monitored via the Operational Delivery Board, Quality Committee and the Trust Board.

68. Directorate and Divisional risk registers are reviewed and discussed at Directorate and Divisional Quality & Safety Meetings and the Divisional Management Board respectively in line with the Trust Risk Management Strategy. The Trust-wide risk register and the Corporate risk register are both regularly reviewed, scrutinised and monitored at the Risk Assurance Meeting with the latter presented to other sub-committees of the Board as articulated above. The Trust focuses on ensuring that risks are locally led, owned and managed, thereby prioritising local ownership and engagement as tools for effective risk management and embedding an effective risk awareness culture across the organisation. While it is everyone's responsibility from 'ward to board' to actively manage risks, that for regularly refreshing, updating risks and ensuring appropriate actions are in place to mitigate them sits with the risk lead/handler and that for effective governance sits with the appropriate committee as stated in the Trust Risk Management Strategy.

69. The Trusts key strategic risks in 2018-19 were:

    a) Transformation schemes fail to deliver their anticipated benefits, thereby impeding the Trust's ability to deliver safe personal and effective care.

    b) Recruitment and workforce planning fail to deliver the Trust objectives

    c) Lack of effective engagement within the partnership organisations of the Integrated care System (ICS) for Lancashire and South Cumbria and the Integrated Care Partnership (ICP) for Pennine Lancashire results in a reduced ability to improve the health and wellbeing of our communities.

    d) The Trust fails to achieve a sustainable financial position and appropriate financial risk rating in line with the Single Oversight Framework.

    e) The Trust fails to earn significant autonomy and maintain a positive reputational standing as a result of failure to fulfil regulatory requirements

70. The consistently high scoring risks in 2018-19 related to risks 'a','b', 'd' and 'e' above. As a result of the gaps in assurance for these particular risks the Finance and Performance Committee and Quality Committee agendas were structured to specifically focus on these elements. Summary reports from the Committees were provided to the Trust Board covering each of these elements to ensure that the Trust Board, both through the Board Assurance Framework, and the reports of sub-committees were continually sighted on the risks and the actions being taken to mitigate them and the positive assurances being received in a timely manner.

71. The Trust tests for gaps in assurance via the following actions:

    a) Independent assurance provided to or requested by the Audit Committee from internal and external auditors

    b) Independent assurance provided to the Quality Committee and supporting subcommittees from external reviews, inspections and assessments and monitoring of subsequent action plans to address any gaps identified

    c) Review by internal departments such as the Quality and Safety Unit with Clinical Effectiveness, Clinical Audit and Divisional teams and Directorates reporting to Board sub-committees and the Operational Delivery Board

    d) Rapid responsive reviews of areas of clinical practice in response to incidents, complaints and concerns whether these are raised internally by staff or externally by stakeholders such as Coroners and Commissioners.

72. A range of other actions designed to address identified gaps in controls and assurances have been implemented throughout the year including:

    a) Deteriorating Patients: Implementation of a Trust-wide approach to improve the recognition and the response to the deteriorating patients

    b) End of life care: Optimise learning from complaints to improve end of life care

    c) Hand Hygiene: Increase compliance with hand hygiene and infection prevention guidance through 'Prompt to Protect' improvement package

73. Risk management is embedded in the activity of the organisation and the Trust has continued to take significant steps to encourage incident reporting. The Trust has signed up to and promotes the 'Speak Out Safely' campaign to encourage an open culture both of raising concerns and learning from them across the organisation. The Trust uses safety huddles across all clinical areas and Share to Care meetings where staff meet on a weekly basis to share good practice and learn from areas of improvement identified in their own practice and from other services across the organisation.

74. The Trust seeks to actively engage with a wide variety of stakeholders including the Shadow Governors and Trust members to consult and communicate with them on issues of mutual concern. The Trust recognises that there are significant benefits to be gained from this engagement. The Trust also proactively engages with statutory and other stakeholders on a regular basis including staff, Healthwatch, Clinical Commissioning Groups, Local Overview and Scrutiny Committees and local education providers. The Trust has held regular stakeholder events throughout the year and invited stakeholders to meet with the senior leadership teams to ensure transparency of decision making processes and appropriate consultation takes place.

Workforce Strategies

75. The Trust's workforce strategy is cognisant of the aims of the NHS Long Term Plan and the recommendations from 'Developing Workforce Safeguards' by ensuring that the Trust maintains safe staffing levels and effectively deploys its workforce.

76. The Trust has a divisionally owned, multi-disciplinary annual workforce plan which is developed through the Business Planning process, and triangulates these plans with our Clinical Strategy, Safely Releasing Costs Programme, key service developments, guidance from bodies such as the Royal Colleges and incorporates the outputs of the annual professional judgement reviews in respect of registered and non-registered nurse and midwifery staffing in line with the guidance from the National Quality Board (NQB) to ensure that we deploy the right staff with the right skills at the right place and time. The Trust Board has oversight of the workforce plan which is signed off annually by the Chief Executive and executive leaders. The Finance and Performance Committee acts as an assurance committee of the Board and receives regular reports detailing workforce related metrics, including matters relating to embedding the recommendations of the Developing Workforce Safeguards report. In addition to the annual workforce planning cycle,

the workforce plan is a dynamic plan which is reviewed as and when required as a consequence of changing service need which is identified on an on-going basis through the business case process.

77. To ensure that the Trust effectively deploys its workforce, we have developed detailed action plans in respect of minimising the need for agency usage and increasing our eRostering levels of attainment and oversight of this is held at Executive level through the Agency Group meetings that reports into the Finance and Performance Committee through the regular workforce report. The Trust has also embedded an electronic job planning process which provides evidence of available clinical capacity across the seven day working week and assurance is provided through the Integrated Performance Report which is considered by the Finance and Performance Committee on an exception basis and by the Board bi-monthly.

78. The Trust continues to consider the use of emerging roles in its future workforce through the use of evidence based tools and data, adopting the Health Education England STAR tool to support wider workforce transformation, which has 5 main points of focus – Supply, Upskilling, New Roles, New Ways of Working and Leadership. This is further supported across the Trust and across the Integrated Care System (ICS) using the Workforce Repository and Planning Tool (WRaPT) which is an activity-based workforce capacity and demand modelling tool which allows managers to test scenarios and develop new models of care. This ensures that the Trust has a workforce plan which is safe and sustainable.

79. The Trust also actively benchmarks its performance against key workforce indicators through the data held in the Model Hospital and the Board has oversight of all of all workforce issues and risks through monthly reporting through the Operational Delivery Board (ODB).

Declarations of Interest

80. The Trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance and can be found on the Trust's website under Publication Scheme (Section 6: Lists and Registers).

Sustainable Development

81. The trust has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

82. The Trust is improving the performance of its estate by upgrading or replacing aged and dilapidated stock with new or refurbished buildings with inherently better energy performance.

83. The Trust has also adopted the Building Research Establishment Environment Assessment Method (BREEAM) healthcare toolkit for all significant new and refurbishment building projects. The most recent example is the new £15.6m Ophthalmology Unit, General Outpatients, Maxillofacial Department and ancillary services facility at Burnley General Teaching Hospital (Phase 8) which is rated at a BREEAM standard of 'Very Good'.

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

84. The Audit Committee is charged with reviewing the economy, efficiency and effectiveness of the use of resources throughout the course of the year and ensuring that there is a robust system of integrated governance and internal control across all spheres of the Trust's activity. Having reviewed the regular reporting of the Audit Committee on its activities presented to the Trust Board I am satisfied that it has met these requirements during the course of the year and assisted in the further development and improvement in the embedding of internal control systems. Together with the comprehensive programme of quality improvement work for the care of patients reporting to the Quality Committee and the Trust Board I am satisfied that there are clear lines of governance and accountability within the Trust for the overall quality of clinical care and these are reflected in the achievements highlighted in the Trust's annual Quality Account.

Information governance

85. The Trust has an Information Governance (IG) Steering Group charged with ensuring the effective operation of safeguards for, and appropriate use of, patient and personal information and compliance with the NHS Data Security Protection Toolkit. The Trust has a policy of proactively managing incidents and reporting Information Governance Incidents and near misses to the Information Commissioner when required by guidance and legislation. The Trust has self-reported three incidents in year. The Information Commissioner has seen fit to take no further action in relation to these incidents and near misses reported.

86. The Trust has undertaken a comprehensive review of its declaration of compliance with the requirements of the NHS Data Security Protection Toolkit and is expecting to declare standards met against all Data Security and Protection Standards of Health and Care Assessment Assertions 2018-19. This has been monitored at the Finance and Performance Committee during the course of the year and reported to the Trust Board. The IG Steering Group reports to the Trust's Audit Committee and reports are provided to the SIRO on an on-going basis.

Personal Data Breaches

87. Personal Data Breaches incidents escalated to the ICO 2018-19 are detailed below:

Date Reported	Type of breach	
11/10/2018	Personal Data Breach	(Unauthorised Access)
30/09/2018	Personal Data Breach	(Availability Issues)
27/07/2018	Personal Data Breach*	(Information Sharing Issues)

*This breach has since been downgraded by the ICO and it was determined that the information shared did not breach any security measures put in place by the service or Trust.

Cyber Security Incidents escalated to the ICO 2018-19

88. No cyber incidents were required to be escalated to the ICO during 2018-19.

NHS Pension Scheme – Statement of Compliance

89. 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.

Review of Effectiveness

90. 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 Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to the 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 Trust Board, the Audit Committee and the Quality Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

91. The Head of Internal Audit opinion by Mersey Internal Audit found that: 'Substantial Assurance can be given that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.'

92. During the year 19 internal audit reports have been presented to the Trust by Mersey Internal Audit Agency (MIAA).
Of those, five audits received limited assurance ratings, they were noted to be:
    a) Return to Work Processes
    b) Policy Management
    c) Theatre Stock Management
    d) Medical Staffing
    e) Legal Services Review

93. Appropriate actions have been or are being undertaken to address the recommendations set out within the limited assurance reports and management are satisfied that there are no significant control or governance weaknesses identified as a result of the limited assurance reports.

94. The Assurance Framework and the internal auditor's opinion on the effectiveness of the systems and processes supporting the Assurance Framework provide me with evidence that the effectiveness of controls that manage the risks to the organisation in achieving its principal objectives have been reviewed.

95. My review is also informed by internal and external information including:
    a) Detailed reports from the Trust's internal auditors (Mersey Internal Audit Agency) and external auditors (Grant Thornton)
    b) Performance and financial reports to the Trust Board and its subcommittees
    c) NHS Improvement performance management reports
    d) NHS England Area Team performance management reports
    e) Clinical Commissioning Groups performance management reports
    f) Governance reports to the Quality Committee, Audit Committee and Trust Board
    g) Compliance with action plans as part of our performance management arrangements
    h) Patient Led Assessments of the Care Environment
    i) Care Quality Commission Report
    j) Reports from external inspections and assessments during the course of the year from bodies such as Royal Colleges, Health Education North West etc.
    k) Information Governance risk assessment against the Information Governance Toolkit

l) Information Commissioners Office Audit (October 2017)

m) Feedback from local and national staff and patient surveys

n) The work of the Executive team within the organisation who have responsibility for the development and maintenance of the internal control framework within their portfolios

96. Where reports have identified limitations in assurance these have been acted upon and in relation to auditors' reports have been monitored by the Audit Committee. The Trust Board and its subcommittees have been actively engaged in the on-going development and monitoring of the Assurance Framework and will continue to shape the iterative development of the Assurance Framework and its associated risk management systems and processes throughout 2018-19.

Significant Issues

97. The following issues have prejudiced the achievement of the priorities set during 2018-19 for the Trust:

a) Emergency Department Staffing
Mitigating actions taken include:

- Refreshed Job Descriptions, Personal Specifications and adverts
  - Redesign of roles
  - Revision of skill mix
  - Development of new roles
- Open ended adverts for all vacancies so applicants can apply at any time.
- Improved recruitment and retention packages to incentivise doctors to work at the Trust
  - Focus on improving staff wellbeing and support
- International Recruitment campaign undertaken.
- Partnership working with a number of permanent recruitment agencies.
- On line advertising using Global Medical Careers, who take all our adverts from NHS jobs and then advertise on their platform, Facebook, Twitter and Linkedin in a number of countries, allowing for applications to be made directly to the Trust.
- Increased internal bank offering reducing reliance on agency supply.
- Review current rota templates to ensure maximum deployment of medical staff.
- Process redesign for non-admitted pathways.
- Expansion of ambulatory emergency care facilities.
- Redesign of clinical flow arrangements within the Trust.

b) Financial Position: The Trust was able to meet its financial objectives for 2018-19 delivering a £3.9 million deficit and living within its Capital Resource Limit. The Trust is planning a surplus in 2019/20 of £6.7 million (after delivering its cost improvement programme and receiving £13.6 million of non-recurrent allocations). In the delivery of this position, the Board has committed to delivering a 3% cost improvement to the value of approximately £15.6 million. The following measures are in place:

- A revised approach to the programme management of 'efficiency' plans within Pennine Lancashire.
- Continue to work with a partners across Pennine Lancashire to develop 'one plan' to deliver financial sustainability.
- Use of Model Hospital and Getting it Right First Time analysis and other bench marking sources to identify efficiency opportunities.
- Working with NHSI as part of the 'Vital Signs' programme. Reviewing and improving our current processes for improving quality and finances.
- Strengthening our financial controls and the financial knowledge of our staff.

c) Agency staffing
Mitigating actions taken include:

- On-going Global Learners Programme through Health Education England (HEE) to recruit international nurses.
- Continuing to reduce time to hire through the Vital Signs Programme.
- Use of a number of recruitment platforms which have reduced the number of vacancies within the last six months and are still helping to recruit to the hard to fill roles.
- Increased advertising through the BMJ for all medical posts.
- Increased internal bank offering reducing reliance on agency supply.
- A review of all medical rotas against establishment and budget.
- Development of a business case to roll-out the Allocate rota system for Medics in order that the Trust has clearer oversight of its medical workforce for the purposes of planning.

- A review of the end to end governance process for Medical bank/agency bookings, rates agreed and off cap/off framework requests.
- Scoping of opportunities for collaboration across Trusts in the North West in relation to options such as a collaborative medical bank and harmonisation of rates. Workforce Transformation strategy which will support the reduction in vacancies through the use of the HEE STAR tool to support workforce transformation, which has 5 main points of focus – Supply, Upskilling, New Roles, New Ways of Working and Leadership. This is further supported across the Trust and across the ICS using the Workforce Repository and Planning Tool (WRaPT) which is an activity-based workforce capacity and demand modelling tool which allows managers to test scenarios and develop new models of care.
- The Trust has a detailed action plan in place to address sickness absence and has identified high impact areas to support improvement.

d) Patient Flow
Mitigating actions taken include:

- Development of Same Day Emergency Care facilities for:
  - Acute Respiratory conditions
  - Older Persons Rapid Assessment
  - Medical Ambulatory Emergency Care
  - Surgical Ambulatory Emergency Care
- In addition the Trust plans to redevelop its existing Acute Medical Unit (AMU) to be sited together and closer to the emergency department. This is scheduled for delivery in December 2020.
- The Trust is also in the process of improving its discharge processes including delayed transfers of care (DTOC) and SAFER work.
- Reducing the length of stay in acute hospitals through targeting the care for patients with a length of stay in excess of 20 days and 7 days (longer length of stay patients).
- Implementation of Home First (Discharge to Assess) model which has been subsequently expanded.
- Senior level Multi-disciplinary Accelerated Discharge Events (MADE) continue to review the 'trigger list'. These events take place on a regular basis with CCG presence to assure the wider system that all cases are being dealt with in an effective and timely manner.
- Redesign of clinical flow arrangements within the Trust, including Control Room/Co-ordination Centre established within the Trust.

Conclusion

98. In line with the guidance on the definition of the significant control issues I have no significant internal control issues to declare within this year's statement. The system of internal control has been in place in East Lancashire Hospitals NHS Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

99. My review confirms that East Lancashire Hospitals NHS Trust has a generally sound system of governance and stewardship that supports the achievement of its policies, aims and objectives.

Signed:

Kevin McGee, Chief Executive

Date: 22 May 2019

iv. Directors' Report

Our Trust Board comprises the Chairman, six Non-Executive Directors and five Executive Directors as detailed in the Board profile below. In addition the Trust has two Associate Non-Executive Directors. The Director of Human Resources and Organisational Development, the Director of Operations, Director of Sustainability, Director of Communications and Engagement and the Associate Director of Corporate Governance/Company Secretary also attend the Trust Board to give advice within their professional remits. The Trust Board functions as a corporate decision-making body and Executive and Non-Executive Directors are full and equal members.

The Trust Board provides strategic leadership to the Trust and ensures that the Trust exercises its functions effectively, efficiently and economically. The Board monitors the arrangements to maintain the quality and safety of the Trust's services, including ensuring processes are in place for managing risks.

Non-Executive and Associate Non-Executive Directors have a particular role in scrutinising the performance of the Trust's management in meeting agreed objectives, and ensuring that robust systems of financial control and risk management are in place. The Non-Executive Directors of the Trust are appointed by NHS Improvement, acting on behalf of the Secretary of State for Health and Social Care. They are each appointed for a four-year term which may be renewed subject to satisfactory performance. Non-Executive Directors are not employees of the Trust and do not have responsibility for day-to-day management; this is the role of the Chief Executive and Executive Directors but as a 'unitary Board', Executive and Non-Executive Directors share equal responsibility for the Board's decisions, and all share responsibility for the direction and control of the organisation.

The Trust Board meets six times a year and meetings are open to the public except when confidential information is being discussed. Details of public Board meetings are available, including minutes and papers from previous meetings, on the Trust Board section of our website (www.elht.nhs.uk).

The Trust Board delegates its authority to take decisions about the Trust and its services in accordance with a Scheme of Delegation which is available on our website within the publication section in our Standing Orders and Standing Financial Instructions.

The Executive Directors are appointed by a Committee comprising the Chief Executive and Non-Executive Directors following a competitive interview process.

Information on personal data related incidents that have been formally reported to the Information Commissioner's Office (ICO) can be found in the Annual Governance Statement section of this report.

Professor Eileen Fairhurst, Chairman February 2014 to present

Experience

Eileen Fairhurst was appointed to East Lancashire Hospitals Trust in February, 2014. She is a highly experienced Chairman and has chaired a number of large, complex public and third sector organisations, including Acute, Specialised Mental Health and Primary Care Trusts. Within six months of being appointed, she led the Trust out of Special Measures and the Trust now has a CQC rating of 'Good'. She established Salford PCT in 2001 which became one of the highest performing PCTs in the country. Subsequently, she was Chairman of NHS Greater Manchester, the largest PCT cluster in England.

She has a national profile for partnership working and the governance of organisations .Her partnership working in health has involved regeneration of localities. Her expertise in the practice of regeneration is mirrored in her academic profile with a number of publications and conference presentations.

Eileen has always ensured that perspectives of patients and communities contribute to service developments. She has championed a number of whole systems innovative service re-design programmes, including mental health, children's and women's health, urgent care and the Greater Manchester Healthier Together programme.

Over the years she has been a regular contributor to development programmes for Non-Executive Directors and Aspirant Executive Directors and to national conferences on governance and leadership. Eileen has been awarded an MBE in recognition of her contribution to the NHS. Until recently, she was Professor in Public Health at the University of Salford and she has an international research profile. She is a Founding Fellow of the British Society of Gerontology. In December 2018 Eileen received an Honorary Doctorate to acknowledge the significant contribution she has made to the development of UCLan's School of Medicine and her academic achievements in the field of Health and Wellbeing.

Qualifications

BA (Econ)

PhD

DSc

Fellow of the Royal Society of Medicine

Mr Kevin McGee, Chief Executive, September 2014 to present

Experience

Kevin is a qualified accountant with over 34 years' experience working in healthcare, with 22 of those years being at executive level.

Prior to joining East Lancashire Hospitals NHS Trust, Kevin held a range of roles including Chief Executive at both George Eliot Hospital NHS Trust and Heart of Birmingham Primary Care Trust. He has also held a range of Director positions, including Director of Finance and Chief Operating Officer in large acute hospitals, and Director of Commissioning and Performance Management at a Teaching Primary Care Trust.

Kevin sits on the North West Leadership Academy Board and is a strong advocate of Compassionate Leadership. Kevin also sits on the Senior Leadership Forum for Pennine Lancashire and chairs the Lancashire and South Cumbria Chief Executives' Provider Forum. Recently Kevin has become a member of the ACCEA and sits on the National Guardian's Office Advisory Working Group.

Kevin received an Honorary Fellowship from UCLan to acknowledge the significant contribution made to the development of the University's School of Medicine through the instrumental strategic support he has provided to UCLan's partnership with ELHT.

Qualifications

BA (Hons)

MSc

Member of the Chartered Institute of Public Finance and Accountancy

Mrs Patricia Anderson, Non-Executive Director, June 2018 to Present (Associate Non-Executive Director, non-voting, January 2018 to June 2018)

Experience

Trish has over 30 years of experience working in health and social care services and has enjoyed roles across a wide range of settings, including executive Board appointments. She has proven ability in both the provision and the commissioning of services, strong negotiation and influencing skills, in addition to a strong working knowledge of the key challenges that the NHS is facing. In addition, Trish is skilled in identifying and managing risks within and across organisations. She is clear that the overall goal is to improve health outcomes for the local population and recognises that the Trust will be judged on that delivery.

Trish was the Accountable Officer for Wigan Borough CCG until her early retirement in mid-2018, contributing greatly to the development of a strategic commissioning function across the CCG and the Local Authority. She is keen to maintain her links to the NHS whilst championing quality patient services and is committed to working in a supportive capacity as a Non-Executive Director at the Trust, providing a constructive perspective as a member of the Board.

Qualifications

BA Joint Honours

CQSW/DipSW

ASW

Mr Stephen Barnes, Non-Executive Director, January 2015 to present

Experience

Stephen Barnes was appointed to the Trust Board on 1 January 2015.

He has been a local government chief executive in Lancashire for the past 22 years and prior to that was a director of finance in local government for six years.

Stephen is an accountant by profession, a past President of the North West and North Wales region of the Chartered Institute of Public Finance and Accountancy and a past examiner of the final part of the Professional Accountancy Examination.

During his time in Local Government, Stephen has gained broad experience in strategic leadership, partnership working and joint venture initiatives across the private sector, including economic development and regeneration services and community development and engagement.

Stephen is also currently Chair of Nelson and Colne college and a board member of the Association of Colleges.

Stephen was reappointed for a further four years in January 2017.

Qualifications

Member of the Chartered Institute of Public Finance and Accountancy

Miss Naseem Malik, Non-Executive Director, September 2016 to present

Experience

Naseem started her public sector career in Local Government. She is a former Commissioner at the IPCC and has held NED roles at Blackburn with Darwen Primary Care Trust and Lancashire Care NHS Foundation Trust.

Naseem is also a qualified (non-practicing) solicitor.

Qualifications

BA (Hons)

Mr Richard Smyth, Non-Executive Director, March 2017 to present

Experience

Richard is a solicitor with 40 years' experience of regulatory issues and criminal litigation. He has had a highly successful career as a criminal lawyer and held senior positions in well-known law firms representing a wide range of clients including global corporations and professional individuals. His work has included compliance, governance and risk management advice as well as conducting serious and complex cases mainly within the context of business and finance.

Richard is the Chair of the Audit Committee.

Qualifications

BA (Hons)

Member of the Law Society

Professor Michael Thomas, Associate Non-Executive Director, 1 December 2018 to present (Non-Executive Director from 15 January 2018 to 30 November 2018, Associate Non-Executive Director September 2016 to January 2018)

Experience

Professor Thomas joined the Trust in September 2016 as an Associate Non-Executive Director and was appointed as a Non-Executive Director on 15 January 2018. In December 2018, Mike stepped down from the role of Non-Executive Director and became an Associate Non-Executive Director again.

He is a graduate of the University of Manchester where he studied healthcare. He holds a Masters in Law from John Moore's University, gained a PhD in Psychotherapy from the University of Nottingham and is an alumnus of the Said Business School, University of Oxford.

Mike has served on a number of national committees, has led three social enterprise companies and now co-runs a commercial consultancy partnership for the education and health sector.

An ex-submariner Mike has worked on projects for many years that support military discharged service personnel to find new life and career opportunities. He works with a team of active ex-service academics and those with a special interest or specialism in the field of transition support and is the Director of the College for Veterans and Emergency Services.

Professor Thomas became an Associate Non-Executive Director on 1 December 2018.

Qualifications

Fellow of the Higher Education Academy

Member of the British Psychological Society

PhD

MA (Law)

BSc

Cert Ed

Qualified Mental Health Nurse

Mr David Wharfe, Non-Executive Director, 2013 to present

Experience

David was appointed in May 2013. He has a wealth of public sector experience, having enjoyed a successful career in the NHS, holding a number of Board level posts across a range of organisations in the UK as a Finance Director.

David was educated in Burnley, and lives locally. He chairs the Finance and Performance Committee and is a member of the Audit Committee.

He is also a Trustee of Pendleside Hospice and a lifelong supporter of Burnley Football Club.

Qualifications

BA (Hons)

Member of the Chartered Institute of Management Accountants

Mr Martin Hodgson, Director of Service Development and Deputy Chief Executive, November 2009 to present

Experience

Martin joined the Trust in November 2009, from Central Manchester University Hospitals NHS Foundation Trust, where he was Executive Director of Children's Services. He has considerable operational management experience and of implementing major strategic change, including the reconfiguration of children's services across Manchester.

Martin takes a lead role in the development of strategy, planning and working with partners to improve services both in the Lancashire and South Cumbria Integrated Care System (ICS) and the Pennine Lancashire Integrated Care Partnership (ICS).

Qualifications

BA (Hons)

Postgraduate Diploma in Human Resource Management

Mrs Christine Pearson, Director of Nursing, January 2014 to present

Experience

Chris is a Registered Nurse with experience in a variety of clinical settings and has worked in acute hospitals, community and primary care. She has held management and leadership positions as well as roles within education and professional development. She commenced as Chief Nurse at East Lancashire Hospitals NHS Trust in January 2014, where she provides professional leadership to employed nurses, midwives and Allied Health Professionals.

Qualifications

BA (Hons)

MSc

Dr Damian Riley, Medical Director, July 2015 to present

Experience

Damian was formerly Regional Medical Director at NHS England (North) where he led a number of service and quality reviews for hospitals in the north of England. He also championed improvements in dementia, stroke and cancer care for patients.

In a previous role as Medical Director and Director of Primary Care for the West Yorkshire PCTs, he led transformation in a number of areas including the development of extended access to general practice, the turnaround programme for West Yorkshire Urgent Care, service redesign for diabetes care in Leeds, and he was the clinical lead during the establishment of NHS 111 services in Yorkshire and Humber.

Damian has always taken a keen interest in education, quality and professional standards. For over 10 years he was a clinical assessor and trainer for the National Clinical Assessment Service.

Damian, studied medicine at the University of Manchester and also has over 20 years' experience as a GP in diverse and challenging communities in the North of England.

Damian was awarded an honorary Professorship by the Faculty of Clinical and Biomedical Sciences at the University of Central Lancashire (UCLan) in September 2018.

Qualifications

MBChB

BSc (Hons)

DCH

DoccMed

MRCGP

PGcert (Ed)

FPcert

Mr Jonathan Wood, Deputy Chief Executive and Director of Finance, 2009 to present

Experience

Jonathan started at the Trust in September 2009, and was previously Director of Finance at North Cumbria University Hospitals Trust, having joined there from NHS North West. Prior to this he worked with Salford Royal Hospital NHS Trust. He joined the NHS in 1992 on the North Western Regional Finance Training Scheme and qualified as an accountant in 1996.

Qualifications

BA (Hons)

Member of the Chartered Institute of Public Finance and Accountancy

Mr John Bannister, Director of Operations (Non-Voting), December 2016 to present

Experience

Having qualified as a Chartered Physiotherapist in 1986 and worked in a number of clinical and leadership roles across different organisations within the NHS John has developed a wide range of clinical and leadership skills. John worked as Clinical Lead for Allied Health Professions before moving into a wider General Management role in 2001.

Since then, John has undertaken a number of Divisional Management level roles including Therapy and Diagnostic Services, Medicine and Surgery and Critical Care before taking up the role of Deputy Chief Operating Officer. John joined ELHT as Deputy Director of Operations in September 2016 and was appointed to the role of Director of Operations in December 2016.

Qualifications

Graduate Diploma in Physiotherapy

Member of the Chartered Society of Physiotherapy

Registered Physiotherapist

MA in Change Management

Member of the Institute of Health Service Management

Mrs Christine Hughes, Director of Communications and Engagement (Non-Voting), June 2016 to present

Experience

Christine has a long and successful career in communications in the NHS including at Preston Primary Care Trust and Mersey Care NHS Trust, where she was director of communications for 10 years. Following a highly productive interim period here in ELHT, she became a permanent member of the team in June 2016.

Qualifications

BA (Hons)

MA

Mr Kevin Moynes, Director of HR & OD (Non-Voting), October 2013 to present

Experience

Kevin joined the Trust on 1st October 2013 as the Interim Director of HR and Organisational Development. He joined the NHS in 1978, qualifying as a Registered Nurse (RGN) in 1981 and later as a Registered Sick Children's Nurse (RSCN) in 1986. He obtained his Master's Degree in Nursing from the University of Bradford in 1993. In addition to his NHS experience, Kevin has worked in the USA and the Middle East and has held a Director of Nursing post within the hospice sector. Kevin leads the Trust's agenda relating to HR and OD with a key focus on Staff Engagement, Staff Health and Well-being, Recruitment and Retention, Learning and Development and Leadership and Talent Management.

In October 2018 Kevin commenced in the role of Joint Strategic Director of HR and OD role for the Trust and Blackpool Teaching Hospitals NHS Foundation Trust. The role will be reviewed by both Trusts in October 2019.

Qualifications

RGN

RSCN

MSc

MCIPD

Mr Michael Wedgeworth MBE, Associate Non-Executive Director (Non-Voting), April 2017 to present

Experience

Mike Wedgeworth MA, BSc, MBE joined the Trust in April 2017.

Mr Wedgeworth, has been the Chairman of Healthwatch Lancashire, Chief Executive of Hyndburn Borough Council and Chair of Blackburn College, and has held senior executive positions both locally and nationally. He now serves as an assistant priest at Blackburn Cathedral. He is the Non-Executive Director representative for the Lancashire and South Cumbria Integrated Care Systems Board.

Mr Wedgeworth was awarded the MBE in 2010 for services to Further Education and the Community of Lancashire and is committed to the values of the NHS, and public services generally, and is very aware of the need to provide safe, personal and effective care to patients.

Mike is a member of the Trust's Audit Committee.

Qualifications

BSc

MA

Board members who have left the Trust in the financial year 2018/19

Mr Richard Slater, Non-Executive Director (January 2015 to December 2018)
Mr Keith Griffiths, Director of Sustainability (November 2016 to April 2018)

Directors' Statements and Register of Interests

So far as each Director is aware, there is no relevant audit information of which the Trust's auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Trust auditor is aware of that information, including making enquiries of his/her fellow directors and the auditor for that purpose, and has taken such other steps for that purpose as are required by his/ her duty as a director to exercise reasonable care, skill and diligence.

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

The accounting policies for pensions and other retirement benefits are set out in the notes to the accounts and details of senior employees' remuneration can be found in the remuneration report.

The Directors believe that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Trust's performance, business model and strategy.

It is the Board's belief that each Director is a fit and proper person within the definitions in the Health and Social Care Act 2008 (Regulation of Regulated Activities) (Amendment) Regulations 2014.

Each Director is:

- of good character
- has the qualifications, skills and experience which are necessary for carrying on the regulated activity or (as the case may be) for the relevant office or position
- is capable by reason of their health, after reasonable adjustments are made, of properly performing tasks which are intrinsic to the carrying on of the regulated activity or (as the case may be) the office or position for which they are appointed or, in the case of an executive director, the work for which they are employed
- not responsible for, been privy to, contributed to or facilitated any misconduct or mismanagement (whether unlawful or not) in the course of carrying on a regulated activity, or discharging any functions relating to any office or employment with a service provider, and
- not prohibited from holding the relevant office or position, or in the case of an individual from carrying on the regulated activity, by or under any enactment.

There are no company directorships or other significant interests held by directors which may conflict with their management responsibilities other than those disclosed below:

Name and Title	Interest Declared	Date last updated
Professor Eileen Fairhurst Chairman	• Professor at Salford University (until 21.12.2017). • Trustee, Beth Johnson Foundation (until 31.03.2017). • Chairman of Bury Hospice (from 23.01.2017 until 19.06.2018) • Member of the Learning, Training & Education (LTE) Group and Higher Education Board (until 12.3.2017). • Chairman of the NHS England Performers Lists Decision making Panel (PDLP) (until November 2018) • Honorary Doctorate UCLan awarded 2018	09.05.2019
Kevin McGee Chief Executive	• Spouse is the Director of Finance and Commercial Development at Warrington and Halton Hospitals NHS Foundation Trust • Honorary Fellow at University of Central Lancashire	13.03.2019
Patricia Anderson Non-Executive Director	• Accountable Officer at Wigan Borough CCG (until 31.05.2018). • Public Sector Director on One Partnership (LIFTCO) (January 2015 until 31.05.2018) • Spouse is a recently retired Consultant Psychiatrist formerly employed at Mersey Care NHS Trust	13.03.2019
John Bannister Director of Operations	Positive Nil Declaration	13.03.2019

Name and Title	Interest Declared	Date last updated
Stephen Barnes Non-Executive Director	• Chair of Nelson and Colne College. • Member of the National Board of the Association of Colleges (from 02.03.2017). • Vice Chair of the National Council of Governors of the Association of Colleges (from 02.03.2017).	13.03.2019
Martin Hodgson Director of Service Development	Positive Nil Declaration	13.03.2019
Christine Hughes Director of Communications and Engagement	Positive Nil Declaration	13.03.2019
Naseem Malik Non-Executive Director	• Independent Assessor – Student Loans Company – Department for Education – Public Appointment. • Fitness to Practice, Panel Chair: Health & Care Professions Tribunal Service (HCPTS) – Independent Contractor. • Investigations Committee Panel Chair at Nursing & Midwifery Council (NMC) – Independent Contractor. • NED and SID at Lancashire Care NHS Foundation Trust (until 29.07.2016). • Worked for Blackburn Borough Council (now Blackburn with Darwen Borough Council) in 1995/6. • NED at Blackburn with Darwen Primary Care Trust (from 2004 until 2010). • Relative (first cousin) is a GP in the NHS (GP Practice). • Relative (brother-in-law) is a Mental Health Nurse (replaced by the declaration below) • Brother-in-law is a registered nurse (replaces online declaration 726)	08.05.2019
Kevin Moynes Director of Human Resources & Organisational Development	• Spouse is a very senior manager at Health Education England (from 02.10.2017) • Governor of Nelson and Colne College (until 01.02.2018)	13.03.2019
Christine Pearson Director of Nursing	• Spouse is the Head of Medicines Optimisation, at Heywood, Middleton & Rochdale Clinical Commissioning Group	13.03.2019
Damian Riley Executive Medical Director	• Spouse may undertake work in PWE practices, and ELHT has a financial commitment to PWE consortium. • Registered with General Medical Council	13.03.2019
Richard Slater Non-Executive Director (Retired from the Board on 31 December 2018)	Positive Nil Declaration	31.12.2018

Name and Title	Interest Declared	Date last updated
Richard Smyth Non-Executive Director	• Consultant Solicitor with DLA Piper UK LLP Law Firm. DLA Piper undertakes work for the NHS. • Spouse is a Lay Member of Calderdale CCG (until 31 January 2019). • Spouse is a Patient & Public Involvement and Engagement Lay Leader for the Yorkshire and Humber Patient Safety Translational Research Centre, based at Bradford Institute for Health Research, Bradford Royal Infirmary. • Sister is an advanced clinical nurse practitioner with Pennine Acute Hospitals Trust based at the Royal Oldham Hospital. • Member of the Law Society. • Spouse is a Non-Executive Director at Lancashire Teaching Hospitals Foundation Trust as from 4 February 2019.	21.03.2019
Professor Michael Thomas Associate Non-Executive Director	• Vice-Chancellor of UCLAN (to 30.11.2018). • Brother-in-Law is senior manager within Lancashire Care NHS Trust. • Sister-in-Law works within Lancashire Education and Social Services. • Self Employed (Thomas and Drake Consultancy) from 01.04.19	08.05.2019
Michael Wedgeworth Associate Non-Executive Director	• Honorary Canon of Blackburn Cathedral in 2003 • Assistant Priest at Blackburn Cathedral since 1995. • Member of the Lancashire Health and Well-Being Board (from 2011 to 2017). • Elected Public Governor at Lancashire Care Foundation Trust and Chair of the Patient Experience Group (until April 2017). • Chair of Healthwatch Lancashire (until December 2017). • Healthwatch Representative on NHS governing bodies and Trusts (since 2015). • Member of the Lancashire and South Cumbria Sustainability and Transformation Programme Board and its workstream on Acute and Specialised Services (since 2015). • NED Representative for the Pennine Lancashire system on the Lancashire and South Cumbria Sustainability and Transformation Partnership Board (now the Integrated Care Organisation Board).	13.03.2019
David Wharfe Non-Executive Director	• Trustee of Pendleside Hospice (from June 2018)	13.03.2019
Jonathan Wood Director of Finance	• Spouse was the Director of Finance at the Oldham Care Group Hospital, part of Pennine Acute Hospitals NHS Trust. Pennine Acute Hospitals currently form part of the 'hospital chain' with Salford Royal Hospitals Foundation Trust (replaced by declaration below number 1133) – removed from register on 26.04.2019) • Non-Executive of the East Lancashire Financial Service (hosted by Salford Royal Foundation Trust) • Chair of Blackburn Cathedral Finance Committee • Spouse is the Director of Finance North West Ambulance Service	26.04.2019

Patient Services
Assistant
Patient Services
Assistant

v. Shadow Governors' Report

Composition of the Shadow Governors

The organisation has Shadow Governors to represent the views of local people. This means discussing matters such as the Annual Report and Accounts as well as keeping members informed. The Shadow Governors were elected by the public and Trust staff. Our Shadow Council of Governors is currently made up of 10 elected individuals, seven Public Shadow Governors and three Staff Shadow Governors. A brief biography of our Shadow Council members can be found below.

Mrs Lee Barnes, Scientific, Therapeutic and Technical

Lee has over 10 years' experience as a Physiotherapist in the Trust. She is a former union representative and has championed staff views and campaigned for positive change. She believes that all staff have a significant contribution to make to the success of the Trust. Lee became a Governor so that she could ensure that the ideas, experiences and concerns of staff are communicated and considered. She is also interested in promoting the work which staff are doing to the Board and wider community.

Mrs Vicky Bates, Pendle

Vicky is a retired healthcare professional with over 20 years' experience working as a nurse, midwife and health visitor. In addition she has experience in teaching nurses and health visitors and has worked as a health development worker within the voluntary sector. Vicky is Chair of her local Parish Council where she represents the views of her local community. She believes that the role of Governor will provide a unique opportunity to be involved in the change and development of the Trust for the benefit of the patient.

Mr Karl Cockerill, Healthcare Assistants and Other Support Staff

Karl has worked as part of the NHS for 18 years; his current role within the Trust is as an Assistant Practitioner within the Community Services Division. He has experience of working on staff engagement and organisational change projects. Karl is also Mediation Co-ordinator for the Trust. His reasons for becoming a Governor include ensuring that the views of staff are represented at Trust Board level and promoting staff engagement throughout the Trust.

Mr Peter Dales, Managers, Senior Managers and Others

Peter has worked for the Trust for over 30 years and is currently employed as the Partnership Officer; the link between the unions and Trust management. Before this, Peter was the Procurement Manager for Pharmacy Services. In addition to his day-to-day role within the Trust Peter is the Staff Side Secretary for the Joint Negotiation and Consultative Committee (JNCC). Peter's motivation for becoming a Governor include the need to involve staff in Trust decision-making and ensuring that staff are able to provide the best quality of care to our patients.

Mr Brian Parkinson, Rossendale

Having spent 46 years in the retail motor industry, Brian feels he can bring significant private sector experience to the role of Governor. Brian's reasons for becoming a Governor include the belief that public sector organisations must deliver best practice whilst managing the resource constraints of recent public sector funding reductions.

Mr Graham Parr, Pendle

Graham has a wealth of experience in senior positions within the NHS, including Executive and Non-Executive Director roles and more recently has served as the Chair of an NHS Foundation Trust. He is an Associate Member of two local mental health Trusts, which brings him into regular contact with service users and their families and is the Chairman of The Board of Trustees East Lancashire Hospice. Graham is also a Magistrate and a Trustee/Director of Coldwell Activity Centre. His reasons for becoming a Governor at ELHT are to provide a link in the community between the Trust Board and patients, to provide constructive challenge and scrutiny of the Trust and also to ensure that services provided to the local community are of the highest possible standard.

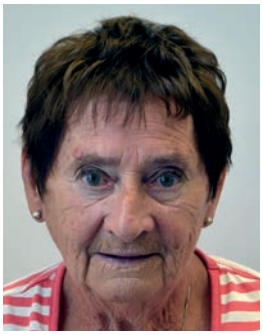
Mrs Feroza Patel, Blackburn with Darwen (to 31 March 2019)

Feroza has served as a Governor for her local primary and secondary schools. She has also been a volunteer for Surestart Blackburn West where she developed a parent forum and also sat on the local management board. She has previously worked as a teaching assistant within primary school education where she was the parental involvement leader, managed the parents committee and organised community health events. Feroza's interests as a Governor include working with the community to develop services and improve the overall patient experience.

Mrs Marion Ramsbottom, Blackburn with Darwen

Marion is a former Non-Executive Director of ELHT and is a Trustee of Age UK Blackburn with Darwen Charity Board and also the Chair of Age UK Blackburn with Darwen Trading Board. Marion also works as an Associate Manager for Lancashire Care Foundation Trust, where she comes into regular contact with patients, their carers and family members. Marion's reasons for becoming a Governor include the desire to contribute the views of the population into future plans for the Trust, ensuring the delivery of high quality care to the local population.

Mrs Brenda Redhead, Ribble Valley



Brenda is a retired secondary school science teacher and until recently served as Vice-Chair of her local Parish Council. She has been the parish representative on the Parish Councils Liaison Committee and possesses skills in absorbing and evaluating information in preparation for action. Brenda has previously volunteered as a road safety trainer at her local primary school and has, until recently volunteered as a walks leader for Dales Rail. Her reasons for becoming a Governor include the belief that hospital services should be accountable to their users and consider the views of patients.

Mr David Whyte, Hyndburn

David is a retired manager, who previously worked in the theatre and music industry and is also a qualified English teacher. He has carried out voluntary work for the Trust and is concerned with ensuring that local communities have their views fed into the work of the Trust. His area of interest as a governor is in the monitoring and improvement of services for the benefit of patients.

David has always had an interest in writing and puts this to use by collating Patient Stories in advance of them being presented to Trust Board.

The Shadow Governors have been very active within the Trust and have been involved in a range of activities over the course of the past year.

These include:

- CQC-style mini-inspections
- PLACE Assessment training and visits
- Dementia Strategy meetings
- Bereavement Strategy Group meetings
- Staff Engagement Sponsor Group meetings
- Employee of the Month selection panels
- STAR Award judging
- Stakeholder events
- Falls Prevention Scheme work
- Trust Signage Group meetings
- Patient Engagement schemes
- Nutrition and Hydration Steering Group meetings
- End of Life Care Steering Group meetings
- Outpatient Department meetings
- Improvements to patient discharge letters
- Frailty Steering Group
- Wayfinding and Accessibility Group
- Review of the Annual Report

b) Remuneration and Staff Report

The Trust's Remuneration Committee has overarching responsibility for the remuneration, arrangements for the appointment and agreement of termination packages for Executive Directors and senior managers. The members of the Committee are the Non-Executive Directors of the Trust.

The members are:

- Professor Eileen Fairhurst
- Mr Stephen Barnes
- Mr Richard Slater (to 31 December 2018)
- Mr David Wharfe
- Miss Naseem Malik
- Mr Richard Smyth
- Professor Mike Thomas (Non-Executive Director from 15 January 2018 to 31 November 2018, Non-voting – Associate Non-Executive Director from 1 December 2018)
- Mr Michael Wedgeworth (Non-voting – Associate Non-Executive Director)
- Mrs Patricia Anderson (Non-Executive Director from 1 July 2018, Non-voting – Associate Non-Executive Director from 1 January 2018 to 30 June 2018)

The Remuneration Committee is chaired by the Trust Chairman. Information on the term of office of each Non-Executive Director is provided in the Directors Report section of this Annual Report. The interests and details of the Trust Board are disclosed in the Directors' Register of Interests section earlier this Annual Report.

The Remuneration Policy of the Trust states that it does not make awards on performance criteria. Performance in the role of Directors is assessed separately by the Chief Executive Officer in relation to an Executive Director's role in leading the organisation and achieving performance objectives and by the Chairman of the Trust in relation to performance as a member of the Trust Board. The Trust will review its remuneration policy within the next three months to ensure that the policy covers the approach on the remuneration of directors for future years.

In assessing any pay awards during the course of the year, the members of the Committee have had due regard both for the average salary of the executive director in peer organisations and the changes in remuneration agreed as part of the Agenda for Change pay scheme. The Executive Directors have received changes in their remuneration only in cases that relate to changes in their executive and operational duties and in line with peer organisations.

The employment contracts of Executive Directors are not limited in term and notice periods are six months. The only provision for early termination is in relation to gross misconduct.

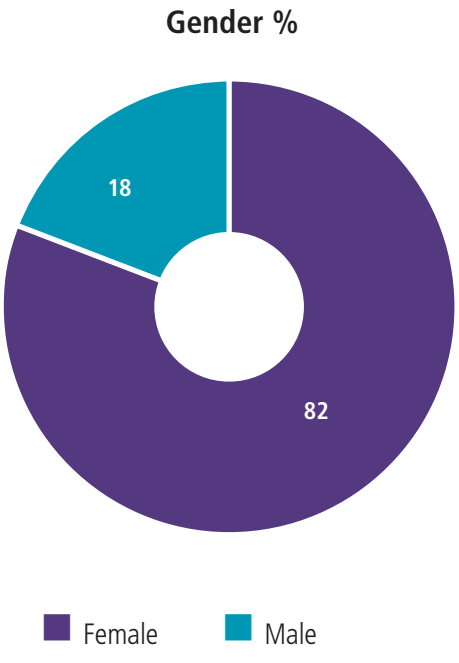
Financial information relating to remuneration can be found later in this document under the Financial Statements and Report section of this Annual Report.

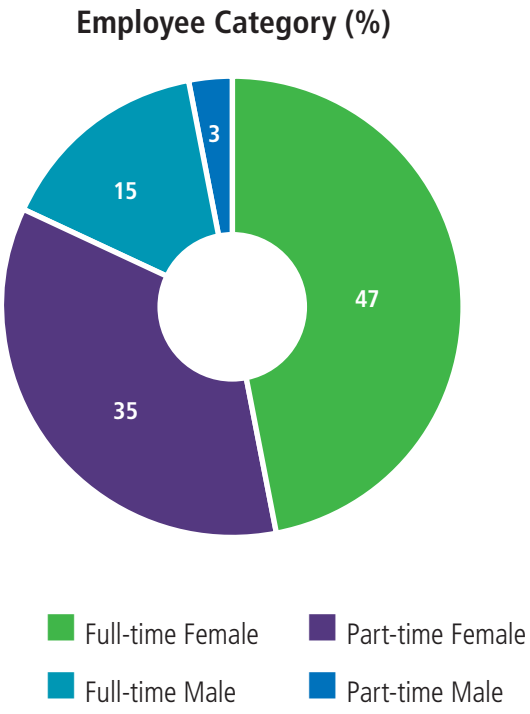
Staff numbers & composition

The Trust is a major local employer and we employ over 8000 people. During the course of the year the Trust has worked hard to recruit and retain staff. The Trust now employs 321 WTE more than at the end of 2017-18. Our workforce consists of the following staff groups:

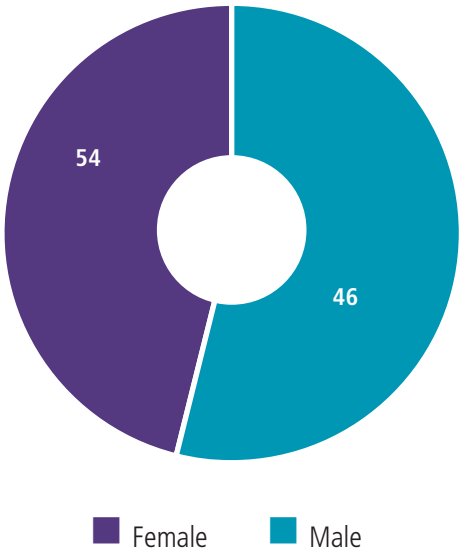
The Trust is fully committed to eliminating gender inequality and continues to monitor the gender profile of the workforce. The current profile is typical of other NHS organisations:

Staff Group	% Female	% Male
Add Prof Scientific and Technic	74%	26%
Additional Clinical Services	89%	11%
Administrative and Clerical	84%	16%
Allied Health Professionals	78%	22%
Estates and Ancillary	58%	42%
Healthcare Scientists	61%	39%
Medical and Dental	35%	65%
Nursing and Midwifery Registered	94%	6%
Students	100%	0%
Grand Total	**82%**	**18%**

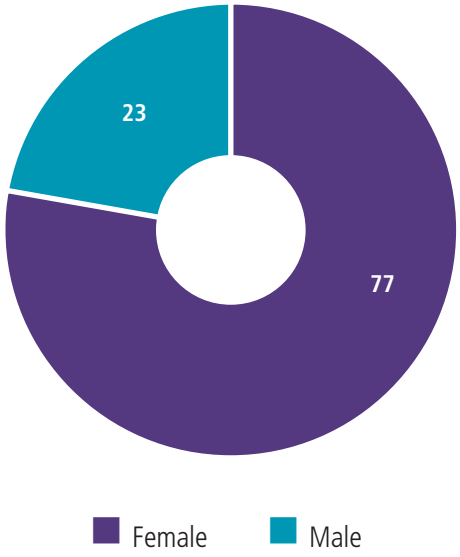




Directors (%)



Senior Managers – Band 8+ (%)



Sickness

The Trust continues to work hard to improve the health & wellbeing of its staff and to minimise absence due to sickness. Overall the Trust sickness absence rates have deteriorated when compared with 2017-18.

Staff sickness absence	2018-19	2017-18
	Number	Number
Total days lost	**81,665**	75,388
Total staff years	**7,274**	7,109
Average working days lost	**11.2**	10.6

The Trust monitors sickness absence rates on a monthly basis in the workforce scorecard element of the integrated performance report.

Staff policies

The Trust recognises that giving staff access to skills and development supports the delivery of safe, personal and effective care to our patients. The Trust has developed a full range of employment policies to support staff throughout their time working at the Trust. These policies are regularly reviewed in line with employment legislation and best practice. Policies are assessed to ensure that there is equal opportunity for all job applicants and staff, including those who provide services as volunteers. Specific policies have been developed to support people with disabilities during the recruitment process and whilst in their roles.

The Trust has employed a Staff Guardian since 2014 and has successfully introduced the 'If you see something say something' campaign which encourages all of our staff to speak out safely if they have any concerns. The guardian works independently alongside Trust leadership teams to support our organisation in becoming a more open and transparent place to work, where all staff are actively encourages and enabled to speak up safely.

The Trust has policies in place to ensure that staff have access to appropriate training, qualifications and access to continuing professional development so that staff are supported to develop their skills and grow their experience.

The Trust recognises a number of trade unions, with whom we consult on workforce training and development issues. In 2018-19 we continued our commitment to a systematic approach to engage and empower our employees in order to support our vision 'to be widely recognised for providing safe, personal and effective care'.

All our policies are consistent with our responsibilities under the Equality Act 2010 and are reviewed on a regular basis to ensure compliance and that they adhere to best practice.

The Trust has a strong commitment to the delivery of education, training, and learning and development opportunities to ensure all our staff have the skills necessary to fulfil their role and contribute to excellent patient care. In addition to our ongoing mandatory training programmes, which are tailored for staff groups, we offer coaching and mentorship for personal and professional development.

Staff Engagement Indicators

The 2018 National Staff Survey demonstrated that ELHT has achieved its best ever scores for staff engagement with 9 of the 10 key themes better than average when compared with acute trusts across the country. 82 questions can be compared historically between 2017 and 2018. ELHT demonstrated that 35 questions scored significantly better, 44 questions no significant difference and 3 questions significantly worse when compared with 2017.

The results showed that for the fourth year in a row, staff ratings have improved which has helped ELHT maintain its position in the top 20% of hospital Trusts for staff satisfaction and engagement, placing ELHT 7th nationally and 3rd regionally based on our overall staff engagement score.

The results show that as an organisation we continue to improve the support we provide for our most important asset, our staff. The results are also excellent news for patients as we know that high levels of employee engagement and satisfaction directly and indirectly influence the quality of patient care and customer satisfaction in our hospitals and clinics.

Likewise our quarterly Staff Friends and Family Test scores continue to demonstrate that staff would be happy to recommend the Trust for care and as a place to work and at Quarter four 88% of respondents recommended ELHT as a place for care/ treatment and 80% recommended the Trust as a good place to work.

It is a testimony that so many staff would recommend the Trust as a place for care/treatment and as a good place to work and as a Trust we will strive to further improve our staff engagement and satisfaction by continuing to embed our employee engagement strategy.

Based on our continued long term improvements with staff engagement and empowerment ELHT was awarded the 2018 winners of the Health Service Journal award for creating a supportive staff culture.

Staff costs (subject to audit)	**2018-19**			2017-18
	Permanently employed	**Other**	**Total**	Total
	£000s	**£000s**	**£000s**	£000s
Salaries and wages	**258,208**	**13,440**	**271,648**	254,479
Social security costs	**28,053**	**0**	**28,053**	26,485
Apprentice Levy	**1,298**	**128**	**1,426**	1,245
NHS Pensions Scheme	**31,668**	**0**	**31,668**	30,118
Other pension costs	**84**	**0**	**84**	6
Temporary staff	**0**	**13,196**	**13,196**	12,565
Total employee benefits	**319,311**	**26,764**	**346,075**	324,898
Employee costs capitalised	**646**	**0**	**646**	651
Gross employee benefits excluding capitalised costs	**318,665**	**26,764**	**345,429**	324,247

Staff numbers	2018-19			2017-18
	Permanently employed Number	Other Number	Total Number	Total Number
Average staff numbers				
Medical and dental	**561**	**261**	**822**	785
Administration and estates	**1,205**	**123**	**1,328**	1,362
Healthcare assistants and other support staff	**2,338**	**235**	**2,573**	2,441
Nursing, midwifery and health visiting staff	**2,313**	**256**	**2,569**	2,508
Scientific, therapeutic and technical staff	**801**	**15**	**816**	787
Healthcare Science Staff	**134**	**0**	**134**	131
Other	**8**	**0**	**8**	7
Total average staff numbers	**7,360**	**890**	**8,250**	8,021
Of the above – staff engaged on capital projects	**18**	**0**	**18**	17

Off-payroll engagements

The Trust employs the services of some staff through invoicing arrangements, rather than through payroll. The numbers of these staff falling under the following criteria are shown below.

All off-payroll engagements as of 31 March 2019, for more than £245 per day and that last longer than six months are:

	Number
No. of existing engagements as of 31 March 2019	14
Of which...	
number that have existed for less than one year at time of reporting	5
number that have existed for between one & two years at time of reporting	1
number that have existed for between two and three years at time of reporting	3
number that have existed for between three and four years at time of reporting	3
number that have existed for four or more years at time of reporting	2

All staff paid through this arrangement are assessed for compliance with IR35.

All off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months:

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	5
No. assessed as caught by IR35	2
No. assessed as not caught by IR35	3
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019

	Number
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. (1)	0
No. of individuals that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure includes both off-payroll and on-payroll engagements. (2)	9

No payments have been made during 2018-19 to former senior managers and no compensation on early retirement or loss of office or other exit packages have been made during this period.

Exit packages (subject to audit)

During 2018-19, one member of staff was made voluntarily redundant at a cost to the Trust of £14,000 and a contractual payment in lieu of notice of £35,000 was made to one member of staff.

Signed:

Kevin McGee, Chief Executive

22 May 2019

c) Audit Report

Independent auditor's report to the Directors of East Lancashire Hospitals NHS Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of East Lancashire Hospitals NHS Trust (the 'Trust') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19; 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. 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 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 guidance issued by NHS Improvement 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 IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2018-19 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, 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 the Directors and Those Charged with Governance for the financial statements

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, 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.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

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.

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 – conclusion on 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 – 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 2019.

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 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(1)(c) and Schedule 13 paragraph 10(a) 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 and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves, whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Certificate

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

Use of our report

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Kelly

Gareth Kelly
for and on behalf of Grant Thornton UK LLP,
Local Auditor, Glasgow

Date 24 May 2019

Finance Report

Financial review for the year ending 31 March 2019

Financial duties

The Trust reported a £3.9 million adjusted financial performance deficit for the 2018-19 financial year. The surplus includes a non-recurrent £11.9 million allocation from the Provider Sustainability Fund (PSF), approved by the Department of Health and Social Care (DHSC) and HM Treasury. The Trust delivered the planned outturn while continuing to support a significant Safely Releasing Cost Programme (SRCP), improving the way it delivers services. In addition, the Trust achieved all its other financial duties as detailed below.

	2018-19	2017-18
Break-even duty	✓	✓
In year – the Trust must achieve an in-year revenue break-even position (before technical items)	✓	✓
Cumulative – the Trust must deliver a cumulative break-even position (before technical items)	✓	✓
Capital Resource Limit – the Trust must not exceed its resource limit	✓	✓
External Financing Limit – the Trust must not exceed its financing limit	✓	✓

Revaluation of land and buildings

Valuation services are provided to the Trust by Cushman & Wakefield, a property services firm whose valuers are registered with the Royal Institute of Chartered Surveyors (RICS), the regulatory body for the valuation services industry. Following a full valuation of land and buildings as at 1 April 2015 and interim valuations using the alternative site valuation model which were reflected in the 2017-18 accounts, Cushman & Wakefield have provided a desktop valuation of these assets as at 31 March 2019 to ensure that the carrying amount of these assets does not differ materially from their fair value. These valuations reflect the current economic conditions and the location factor for the North West of England.

For 2018-19, the desktop valuation of land and buildings resulted in a £2.8 million increase in the value of these assets.

External Financing Limit

The External Financing Limit (EFL) is used by DHSC to measure how well the Trust manages its cash resources and is a threshold the Trust is not permitted to overshoot. In 2018-19, the Trust undershot its EFL by £7.9 million and therefore remained within the overall cash limit set by DHSC.

Capital Resource Limit

The Capital Resource Limit (CRL) is used by DHSC to measure how well the Trust controls its spending on capital schemes with the Trust permitted to spend up to its CRL. In 2018-19, the capital investment made by the Trust represented an underspend by less than £0.1 million against the CRL set by DHSC of £18.5 million. The cash associated with this underspend will be carried forward to 2019-20.

Better Payment Practice code

Although it is not a financial duty, the Trust met the Better Payment Practice Code target by paying more than 95% of undisputed invoices within 30 days of receipt of the goods or invoice, whichever is the later.

Prompt Payments Code

Although it is not a financial duty, the Trust met the Better Payment Practice Code target by paying more than 95% of undisputed invoices within 30 days of receipt of the goods or invoice, whichever is the later.

Payments made to non-NHS organisations (value)

	2018-19	2017-18
Total invoices paid	£225.7	£155.1
Total invoices paid in target	£216.6	£147.6
Percentage achievement	96.0%	95.1%

Charges for information

The Trust does not make charges for information, save for those required in relation to medical records in line with the relevant legislation. The Trust has complied with HM Treasury's guidance on setting charges for information.

Finance income

The Trust receives income from the interest earned on the management of its cash balances. Finance income in 2018-19 amounted to £0.2 million, compared with £0.1 million earned in 2017-18.

Where our money comes from

In 2018-19, the Trust received income of £512.7 million compared with £495.5 million in the previous year, including £399.6 million for healthcare services provided to people living in East Lancashire and Blackburn with Darwen. Most of the Trust's income comes from Clinical Commissioning Groups (CCGs) who purchase healthcare on behalf of their local populations. The Trust negotiates an annual contract with local CCGs for the payment of services. Much of this contract is driven by a nationally-determined tariff.

Where our money goes

From a total revenue spend of £514.7 million in 2018-19, £345.4 million or 67% was spent on staff costs. Throughout the year the Trust employed an average of 7,360 staff and contracted a further average of 890 staff.

At £40.2 million, drugs costs were the next highest area of expenditure with the Trust spending a £34.3 million on other clinical supplies and services and a further £17.8 million on clinical negligence premiums.

The Trust has continued to invest in healthcare facilities on all sites including the £10.0 million spent on the new Ophthalmology department at Burnley General Teaching Hospital, all of which was funded from Public Dividend Capital (PDC) received from DHSC. Further investment on this capital project of £5.0 million is planned in advance of the scheduled opening in October 2019, backed by a further £3.7 million of PDC funding.

In total the Trust invested £19.2 million on new building works, improvements and equipment across all its sites.

A summary is provided below:

	£m
Estate infrastructure and environmental improvements	12.1
PFI lifecycle costs	1.1
Information technology equipment	3.6
Medical equipment	1.3
Other capital costs	1.1
Total	**19.2**

Counter Fraud

The Trust is committed to maintaining high standards of honesty, openness and integrity within the organisation. With this it supports the work of the National Fraud Initiative. The Trust has a designated accredited local counter fraud specialist.

External audit

The Trust appointed Grant Thornton to carry out the external audit of the 2018-19 accounts at a cost of £57,120.

Financial Outlook for 2019-20

The financial outlook for the National Health Service continues to be extremely challenging. The Trust has accepted the 2019-20 control total and by doing so allows the Trust access to non-recurrent funds of £13.6 million. 2019-20 will remain an extremely challenging financial year. To meet the £6.7 million planned surplus the Trust has committed to deliver a £16.3 million (3%) cost improvement programme; the Trust will continue to work closely with our Pennine Lancashire colleagues to achieve this level of savings across the health economy.

Annual Accounts

The Trusts auditors have issued an unqualified report on these accounts. A full copy of the Annual Accounts 2018-19 can be found at the end of this document.

Remuneration Report

The remuneration report, which is subject to audit, sets out the amounts awarded to Trust Board members, as the Trust's senior managers, being those persons in senior positions having authority or responsibility for directing or controlling the major activities of the Trust. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments. Since Non-Executive Board members do not receive pensionable remuneration, there are no entries in respect of their pensions.

Salaries and allowances (subject to audit)

Post held	From/ Started	To/Left	2018/19				2017/18			
			Salary	Expense payments (taxable)	All pension-related benefits	TOTAL	Salary	Expense payments (taxable)	All pension-related benefits	TOTAL
			(bands of £5,000)	(to nearest £100)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)	(to nearest £100)	(bands of £2,500)	(bands of £5,000)
			£000	£00	£000	£000	£000	£00	£000	£000
Executive Directors										
Chief Executive Mr K McGee	01/04/2018	31/03/2019	205-210	0	0	**205-210**	170-175	0	0	170-175
Director of Finance Mr J Wood	01/04/2018	31/03/2019	145-150	88	27.5-30	**180-185**	140-145	78	30-32.5	180-185
Chief Nurse Mrs C Pearson	01/04/2018	31/03/2019	125-130	0	-	**125-130**	125-130	0	17.5-20	140-145
Medical Director Dr D Riley	01/04/2018	31/03/2019	185-190	0	72.5-75	**260-265**	165-170	0	37.5-40	205-210
Human Resource Director Mr K Moynes	01/04/2018	31/03/2019	95-100	0	82.5-85	**180-185**	115-120	0	20-22.5	140-145
Director of Service Development Mr M Hodgson	01/04/2018	31/03/2019	130-135	37	25-27.5	**160-165**	130-135	53	25-27.5	160-165
Director of Communications & Engagement Mrs C Hughes	01/04/2018	31/03/2019	115-120	0	42.5-45	**160-165**	105-110	0	57.5-60	165-170
Director of Sustainability Mr K Griffiths	01/04/2018	15/04/2018	5-10	0	0-2.5	**5-10**	150-155	0	27.5-30	180-185
Director of Operations Mr J Bannister	01/04/2018	31/03/2019	125-130	0	57.5-60	**185-190**	120-125	0	100-102.5	220-225

The remuneration disclosed in the table above represents the Trust's share of the remuneration of the Human Resource Director who has been working for Blackpool Teaching Hospitals NHS Found Trust for two days a week since 1 October 2018. For 2018-19, the bandings for his total salary and pension related benefits were £130,000-£135,000 and £105,000-£107,500 respectively.

Post held	From/ Started	To/Left	2018/19				2017/18			
			Salary	Expense payments (taxable)	All pension-related benefits	TOTAL	Salary	Expense payments (taxable)	All pension-related benefits	TOTAL
			(bands of £5,000)	(to nearest £100)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)	(to the nearest £100)	(bands of £2,500)	(bands of £5,000)
			£000	£00	£000	£000	£000	£00	£000	£000
Non-Executive Directors										
Chair Prof E Fairhurst	01/04/2018	31/03/2019	35-40	0	0	**35-40**	35-40	0	0	35-40
Non-Executive Director Mr D Wharfe	01/04/2018	31/03/2019	5-10	0	0	**5-10**	5-10	0	0	5-10
Non-Executive Director Mr S Barnes	01/04/2018	31/03/2019	5-10	0	0	**5-10**	5-10	0	0	5-10
Non-Executive Director Mr R Slater	01/04/2018	31/12/2018	0-5	0	0	**0-5**	5-10	0	0	5-10
Non-Executive Director Mrs N Malik	01/04/2018	31/03/2019	5-10	0	0	**5-10**	5-10	0	0	5-10
Non-Executive Director Prof M Thomas	01/04/2018	31/03/2019	5-10	0	0	**5-10**	5-10	0	0	5-10
Non-Executive Director Mr R Smyth	01/04/2018	31/03/2019	5-10	0	0	**5-10**	5-10	0	0	5-10
Associate Non-Executive Director Mr M Wedgeworth	01/04/2018	31/03/2019	5-10	0	0	**5-10**	5-10	0	0	5-10
Non-Executive Director Mrs Patricia Anderson	01/04/2018	31/03/2019	5-10	0	0	**5-10**	0	0	0	0

Fair Pay Disclosure (subject to audit)

No director received performance related pay or bonuses for their director related services. East Lancashire Hospitals NHS Trust is required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Trust in the financial year 2018-19 was £205,000-210,000 (2017-18: £170,000-£175,000). This was 8.4 times

(2017-18 7.0 times) the median remuneration of the workforce, which was £24,824 (2017-18: £24,607). The median pay calculation does not include external agency staff costs. All agency staff are paid via invoices and may include commission charges to the agencies.

In 2018-19, two employees (2017-18: 25 employees) received remuneration in excess of the highest-paid director. Remuneration ranged from £379 to £247,582 (2017-18: £74 to £248,368).

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

Director's Pensions (subject to audit)

Name and title	Real increase in pension completed at pension age*	Real increase in pension lump sum completed at pension age*	Total accrued pension completed at pension age at 31 March 2019	Lump sum at pension age related to accrued pension at 31 March 2019	Cash Equivalent Transfer Value at 1 April 2019	Real increase in Cash Equivalent Transfer Value*	Cash Equivalent Transfer Value at 31 March 2018
	(bands of £2,500)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)			
	£000	£000	£000	£000	£000	£000	£000
Mr. J Wood	0-2.5	-	45-50	115-120	917	133	762
Mrs. C Pearson	0-2.5	0-2.5	60-65	185-190	1,453	142	1,272
Dr. D Riley	2.5-5	12.5-15	40-45	130-135	997	182	792
Mr. K Moynes*	2.5-5	10-12.5	40-45	125-130	1,047	155	815
Mr. M Hodgson	0-2.5	-	45-50	115-120	895	125	748
Mrs. C Hughes	2.5-5	7.5-10	35-40	115-120	870	134	714
Mr. K Griffiths	0-2.5	-	60-65	175-180	1,366	6	1,175
Mr. J Bannister	2.5-5	5-7.5	50-55	150-155	1,165	167	969

Note that the Trust Chief Executive has previously opted out of the NHS Pension Scheme.

* The real increases disclosed in the table above have been adjusted to take account of the two days a week worked for Blackpool Teaching Hospitals NHS Found Trust since 1 October 2018.

Cash Equivalent Transfer Values

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 pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

his reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Further information on how pension liabilities are treated in the Trust accounts can be found in note 8.3 of the Trust accounts.

Safe Personal Effective

Quality Report

The Trust has published its Annual Quality Account in line with Department of Health and Social Care requirements and this is available on our website at www.elht.nhs.uk. This Annual Report should be read in conjunction with our Quality Account which provides further key information about the Trust and our performance against quality requirements. It also highlights our major successes in the financial year.

Our Highlights

Trust Recognised for Award Winning Staff Support

East Lancashire Hospitals won a prestigious award from the Health Service Journal in recognition of our hugely successful 'Engage to Make a Difference' project.

The HSJ Awards are held in extremely high esteem in the health care sector, so to win this is an absolute honour.

One of the first Trusts in the country to appoint a Staff Guardian, ELHT has worked tirelessly over the last few years to ensure our staff feel supported and know they have the 'freedom to speak up'. It is vitally important to us that we provide an environment in which our staff feel comfortable in raising concerns or issues without fear.

Staff survey reveals rise in workplace satisfaction

The 2018 NHS Staff Survey, completed by a record 3,655 employees, shows staff rate the Trust higher than ever and well above the national average in 9 of the 10 key themes including staff health and wellbeing, supportive management, staff morale, quality of appraisals, quality of care, safe environment against bullying harassment and violence, safety culture and staff engagement.

Crucially, 83 per cent of staff believe that care of patients is the Trust's top priority, a significantly higher score than other Trusts and 12 per cent above the scores when staff were asked the same question back in 2014.

In recent years, we have achieved consistent progress in improving our workplaces as we listen to what staff say, hear it and act on it. And that's what we'll continue to do. Improved staff satisfaction is also good news for our patients as there is a strong link between high levels of staff satisfaction and better services and outcomes for patients.

Inpatients rate East Lancashire Hospitals best in region

Inpatients rate the Trust's five hospitals the best in Lancashire and South Cumbria, according to new data from the NHS Friends and Family Test (FFT) survey.

In the 12 months to July 2018, 98 per cent of inpatients recommended the treatment and care they received at East Lancashire Hospitals, the highest score of any NHS Trust in the region, and among the best in England.

ELHT's impressive ratings were the opinion of 28,364 people who stayed in hospital for at least one night between August 2017 and July 2018.

In recent years, the Trust has improved the hospital environment for inpatients by investing significantly in new facilities, the latest medical equipment and high quality staff. The result: a better experience for our patients and a better working environment for our staff.

Charity appeal hits £1,000,000 target!

ELHT&Me, our official charity, thanked public, patients and staff for their generosity as fundraising donations for the charity's first appeal reached its £1 Million target….in just over 12 months.

Since the Appeal launch in February 2018 numerous wards, departments and clinics have benefitted from fundraising efforts, including the Neonatal Intensive Care Unit, Chemotherapy Units at Blackburn and Burnley hospitals, and the Childrens Ward at Royal Blackburn.

The aim of the ELHT&Me £1 Million Appeal was to create better hospitals for all by raising much-needed funds to make more improvements right across the Trust. This has delivered improvements for children and babies' health, supported cancer patients, improved equipment, made patient areas more friendly, and enhanced the entire patient experience.

New guide to help inpatients

2018 saw the publication of a new information guide to assist inpatients and their relatives/carers during hospital stays.

Supported by Blackburn with Darwen Carers, Healthwatch Lancashire and Healthwatch Blackburn with Darwen, the new 'Welcome Guide for Patients, Family and Carers' is the work of the Trust's Patient Experience Team and answers many of the non-medical questions frequently asked by inpatients staying one or more nights in hospital.

Being admitted to hospital – especially if your admission is unexpected following an emergency – can be confusing for people. Most inpatients are unfamiliar with life on a hospital ward, so we've produced this self-help guide to provide advice and guidance for patients, families and carers.

Among the useful information is help to identify ward staff by the colour of their uniform, visiting times, patient and visitor parking, help to ensure good hygiene, how to protect personal belongings and the importance of protected mealtimes.

Largest ever student nurse intake

The Trust's largest intake of student nurses started their ward duties at East Lancashire Hospitals this past year.

Patients across East Lancashire are benefitting from 148 student nurses taking up their hospital nursing placements within the Trust. The students began their nurse training with the University of Central Lancashire (UCLan) in September 2018. The number of students joining the Trust nearly doubled when compared to the previous year's intake.

ELHT's success in attracting a higher number of student nurses than in previous years is extremely positive. Now 133 adult and 15 paediatric students are undertaking their three-year nursing degree programme featuring a mix of classroom-based teaching, simulated clinical skills and hands-on practical experience in our five hospitals.

Mums give maternity services 'best ever' ratings

Maternity services achieved their best ever scores in the Care Quality Commission (CQC) Maternity Survey 2018 (www.cqc.org.uk/maternitysurvey).

ELHT is one of only nine trusts nationally who are 'better than expected'. That means our patients place the Trust firmly in the top nine maternity service providers in the country.

The independent CQC Maternity Survey asks mums who gave birth in East Lancashire during 2018 a wide range of questions about their maternity services experience before, during and after birth.

Among the positive responses from East Lancashire mums were that:

- 98 per cent were positive about their antenatal care
- 97 per cent had skin-to-skin contact with their baby shortly after birth
- 97 per cent felt they were involved enough in decisions about their care
- 99 per cent said their birthing partner was involved as much as they wanted
- 98 per cent said midwives respected their infant feeding decisions
- 92 per cent said they received enough information to help decide where to give birth.

Significant improvements in sepsis treatment

Patients receiving cancer treatment are now better protected against a potentially fatal side effect, thanks to improvements at the Trust.

Neutropenic sepsis is a potential complication of anti-cancer therapy which requires rapid, specialist treatment.

And in Q1 2018, 100 per cent of patients admitted to ELHT's Ambulatory Care and Acute Medical Units (A and B) were examined and, where appropriate, given medication for neutropenic sepsis within one hour. Across all ELHT wards, 88 per cent of cancer patients requiring treatment for neutropenic sepsis received it in one hour or less during January, February and March.

New data from NHS England also shows that assessment for sepsis in the Trust's Emergency Department has increased from 52 to 88 per cent since April 2015, with timely treatment for sepsis rising from 49 to 76 per cent in the same period.

National recognition for children's vision screening service

A new children's vision screening service for Lancashire has received support from leading eye health experts as a 'model service' that should be implemented across the country.

The Vision Screening Service, commissioned by Lancashire County Council and run by East Lancashire Hospitals NHS Trust and Blackpool Teaching Hospitals NHS Foundation Trust, is the first of its kind to be introduced in the country.

And now the service has been 'highly commended' by the British and Irish Orthoptic Society for the way it is managed by orthoptists and all screening tests are carried out by orthoptic staff.

The Vision Screening Service provides screening to four and five-year-old children across primary schools in the county, and to children who are home educated or missing from education at community venues.

East Lancashire 'best training hospitals' for paediatric doctors

Our paediatric department was rated best in the North West for training specialist child doctors.

The award comes after trainee doctors from Health Education England (North West) evaluated the training experience they received at the Royal Blackburn and Burnley General teaching hospitals, and nominated the Trust for a 'PAFTA' – the Paediatric Awards For Training Achievements.

To hear that training for paediatricians at East Lancashire Hospitals is so highly regarded, in the face of stiff competition from hospitals across the north west including more than one specialist children's hospital, is truly magnificent and a real feather in our cap.

New unit helps meet winter demand

The Trust opened a new 24-bed unit at Burnley General Teaching Hospital in autumn 2018.

Specifically designed to enhance the healing environment, promote independence, encourage rehabilitation and improve motivation for the next step in a person's recovery, the new Ward 19 was operational throughout the winter months to assist with the challenges that the colder weather brings.

Patients will benefit from being cared for in an environment that promotes independence and routine whilst being involved in the final arrangements for returning home.

Ongoing complaints fall to record low

Open, formal complaints about East Lancashire Hospitals hospital and community services have reached their lowest number since records began over a decade ago.

The progress we've made in improving the patient and family experience and reducing the time it takes to resolve a complaint is particularly impressive, bearing in mind that many of our wards and services are seeing record numbers of patients.

The latest good news follows a 52 per cent reduction in overall complaints achieved back in 2016 and is the direct result of Trust staff responding faster to issues before they escalate to become formal complaints.

There are lots of ways patients can tell East Lancashire Hospitals about their care whether it's talking to hospital staff, emailing complaints@elht.nhs.uk or sending suggestions using Facebook and Twitter (@EastLancsHosp).

New emergency surgery unit opens

Further investment to improve the efficiency of emergency services has resulted in the Trust opening a new clinic to provide rapid diagnosis and access to surgery for patients suffering from acute surgical problems.

The Surgical Ambulatory Emergency Care Unit (SAECU), located on Level 1 at the Royal Blackburn Teaching Hospital, is a fast response ambulatory clinic for surgical specialities including General Surgery, Urology, Vascular, Maxillo-Facial, ENT, and Trauma and Orthopaedics.

Opening the new SAECU is one of several innovations recently introduced by the Trust to work differently and more efficiently in caring for our emergency patients. Our aim is to improve the quality of care for emergency patients by streamlining processes and reducing delays.

Appropriate patients now have access to SAECU via their GP, the emergency department, or the hospital's surgical or medical teams, 24 hours a day, seven days a week.

More wards recognised for highest standard of care

Three wards received a new award recognising the 'outstanding' care provided by nurses, healthcare assistants, doctors and support staff.

Wards B20 (Vascular), C5 (Dementia) and C8 at the Royal Blackburn Teaching Hospital were the latest to be presented with a Safe Personal and Effective Care (SPEC) Silver Award from the Trust's Director of Nursing, Christine Pearson.

To earn the **SPEC Silver Award**, which is open to all East Lancashire Hospitals' wards, each Ward needs to achieve a 'good' rating during three, separate unannounced inspections as part of the Nursing Assessment and Performance Framework (NAPF).

Outpatient appointment details at your fingertips

ELHT introduced a new technology which allows patients to receive appointment letters directly to their mobile phone. The new electronic patient letters are issued to all outpatients who have registered a mobile phone number with the hospital.

The new system greatly improves the patients experience, patients can confirm, cancel or arranged to rebook their appointment with one click. Once confirmed, the appointment can be added directly into the patient's digital calendar reducing the risk of forgetting their appointment, they can also save the letter to their phone or email it to print it off.

The system is safe and secure and can only be accessed with a PIN and the patients' date of birth. For patients without a mobile phone, or whose number isn't registered with the Trust, a paper appointment letter is popped into the post. For paediatric patients, the child's parent or guardian will receive the letter on their behalf.

Success at Clinical Research Awards

Trust researchers once again returned successful when the winners of the 2018 Greater Manchester Clinical Research Awards were revealed.

Senior Research Support Officer Matthew Milner was named 'Research Administrator/Co-ordinator of the Year' to maintain ELHT's four-year winning run at the region's premier research awards.

In addition, two of Matthew's research colleagues – Midwife Bev Hammond and Consultant Urological Surgeon Mr Shalom Srirangam – were highly commended finalists at the Awards. It is wonderful that the dedication of our research colleagues has been celebrated and recognised by the Greater Manchester Clinical Research Network.

All our research staff work hard every day to offer patients the opportunity to participate in research studies which play an essential role in improving the nation's health.

Accessibility Guide now live!

ELHT have partnered with AccessAble to create Detailed Access Guides for Royal Blackburn and Burnley General teaching hospitals. More guides are on their way covering Pendle Community Hospital, Accrington Victoria Community Hospital and Clitheroe Community Hospital.

The Guides are 100% facts, figures and photographs and give you loads of useful information to work out if somewhere is going to be accessible to you. They cover everything from parking to hearing loops, walking distances and accessible toilets.

Early signs are that the Guides are proving popular with more than 6,000 visits to the website in just a matter of days. To take a look, go to: www.accessable.co.uk/organisations/east-lancashire-hospitals-nhs-trust

New children's play area opens

Children and their families spending time at the Royal Blackburn Teaching Hospital are absolutely delighted with their new play area.

Adjoining the Children's Unit, the play area is the product of precision planning by the Trust and the kindness of locally based national company, the EG Group who donated around £100,000 to fully fund the exterior play area and its equipment. The work was supplemented by generous donations of time, labour and materials from a number of other companies which paid for the enabling works on the interior play room and new toys.

First to introduce new CT scan technology

Patients requiring potentially life-changing investigations are benefitting from a new, state-of-the-art scanner installed at the Royal Blackburn Teaching Hospital.

The hospital is the first in the UK to install the state of the art Aquilion Lightning SP, manufactured in Japan by world-leading Canon Imaging Systems, which is capable of recording 80 views (slices) of the human body in a single scan rotation.

Demand for imaging has increased significantly in recent years, by over 40 per cent since 2013. This is a significant investment for the Trust which increases our CT scanners to four to meet demand and reduce waiting times.

Put simply, the new CT scanner can scan the entire body really quickly. In technical terms, the image quality is excellent and the 80-slice capability with fast image reconstruction means a full body scan can take as little as 15 seconds.

National award for employment champion

Sufiya Rasul, the Trust's Widening Access and Apprenticeship Lead was honoured with a special award sponsored by the Royal College of Nursing for her tireless work engaging with local schools and the wider community.

Sufiya's award was presented as part of Black History Month which recognises and celebrates the contribution of Black and Minority Ethnic people to health and social care over the last 70 years.

In the past 12 months alone, Sufiya and her colleagues have promoted NHS career opportunities to more than 10,000 people as ELHT looks to become the local employer of choice for young people in East Lancashire.

The success of Sufiya's work speak for itself and in the last 12 months alone she has planned, organised and supported 117 recruitment events for East Lancashire Hospitals, both internal and external. These included an NHS careers event at Blackburn leisure centre which attracted over 600 attendees and had over 40 different interactive careers stalls.

Grand opening of Forget-Me-Not Suite

The Neonatal Intensive Care Unit at Burnley General hosted the grand opening of brand new accommodation for bereaved parents, named the Forget-Me-Not Suite.

The Forget-Me-Not Suite provides families with the opportunity to spend precious time with their baby and to prepare to say goodbye to their little one in a peaceful and private environment. Set away from the main ward area, the suite is a place for families to make special memories and begin to grieve their loss whilst being supported by neonatal trained staff.

The space, which contains a double bed, facilities to babies, a cold cot and en-suite, was jointly funded by capital and charitable funds from the Trust charity, ELHT&Me.

'Incredible' parents first to graduate

The East Lancashire Child and Adolescent Service (ELCAS) is celebrating the graduation of local parents who completed the first Incredible Years parenting programme. Following successful completion of the 12-week course, 20 parents attended a special Incredible Years ceremony at Burnley General Teaching Hospital.

The Incredible Years programme is about building a better relationship with your child and working on behaviours you want to see more of. Having worked with schools and other services within Pendle and Burnley, we were overwhelmed with the number of parents who wanted to attend.

'Incredible Years helps parents to understand their child's challenging behaviour and helps them realise they are not on their own.' More parents are now benefitting from the Incredible Years programme with new groups being set up across East Lancashire.

Chaplain's self-harm research gains national recognition

Work led by chaplain David Anderson to improve the experience of patients with mental health issues has achieved national recognition.

David, a registered psychotherapist, saw his paper published by Nursing Times and created a great deal of interest. In 2017, the Trust had over 1,700 patients attend its emergency department due to feelings of self-harm and suicide and David's work aims to ensure the Trust offers all these patients safe, personal and effective care.

So far over 150 ELHT staff have received reflective training, led by David, about how to support patients affected by suicidal thoughts and feelings of self-harm, with staff giving excellent feedback.

Twenty-two consultants awarded Honorary titles by UCLan

In an unprecedented appreciation of the quality of clinical staff at East Lancashire Hospitals NHS Trust, a total of 22 senior doctors have been awarded honorary titles by The University of Central Lancashire (UCLan).

In recognition of their commitment to education, strategic partnership and research, the title of Honorary Professor has been bestowed upon cardiologist Professor Scot Garg, Critical Care Consultant Professor Anton Krige, Gastroenterologist Professor Damien Lynch, Orthopaedic Surgeon Professor Robin Paton, Medical Director Professor Damian Riley and Consultant Rheumatologist Professor Lee-Suan Teh.

UCLan further underlined the outstanding quality of medical education at ELHT by awarding a further 16 consultants the status of Honorary Senior Clinical Lecturer – Dr Anna Macpherson, Mrs Chintan Sanghvi, Dr Fawad Zaman, Mr Fizan Younis, Mr Gary Cousin, Dr Iain Crossingham, Dr John Dean, Dr Manu Shah, Mr Martin Maher, Ms Naseem Ghazali, Dr Nasira Misfar, Dr Saifudin Khalid, Mr Shalom Srirangam, Dr Shenaz Ramtoola, Mr Simon Hill and Mr Surya Narayan.

Our strategic partnership with UCLan will continue to grow and develop, ultimately benefiting the delivery of patient care across the whole of Lancashire.

Award for Patient Safety Initiative

East Lancashire Hospitals is flying high after winning a prestigious award for efforts to improve safety within hospital operating theatres.

Junior Charge Nurse in General and Vascular Surgery, Rob Tomlinson represented the Trust at the **Patient Safety Learning Organisation Awards** where the ground breaking '10,000 Feet' safety initiative won the 'Improving the environment in which staff are able to raise and address safety concerns' award.

The idea comes from the aviation industry in Australia. When an airline pilot gets into a situation requiring absolute concentration, they call out '10,000 feet'. During an operation there are a number of people all doing their respective jobs and it can get extremely pressured. Calling out the safe words '10,000 Feet' focuses everyone and allows complete concentration.

Prince's Trust programme promises bright future in Hospital Services

East Lancashire Hospitals has congratulated another round of successful participants from The Prince's Trust 'Get Into' Programme. The course, which has seen its second successful year at the Trust, gives young people the opportunity to gain valuable work experience that will equip them for working life.

After training and working in catering, portering and laundry services, students were presented with certificates marking their success. For many their hard work has paid off. Over 80% of the participants were offered paid bank work at the Trust and a promise of a brighter future.

Launch of new test for bowel cancer

A new test to detect bowel cancer is being launched this week. The 'FIT' test looks for tiny amounts of blood in poo. A sample collection tube with instructions is now available for all GPs to give to patients if there is a worry that they could have bowel cancer.

Bowel cancer is the 4th most common cancer in the country. It is responsible for over 16,000 deaths in the UK each year. It is more common in men living in deprived areas. When diagnosed at its earliest stage, more than 9 in 10 people with bowel cancer will survive their disease for five years or more, compared with less than 1 in 10 people when diagnosed at the latest stage. Currently less than half of all bowel cancers are diagnosed at an early stage (1 and 2).

The introduction of the FIT test has been funded and facilitated by the Lancashire and South Cumbria Cancer Alliance. East Lancashire Hospital NHS Trust, NHS Blackburn with Darwen and East Lancashire CCGs.

Happy Birthday, NHS!

On 5 July 2018, the NHS celebrated its 70th birthday amid many, many celebrations across the country.

ELHT was at the forefront of local festivities with the highlight being a special BIG 7Tea party to commemorate 70 years to the day since Aneurin Bevan, then the health secretary, launched the NHS at Park hospital, Manchester.

Yes, 2018 was a very special year for the NHS, and we saw many, many staff, patients and local communities feel part of those celebrations. Attractions across all our sites included demonstrations, interactive activities and radio broadcasts which went 'behind the scenes' to show lots of progressive aspects of the modern day NHS.

NHS

Financial Statements

Year ended 31 March 2019

Foreword to the accounts

These accounts for the year ended 31 March 2019 have been prepared by the East Lancashire Hospitals NHS Trust in accordance with schedule 15 of the National Health Service Act 2006.

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Statement of comprehensive income

	note	2018-19 £000s	2017-18 £000s
Operating income from patient care activities	2	**468,470**	449,906
Other operating income	3	**43,969**	45,565
Operating expenses	4	**(501,837)**	(506,234)
Operating surplus / (deficit)		**10,602**	(10,763)
Finance costs			
Finance income		**213**	129
Finance expenses	9	**(9,072)**	(9,007)
Public dividend capital dividends payable		**(3,819)**	(3,623)
Net finance costs		**(12,678)**	(12,501)
Other gains / (losses)		**(11)**	19
(Deficit) for the financial year		**(2,087)**	(23,245)

Other comprehensive income

	2018-19 £000s	2017-18 £000s
Amounts that will not be reclassified subsequently to income and expenditure:		
Impairments	**(364)**	(25,390)
Revaluations	**1,457**	3,352
Public dividend capital received	**12,098**	5,676
Total other comprehensive income / (expense) for the year	**13,191**	(16,362)
Total comprehensive income / (expense) for the year	**11,104**	(39,607)

Adjusted financial performance for the year

	2018-19 £000s	2017-18 £000s
(Deficit) for the year	**(2,087)**	(23,245)
Add back net impairments / (reversals)	**(1,682)**	26,478
Remove impact of capital donations	**(118)**	169
Remove impact of STF post accounts reallocation	**0**	(419)
Adjusted financial performance surplus / (deficit) for the year	**(3,887)**	2,983

Statement of financial position

	note	31 March 2019 £000s	31 March 2018 £000s
Non-current assets			
Intangible assets		**4,999**	3,632
Property, plant and equipment	12	**255,342**	245,214
Trade and other receivables		**1,500**	1,304
Total non-current assets		**261,841**	250,150
Current assets			
Inventories	13	**5,420**	3,872
Trade and other receivables	14	**30,955**	33,247
Non-current assets for sale		**0**	240
Cash and cash equivalents	15	**12,082**	8,156
Total current assets		**48,457**	45,515
Current liabilities			
Trade and other payables	16	**(39,268)**	(40,214)
Borrowings	17	**(5,000)**	(3,585)
Provisions	18	**(452)**	(518)
Other liabilities		**(2,577)**	(3,055)
Total current liabilities		**(47,297)**	(47,372)
Total assets less current liabilities		**263,001**	248,293
Non-current liabilities			
Borrowings	17	**(110,177)**	(106,260)
Provisions	18	**(3,413)**	(3,726)
Total non-current liabilities		**(113,590)**	(109,986)
Total assets employed		**149,411**	138,307
Financed by: Taxpayers' equity			
Public dividend capital		**191,988**	179,890
Revaluation reserve		**21,408**	20,450
Income and expenditure reserve		**(63,985)**	(62,033)
Total taxpayers' equity		**149,411**	138,307

The notes on pages 5 to 26 form part of these accounts.

The financial statements on pages 1 to 4 and accompanying notes were approved by the Audit Committee on 22 May 2019 and were signed and authorised for issue on its behalf by:

Kevin McGee, Chief Executive

Date: 22 May 2019

Statement of changes in taxpayers' equity

Statement of changes in taxpayers' equity for the year ended 31 March 2019

	note	Public dividend capital £000s	Revaluation reserve £000s	Income and expenditure reserve £000s	Total reserves £000s
Taxpayers' equity at 1 April 2018		179,890	20,450	(62,033)	138,307
(Deficit) for the year		0	0	(2,087)	(2,087)
Revaluations		0	1,457	0	1,457
Impairments	6	0	(364)	0	(364)
Transfers between reserves		0	(135)	135	0
Public dividend capital received		12,098	0	0	12,098
Taxpayers' equity at 31 March 2019		191,988	21,408	(63,985)	149,411

Statement of changes in taxpayers' equity for the year ended 31 March 2018

	note	Public dividend capital £000s	Revaluation reserve £000s	Income and expenditure reserve £000s	Total reserves £000s
Taxpayers' equity at 1 April 2017		174,214	42,488	(38,788)	177,914
Deficit for the year		0	0	(23,245)	(23,245)
Revaluations		0	3,352	0	3,352
Impairments	6	0	(25,390)	0	(25,390)
Public dividend capital received		5,676	0	0	5,676
Taxpayers' equity at 31 March 2018		179,890	20,450	(62,033)	138,307

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. Additional PDC may also be issued to NHS trusts by the Department of Health and Social Care (DHSC). A charge, reflecting the cost of capital utilised by the Trust, is payable to the DHSC, as the annual PDC dividend, in two instalments, the second of which is payable in March based on the estimate dividend payable. Any difference to the actual dividend payable is settled in the following financial year.

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 expenses. 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 represents the accumulated surpluses and deficits of the Trust.

Statement of cash flows

	note	2018-19 £000s	2017-18 £000s
Cash flows from operating activities			
Operating surplus / (deficit)		**10,602**	(10,763)
Depreciation and amortisation	4	**10,434**	11,890
Impairments and reversals	4	**(1,682)**	26,478
Income recognised in respect of capital donations		**(371)**	(103)
(Increase) in inventories		**(1,548)**	(1,430)
(Increase) / decrease in receivables		**2,858**	(12,183)
Increase / (decrease) in trade and other payables		**896**	(2,393)
(Decrease) in other liabilities		**(478)**	(1,412)
(Decrease) in provisions		**(388)**	(734)
Net cash generated from operations		**20,323**	9,350
Cash flow from investing activities			
Interest received		**214**	130
Purchase of intangible assets		**(2,895)**	(2,082)
Purchase of property, plant and equipment		**(18,899)**	(11,641)
Proceeds from sales of property, plant and equipment		**234**	0
Net cash generated (used in) investing activities		**(21,346)**	(13,593)
Cash flows from financing activities			
Public dividend capital received		**12,098**	5,676
Movement in loans from the DHSC	17.1	**9,100**	(200)
Capital element of PFI payments	17.1	**(3,788)**	(3,194)
Interest paid		**(9,045)**	(9,007)
PDC dividend paid		**(3,416)**	(4,299)
Net cash generated from / (used in) financing activities		**4,949**	(11,024)
Increase / (decrease) in cash and cash equivalents		**3,926**	(15,267)
Cash and cash equivalents at 1 April		**8,156**	23,423
Cash and cash equivalents at 31 March		**12,082**	8,156

The Public Dividend Capital (PDC) received in 2018-19 has been used to fund specific capital projects with £10.0m received for the Phase 8 development on the Burnley General Teaching Hospital site.

Notes to the accounts

1. Accounting policies and other information

1.1 Basis of preparation

The Department of Health and Social Care (DHSC) has directed that the financial statements of the Trust shall meet the accounting requirements of the DHSC Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2018-19 issued by the DHSC. 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.

1.2 Accounting convention

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

1.3 Going concern

These accounts have been prepared on a going concern basis with Management collating evidence which is considered to provide sufficient assurance that there are no material uncertainties related to the events or conditions that may cast significant doubt upon the Trust's ability to continue as a going concern for the purposes of preparing these accounts.

The Trust has met the control total set by NHS Improvement for 2018-19 and has accepted the control total for 2019-20 of a £6.7 million surplus.

As well as performance against its statutory and other financial duties, these events and conditions include reliance on non-recurrent items, the need for significant improvements to the Trust's estate, excessive reliance on borrowing, significant concerns raised about finances or the quality of services raised by the Care Quality Commission or an inability to pay suppliers on time.

1.4 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Non-current asset valuations

Valuation services are provided to the Trust by Cushman & Wakefield, a property services firm whose valuers are registered with the Royal Institute of Chartered Surveyors (RICS), the regulatory body for the valuation services industry. Following a full valuation of land and buildings as at 1 April 2015 and interim valuations using the altenative site valuation model which were reflected in the 2017-18 accounts, Cushman & Wakefield have provided a desktop valuation of these assets as at 31 March 2019 to ensure that the carrying amount of these assets does not differ materially from their fair value. These valuations reflect the current economic conditions and the location factor for the North West of England. The valuation for PFI buildings excludes VAT on the basis that the replacement of these assets would be carried out under a special purchase vehicle where VAT would be recoverable.

Private Finance Initiative (PFI) – unitary payment

PFI annual contract payments are split between three elements, the payment for services, payment for property (comprising repayment of the liability, finance cost and contingent rental) and lifecycle replacement. The Trust has adopted the national PFI accounting guidance to determine the split between these elements.

Clinical negligence liabilities

The provisions of NHS Resolution in respect of clinical negligence liabilities relating to the Trust, as disclosed in the provisions note, are estimated by NHS Resolution on a case by case basis.

1.5 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

PFI liabilities

PFI liabilities, which are accounted for as finance leases, are rebased on an annual basis using the most current applicable RPI indices. On this basis, the Trust does not consider the fair value of these liabilities to differ materially from the reported carrying value.

Segmental reporting

The Trust has one material segment, being the provision of healthcare, primarily to NHS patients. Divisions within the Trust all have similar economic characteristics with healthcare activity being undertaken via ward-based hospital care and through a range of primary care and community services. Segmental reporting is not considered necessary for private patient activity on materiality grounds.

Non-current asset valuations

Since 2017-18 the Trust has adopted an alternative site valuation model, whereby the valuation of its estate is based on the value of the modern equivalent asset required to deliver the services the Trust currently provides without taking account of the existing estate and its current utilisation.

Asset lives

As well as the annual valuation of Trust land and buildings, year end valuation services provided by Cushman & Wakefield include a review of the useful lives of these assets, which are used for depreciation purposes.

In November 2018, RICS guidance was issued, taking effect from 14 January 2019 and applying to all valuations where the valuation date is on or after that day, which has led to a significant reduction in the useful lives of Trust assets following the review as at 31 March 2019.

However, since accounting standards confirms that changes in asset lives are accounted for prospectively as a change in accounting estimate, depreciation for 2018-19 has been unaffected by this change. Accounting for this change in asset lives in 2018-19 would have increased the depreciation charge for these assets by £1.472m.

1.6 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). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

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. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

1.7 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

Pension costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. 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 schemes are accounted for as though they are defined contribution schemes.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

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

1.8 Expenditure on goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, regardless of whether payment has been made, 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.

1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control, or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Measurement

Valuation

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

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

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

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

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss, but are revalued when brought into use. Cost includes professional fees.

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.

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. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful 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.

Assets in the course of construction are not depreciated until the asset is brought into use.

Revaluation gains and losses

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

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

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

Impairments

In accordance with the 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 the impairment charged to operating expenses and 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.

Private Finance Initiative (PFI) transactions

PFI 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. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of asset components, which are capitalised where they meet the Trust's criteria for capital expenditure. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Useful economic 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
Buildings	60	90
Plant & machinery	3	25
Information technology	5	10
Other property, plant and equipment	5	26

1.10 Inventories

Inventories are valued at current cost. This is considered to be a reasonable approximation to determine fair value due to the high turnover of stocks.

1.11 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 three 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.

1.12 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 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 PFI arrangements and loans payable. All of the Trust's financial assets and financial liabilities are classified on this basis.

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 DHSC loans held, the effective interest rate is the nominal rate of interest charged on the loan.

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

De-recognition

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.

1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. All Trust leases are operating leases.

The Trust as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

The Trust as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

1.14 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 the discount rates published and mandated by HM Treasury.

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 in the provisions note 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.

1.15 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.

At any time, 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, except for:

(i) donated assets (including lottery funded assets),

(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and

(iii) the receivable associated with the PSF incentive and PSF bonus.

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

1.16 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 non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.17 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

1.18 Charitable funds

Under the provisions of IAS27 'Consolidated and Separate Financial Statements', those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. The Trust has not consolidated the accounts of the East Lancashire Hospitals NHS Charities on the basis of immateriality.

1.19 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been adopted early in 2018/19.

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

Since the following accounting standard has not yet been adopted by the Treasury FReM, early adoption is not permitted:

- IFRS 16 – Leases: applicable from 2020-21.

The application of IFRS 16, which has been deferred from 2019-20 to 2020-21, is expected to bring most assets used by the Trust through lease arrangements on-balance sheet. This is likely to materially increase the value of property, plant and equipment and associated borrowing.

2. Income from patient care activities

2.1 Income from patient care activities (by nature)

	2018-19 £000s	2017-18 £000s
Acute services		
Elective income	**61,019**	60,874
Non-elective income	**121,063**	113,125
First outpatient income	**45,168**	43,126
Follow up outpatient income	**21,075**	21,495
A&E income	**21,645**	20,557
Other NHS clinical income	**136,866**	135,117
Community services		
Income from Clinical Commissioning Groups and NHS England	**41,560**	41,589
All trusts		
AfC pay award central funding	**5,102**	0
Other clinical income	**14,972**	14,023
Total income from patient care activities	**468,470**	449,906

2.2 Income from patient care activities (by source)

	2018-19 £000s	2017-18 £000s
NHS England	**48,627**	52,049
Clinical Commissioning Groups	**409,821**	391,796
Department of Health and Social Care	**5,102**	0
Other NHS bodies	**1,195**	1,217
Local authorities	**696**	668
Injury costs recovery	**1,970**	1,765
Other	**1,059**	2,411
Total income from patient care activities	**468,470**	449,906

Other income from patient care activities includes £0.2m from private patients (2017-18 £0.3m) and £0.3m from overseas visitors (2017-18 £0.3m).

All income from patient care activities relates to contract income.

3. Other operating income

	2018-19 £000s	2017-18 £000s
Other operating income from contracts with customers:		
Research and development	**1,481**	1,378
Education and training	**13,854**	11,944
Non-patient care services to other bodies	**10,848**	12,157
Provider sustainability/sustainability and transformation fund income (PSF/STF)	**11,911**	14,870
Other contract operating income	**5,000**	4,406
Other non-contract operating income:		
Rental revenue from operating leases	**306**	349
Education & training – notional income from apprenticeship fund	**198**	358
Other	**371**	103
Total other operating income	**43,969**	45,565
Total operating income	**512,439**	495,471

Following the application of IFRS 15 from 1 April 2018, the presentation of other operating income has been amended to separately identify non-contractual income.

PSF/STF income includes a core allocation of £5.6m (2017-18 £8.1m) and an incentive allocation of £6.3m (2017-18 £6.3m) for achieving the annual financial control total set by NHS Improvement.

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial.

4. Operating expenses

	2018-19 £000s	2017-18 £000s
Purchase of healthcare from non-NHS and non-DHSC bodies	**4,436**	1,175
Staff and executive directors costs	**345,429**	324,247
Supplies and services – clinical	**34,227**	33,734
Supplies and services – general	**7,472**	7,294
Drugs costs	**40,183**	39,918
Establishment	**6,505**	5,668
Business rates paid to local authorities	**3,066**	2,971
Premises – other	**11,960**	10,288
Depreciation on property, plant and equipment	**8,906**	9,604
Amortisation on intangible assets	**1,528**	2,286
Net impairments	**(1,682)**	26,478
Clinical negligence premium	**17,838**	19,938
Rentals under operating leases	**8,197**	7,718
PFI charges to operating expenditure	**8,046**	8,610
Other operating expenses	**5,726**	6,305
Total operating expenses	**501,837**	506,234

Other operating expenses include £1.1m for education and training (2017-18 £1.0m), £1.0m for outsourced financial services (2017-18 £1.2m) and £1.0m for transport services (2017-18 £1.7m).

5. External audit

Audit fees payable to the external auditor for the Trust's statutory audit were £57,120, inclusive of VAT (2017-18 £69,600). Other auditor remuneration in 2018-19 was £18,942 (2017-18 £7,200). In addition to the £7,200 fee, inclusive of VAT, for the review of the Trust's annual quality account, £11,742 was charged for a mortality review.

The limitation on the auditor's liability for external audit work is £1.0m (2017-18 £1.0m).

6. Impairment of assets

	2018-19 £000s	2017-18 £000s
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	**(1,682)**	26,041
Other	**0**	437
Total net impairments charged to operating surplus / deficit	**(1,682)**	26,478
Impairments charged to the revaluation reserve	**364**	25,390
Total net impairments	**(1,318)**	51,868

For 2018-19, net impairments relate to the year end valuation of land and buildings provided by Cushman & Wakefield, the Trust's external valuer. The high value of impairments in 2017-18 is principally due to the impact of the adoption of the alternative site valuation model.

7. Operating leases

Trust as lessee

	Property £000s	Other £000s	2018-19 Total £000s	2017-18 Total £000s
Operating lease expense				
Minimum lease payments	**5,174**	**3,023**	**8,197**	7,718
Total	**5,174**	**3,023**	**8,197**	7,718
Future minimum lease payments due:				
– not later than one year	**0**	**2,300**	**2,300**	1,536
– later than one year and not later than five years	**0**	**6,436**	**6,436**	3,433
– later than five years	**0**	**352**	**352**	1,217
Total	**0**	**9,088**	**9,088**	6,186

Trust as lessor

	2018-19 £000s	2017-18 £000s
Operating lease revenue		
Minimum lease receipts	**306**	349
Total	**306**	349
Future minimum lease receipts due:		
– not later than one year	**238**	292
– later than one year and not later than five years	**955**	946
– later than five years	**26,482**	26,482
Total	**27,675**	27,720

Future minimum lease receipts relates to the long term arrangement with Lancashire Care NHS Foundation Trust for their use of property on the Royal Blackburn Teaching Hospital site.

8. Employee benefits

8.1 Employee benefits

	2018-19 £000s	2017-18 £000s
Salaries and wages	**271,648**	254,479
Social security costs	**28,053**	26,485
Apprenticeship levy	**1,426**	1,245
Employer contributions to NHS Pensions	**31,668**	30,118
Other costs	**84**	6
Temporary agency staff	**13,196**	12,565
Total staff costs	**346,075**	324,898
Employee costs capitalised	**646**	651
Total staff costs excluding capitalised costs	**345,429**	324,247

8.2 Retirements due to ill-health

During 2018-19 there were 5 early retirement from the Trust agreed on the grounds of ill-health (2017-18 8 early retirements). The estimated additional pension liabilities of these ill-health retirements is £0.1m (2017-18 £0.5m).

The cost of these ill-health retirements will be borne by NHS Pensions.

8.3 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

9. Finance expenses

	2018-19 £000s	2017-18 £000s
Interest expenses		
Loans from the Department of Health and Social Care	**44**	20
Main finance costs on PFI obligations	**4,231**	4,706
Contingent finance costs on PFI obligations	**4,788**	4,272
Total interest expenses	**9,063**	8,998
Provisions – unwinding of discount	**9**	9
Total finance expenses	**9,072**	9,007

10. Better Payment Practice code

	2018-19		2017-18	
	Number	**£000s**	Number	£000s
Non-NHS payables				
Total non-NHS trade invoices paid in the year	**97,918**	**225,709**	98,226	155,135
Total non-NHS trade invoices paid within target	**94,148**	**216,635**	93,297	147,606
Percentage of non-NHS invoices paid within target	**96.1%**	**96.0%**	95.0%	95.1%
NHS payables				
Total NHS trade invoices paid in the year	**2,760**	**26,367**	3,515	28,194
Total NHS trade invoices paid within target	**2,631**	**25,693**	3,359	27,686
Percentage of NHS invoices paid within target	**95.3%**	**97.4%**	95.6%	98.2%

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 a valid invoice, whichever is later.

11. Losses and special payments

	2018-19		2017-18	
	Total value of cases £000s	**Total number of cases**	Total value of cases £000s	Total number of cases
Losses	**114**	**59**	22	225
Special payments	**103**	**75**	120	78
Total losses and special payments	**217**	**134**	142	303

12. Property, plant and equipment

12.1 Property, plant and equipment 2018-2019

	Land	Buildings	Assets under construction	Plant & machinery	Information technolgy	Other property, plant and equipment	Total
2018-19	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Cost or valuation:							
At 1 April 2018	**6,248**	**208,056**	**5,261**	**43,483**	**28,376**	**10,020**	**301,444**
Additions	0	2,258	10,925	1,592	1,049	435	**16,259**
Reclassifications	0	0	2,710	0	(2,710)	0	**0**
Disposals / derecognition	0	0	0	0	0	(73)	**(73)**
Revaluation gains charged to the revaluation reserve	0	1,457	0	0	0	0	**1,457**
Revaluation losses charged to the revaluation reserve	0	(364)	0	0	0	0	**(364)**
Impairments charged to operating expenses	0	(188)	0	0	0	0	**(188)**
Reversal of impairments credited to operating expenses	0	1,870	0	0	0	0	**1,870**
Reversal of accumulated depreciation on revaluation	0	(3,291)	0	0	0	0	**(3,291)**
At 31 March 2019	**6,248**	**209,798**	**18,896**	**45,075**	**26,715**	**10,382**	**317,114**
Depreciation:							
At 1 April 2018	**0**	**0**	**0**	**29,709**	**18,604**	**7,917**	**56,230**
Disposals / derecognition	0	0	0	0	0	(73)	**(73)**
Provided during the year	0	3,291	0	3,356	1,751	508	**8,906**
Reversal of accumulated depreciation on revaluation	0	(3,291)	0	0	0	0	**(3,291)**
At 31 March 2019	**0**	**0**	**0**	**33,065**	**20,355**	**8,352**	**61,772**
Net book value at 31 March 2019	**6,248**	**209,798**	**18,896**	**12,010**	**6,360**	**2,030**	**255,342**
Asset financing:							
Owned	6,248	109,864	18,896	10,301	2,364	2,030	**149,703**
Donated	0	15	0	936	4	0	**955**
On-SoFP PFI contracts	0	99,919	0	773	3,992	0	**104,684**
Total at 31 March 2019	**6,248**	**209,798**	**18,896**	**12,010**	**6,360**	**2,030**	**255,342**

12.2 Property, plant and equipment 2017-2018

2017-18	Land	Buildings	Assets under construction	Plant & machinery	Information technolgy	Other property, plant and equipment	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation:							
At 1 April 2017	**5,831**	**257,011**	**981**	**41,303**	**24,713**	**9,270**	**339,109**
Additions	0	3,167	4,280	2,440	3,663	750	**14,300**
Reclassifications	124	0	0	(124)	0	0	**0**
Transfers (to) / from assets held for sale	(63)	(177)	0	0	0	0	**(240)**
Disposals / derecognition	0	0	0	(136)	0	0	**(136)**
Revaluation gains charged to the revaluation reserve	0	3,352	0	0	0	0	**3,352**
Revaluation losses charged to the revaluation reserve	(180)	(25,210)	0	0	0	0	**(25,390)**
Impairments charged to operating expenses	(324)	(27,167)	0	0	0	0	**(27,491)**
Reversal of impairments credited to operating expenses	860	590	0	0	0	0	**1,450**
Reversal of accumulated depreciation on revaluation	0	(3,510)	0	0	0	0	**(3,510)**
At 31 March 2018	**6,248**	**208,056**	**5,261**	**43,483**	**28,376**	**10,020**	**301,444**
Depreciation:							
At 1 April 2017	**0**	**0**	**0**	**26,364**	**16,475**	**7,429**	**50,268**
Disposals / derecognition	0	0	0	(132)	0	0	**(132)**
Provided during the year	0	3,510	0	3,479	2,127	488	**9,604**
Reclassifications	0	0	0	(2)	2	0	**0**
Reversal of accumulated depreciation on revaluation	0	(3,510)	0	0	0	0	**(3,510)**
At 31 March 2018	**0**	**0**	**0**	**29,709**	**18,604**	**7,917**	**56,230**
Net book value at 31 March 2018	**6,248**	**208,056**	**5,261**	**13,774**	**9,772**	**2,103**	**245,214**
Asset financing:							
Owned	6,248	109,075	5,261	12,038	5,260	2,101	**139,983**
Donated	0	16	0	812	5	2	**835**
On-SoFP PFI contracts	0	98,965	0	924	4,507	0	**104,396**
Total at 31 March 2018	**6,248**	**208,056**	**5,261**	**13,774**	**9,772**	**2,103**	**245,214**

12.3 Property, plant and equipment valuation information

For 2018-19, the desktop valuation of land and buildings provided by Cushman & Wakefield, the Trust's external valuer as at 31 March 2019 resulted in a £2.8m increase in the value of buildings. There has been a 2.2% increase in the Building Cost Information Service (BCIS) 'All In' Tender Price Index (TPI) as at 31 March 2019 compared to the 31 March 2018 BCIS factor. Allowing for obsolecence, the overall increase in the value of these assets equates to 0.7%. The ten year average BCIS location factor applied has increase from 93 to 94. The value of land remains unchanged.

12.4 Capital commitments

As at 31 March 2019, the Trust had £5.3m contractual capital commitments (31 March 2018 £nil), £4.5m of which relates to the Phase 8 development on the Burnley General Teaching Hospital site.

13. Inventories

	31 March 2019 £000s	31 March 2018 £000s
Drugs	**2,078**	1,805
Consumables	**3,135**	1,909
Energy	**207**	158
Total	**5,420**	3,872

Inventories recognised in expenses for the year were £76.8m (2017-18 £76.1m).

14. Trade and other receivables – current

	31 March 2019 £000s	31 March 2018 £000s
Contract receivables*	**22,671**	0
Trade receivables	**0**	14,429
Accrued income	**0**	13,029
Allowance for impaired contract receivables	**(818)**	0
Allowance for other impaired receivables	**0**	(1,642)
Prepayments	**6,978**	3,987
VAT receivable	**1,507**	817
Other receivables	**617**	2,627
Total	**30,955**	33,247

In total, £17.6m of current trade and other receivables are receivable from NHS and DHSC group bodies (31 March 2018 £23.0m).

* Following the application of IFRS 15 from 1 April 2018, the trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

15. Cash and cash equivalents

As at 31 March 2019, cash and cash equivalents of £12.1m (31 March 2018 £8.2m) were almost entirely represented by cash deposited with the Governing Banking Service with the balance of less than £0.1m represented by cash in hand (31 March 2018 less than £0.1m).

16. Trade and other payables – current

	31 March 2019 £000s	31 March 2018 £000s
Trade payables	**3,585**	2,625
Capital payables	**4,524**	6,364
Accruals	**15,739**	15,709
Social security costs	**3,842**	3,526
Other taxes payable	**2,937**	2,685
NHS Pension contributions payable	**4,285**	4,032
Other payables	**4,356**	5,273
Total	**39,268**	40,214

In total, £4.2m of current trade and other payables are payable to NHS and DHSC group bodies (31 March 2018 £4.4m). Other payables include £2.8m of research and development funds (31 March 2018 £2.8m).

17. Borrowings

	Current		Non-current	
	31 March 2019 £000s	31 March 2018 £000s	31 March 2019 £000s	31 March 2018 £000s
DHSC loans	**1,772**	200	**8,748**	1,200
Obligations under PFI contracts	**3,228**	3,385	**101,429**	105,060
Total	**5,000**	3,585	**110,177**	106,260

17.1 Reconciliation of liabilities arising from financing activities

	DHSC loans £000s	PFI schemes £000s	Total £000s
Carrying value at 1 April 2018	**1,400**	**108,445**	**109,845**
Impact of implementing IFRS 9 on 1 April 2018	**2**	**0**	**2**
Cash movements:			
Financing cash flows – payments and receipts of principal	**9,100**	**(3,788)**	**5,312**
Financing cash flows – payments of interest	**(26)**	**(4,231)**	**(4,257)**
Non-cash movements:			
Application of effective interest rate	**44**	**4,231**	**4,275**
Carrying value at 31 March 2019	**10,520**	**104,657**	**115,177**

18. Provisions

18.1 Provisions

	Pensions £000s	Other £000s	Total £000s
Balance at 1 April 2018	**3,923**	**321**	**4,244**
Change in the discount rate	**(74)**	**0**	**(74)**
Arising during the year	**(58)**	**338**	**280**
Utilised during the year	**(196)**	**(76)**	**(272)**
Reversed unused	**0**	**(322)**	**(322)**
Unwinding of discount	**9**	**0**	**9**
Balance at 31 March 2019	**3,604**	**261**	**3,865**
Expected timing of cash flows:	**£000s**	**£000s**	**£000s**
Not later than one year	**191**	**261**	**452**
Later than one year but not later than five years	**763**	**0**	**763**
Later than five years	**2,650**	**0**	**2,650**
Balance at 31 March 2019	**3,604**	**261**	**3,865**

18.2 Clinical negligence liabilities

At 31 March 2019, £310.0m was included in provisions of NHS Resolution in respect of clinical negligence liabilities relating to the Trust (31 March 2018 £289.4m).

19. Private Finance Initiative (PFI) schemes

The Trust has two separate PFI schemes in operation on each of its main sites as detailed below:

Royal Blackburn Hospital – Single Site

This scheme has provided a single hospital site within the Blackburn locality and has been operational since July 2006. The contract term is 35 years.

Burnley General Hospital – Phase 5

The phase 5 unit on the Burnley General site has been in operation since May 2006 and accommodates hospital facilities including elective care, radiology, outpatients and renal services. The contract term is 30 years.

The contracts in place for these schemes are for the construction and provision of healthcare facilities. At the end of the agreement term the sites will revert back to the ownership of the Trust without the need for further payments. Both contracts include options for early termination where there has been a event of default by the Project Company. During the term of the contracts there is provision for planned replacement at regular intervals of components included in these facilities. This ensures that the assets are maintained in the required condition throughout the life of the contract. The Trust is charged for these lifecycle costs through the unitary payments although the charges remain fixed irrespective of the actual pattern of lifecycle costs incurred by the operators. Both contracts include provision for performance and availability deductions against the unitary charge. Unitary charges are subject to an annual inflation uplift which is linked to the published retail price index.

Under IFRIC 12, the assets are treated as assets of the Trust; the substance of the contracts is that the Trust has a finance lease and the payments made comprise two elements – imputed finance lease charges and service charges. As well as provision of the infrastructure assets, the contract for the Blackburn PFI also includes facilities management provision both for the PFI asset and parts of the wider estate, and managed equipment services. The contract for the Burnley PFI scheme also includes facilities management but just for the PFI asset.

19.1 Imputed 'finance lease' obligations

The Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position (SOFP) PFI schemes:

	31 March 2019 £000s	31 March 2018 £000s
Gross PFI obligations of which are due	**156,726**	172,531
– not later than one year	**7,286**	8,019
– later than one year and not later than five years	**29,946**	29,894
– later than five years	**119,494**	134,618
Finance charges allocated to future periods	**(52,069)**	(64,086)
Net PFI obligations of which are due	**104,657**	108,445
– not later than one year	**3,228**	3,385
– later than one year and not later than five years	**14,931**	12,667
– later than five years	**86,498**	92,393

19.2 Total on-SoFP PFI arrangement commitments

The Trust's total future obligations under these on-SoFP PFI schemes are as follows:

	31 March 2019 £000s	31 March 2018 £000s
Total future payments committed in respect of PFI arrangements	**645,569**	709,485
– not later than one year	**24,147**	23,594
– later than one year and not later than five years	**102,777**	101,668
– later than five years	**518,645**	584,223

19.3 Analysis of amounts payable to PFI operator

The Trust's total future obligations under these on-SoFP PFI schemes are as follows:

	31 March 2019 £000s	31 March 2018 £000s
Unitary payment payable to PFI operator	**23,594**	22,770
Consisting of:		
– Interest charge	**4,231**	4,706
– Repayment of finance lease liability	**3,788**	3,194
– Service element and other charges to operating expenditure	**6,789**	6,565
– Lifecycle costs	**3,998**	4,033
– Contingent rent	**4,788**	4,272
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	**657**	947
Total amount paid to service concession operator	**24,251**	23,717

20. External financing

	2018-19 £000s	2017-18 £000s
Cash flow financing (from SOCF)	**13,484**	17,549
External financing requirement	**13,484**	17,549
External Financing Limit	**23,390**	17,550
Underspend against the External Financing Limit	**9,906**	1

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

21. Capital Resource Limit

	2018-19 £000s	2017-18 £000s
Gross capital expenditure		
Property, plant and equipment	**16,259**	14,300
Intangible assets	**2,895**	2,092
Total gross capital expenditure	**19,154**	16,392
Less: disposals of property, plant and equipment	**(240)**	(4)
Less: donated capital additions	**(371)**	(103)
Charge against the Capital Resource Limit	**18,543**	16,285
Capital Resource Limit	**21,118**	16,386
Underspend against the Capital Resource Limit	**2,575**	101

The Trust is given a Capital Resource Limit which it is not permitted to exceed.

22. Breakeven duty

22.1 Breakeven duty – financial performance

	2018-19 £000s	2017-18 £000s
Adjusted financial performance surplus / (deficit) (control total basis)	**(3,887)**	2,983
Add back income for impact of 2016/17 post-accounts STF reallocation	**0**	419
Breakeven duty financial performance surplus / (deficit)	**(3,887)**	3,402

22.2 Breakeven duty – rolling assessment

	Total (2003-04-2008-09)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Breakeven duty in-year financial performance	380	287	723	3,025	8,011	6,600	1,342	7,887	3,068	3,402	(3,887)
Breakeven duty cumulative position	380	667	1,390	4,415	12,426	19,026	20,368	28,255	31,323	34,725	30,838
Operating income	1,677,587	336,952	342,027	389,797	404,986	420,579	435,107	466,767	477,519	495,471	512,439
Cumulative breakeven position as a percentage of operating	income	0.20%	0.41%	1.13%	3.07%	4.52%	4.68%	6.05%	6.56%	7.01%	6.02%

The application of breakeven duty means that if a cumulative surplus or deficit is reported (greater than a materiality threshold of 0.5% of operating income), it should be recovered within the subsequent two financial years.

NHS Improvement has provided guidance that the first year for consideration for the breakeven duty should be 2009/10.

While the cumulative breakeven position of 6.0% is above the 0.5% threshold, NHS Improvement uses annual financial control totals for NHS trusts as the primary mechanism for financial control. For 2018/19, the Trust was set a control total of a £15.8m deficit, excluding its Provider Sustainability Fund allocation, which has been met.

23. Financial instruments

23.1 Financial instruments – financial risk management

Financial reporting standard IFRS7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Financial instruments also play a much more limited role in creating or changing risk than would be typical of listed companies. As an NHS Trust, the Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Treasury management operations are carried out by the Finance Department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Trust Board. Treasury activity is subject to review by the Trust's internal auditors.

23.1 Financial instruments – financial risk management (continued)

Currency risk

The Trust is principally a domestic organisation with no overseas operations. As a consequence, the great majority of transactions, assets and liabilities are UK and sterling based meaning the Trust has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. Borrowings are typically made for up to 25 years, in line with the life of the associated assets, with interest fixed for the life of the loan at the National Loans Fund rate. The Trust has also borrowed from government in 2018-19 to ensure it can continue to meet its financial obligations while maintaining the minimum cash balance set by NHS Improvement of £2.5 million. This borrowing is repayable in three years with interest fixed at 1.5%. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Since the majority of income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

Operating costs are incurred under contracts with CCGs financed from resources voted annually by Parliament. The Trust also finances its capital expenditure from funds obtained within its capital resource limit. As a result, the Trust is not exposed to significant liquidity risks.

23.2 Financial instruments – carrying value

IFRS 9 Financial Instruments is applied restrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost 31 March 2019 £000s	Loans and receivables 31 March 2018 £000s
Financial assets		
Trade and other receivables excluding non financial assets	**23,880**	26,688
Cash and cash equivalents	**12,082**	8,156
Total	**35,962**	34,844

	Held at amortised cost 31 March 2019 £000s	Other financial liabilities 31 March 2018 £000s
Financial liabilities		
Trade and other payables excluding non financial liabilities	**29,647**	31,182
Obligations under PFI contracts	**104,657**	108,445
Other borrowings	**10,520**	1,400
Total	**144,824**	141,027

The fair value of financial instruments is not considered to differ from their carrying values.

23.3 Maturity of financial liabilities

	31 March 2019 £000s	31 March 2018 £000s
In one year or less	**34,647**	34,767
In more than one year but not more than two years	**3,985**	3,051
In more than two years but not more than five years	**19,494**	10,416
In more than five years	**86,698**	92,793
Total	**144,824**	141,027

24. Related party transactions

During the year none of the Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with East Lancashire Hospitals NHS Trust.

The Department of Health and Social Care is regarded as a related party. During the year East Lancashire Hospitals NHS Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent department. Those entities where the value of transactions exceeds £5.0m, ordered alphabetically, are:

- Blackburn With Darwen Clinical Commissioning Group Community Health Partnerships
- East Lancashire Clinical Commissioning Group Health Education England
- Lancashire Teaching Hospitals NHS Foundation Trust NHS England
- NHS Resolution
- Pennine Acute Hospitals NHS Trust
- St Helens and Knowsley Hospital Services NHS Trust

In addition, the Trust has had a number of notable transactions with other government departments and other central government bodies. Most of these transactions have been with Her Majesty's Revenue & Customs (HMRC) and the National Health Service Pension Scheme.

The Trust has also received revenue and capital payments from ELHT&ME, the charity for which the Trust is the corporate trustee. The financial statements of the Charity have not been consolidated within the financial statements of the Trust on the basis of immateriality, but the latest set of audited accounts of the Charity, relate to the year ended 31 March 2018 and are available on request from Trust Headquarters.

The Trust provides financial and administrative support to the Charity for which it is reimbursed. In 2018-19 this reimbursement amounted to £0.1m (2017-18 £0.1m).

25. Events after the end of the reporting period

There are no material events after the end of the reporting period to disclose.

East Lancashire Hospitals
NHS Trust
Safe | Personal | Effective
East Lancashire Hospitals
NHS Trust
Safe | Personal | Effective
Safe Personal Effective

Glossary

Accruals basis
Under the accruals concept, expenses are recognised when incurred, not when the cash is actually paid out, and income is recognised when it is earned, not when the cash is actually received.

AGM
Annual General Meeting

Annual Governance Statement
A statement about the controls the NHS Trust has in place to manage risk.

Amortisation
The term used for depreciation of intangible assets – an example is the annual charge in respect of some computer software.

Annual accounts
Documents prepared by the NHS Trust to show its financial position. Detailed requirements for the annual accounts are set out in the Group Accounting Manual, published by the Department of Health and Social Care.

Annual report
A document produced by the NHS Trust, which summarises the NHS Trust's performance during the year and includes the annual accounts.

Asset
Something the NHS Trust owns – for example a building, some cash, or an amount of money owed to it.

Audit Opinion
The auditor's opinion on whether the NHS Trust's accounts show a true and fair view of its financial affairs. If the auditors are satisfied with the accounts, they will issue an unqualified audit opinion.

Board Assurance Framework/ BAF
The main document that details the strategic risks of the Trust.

Breakeven
An NHS Trust has achieved breakeven if its income is greater than or equal to its expenditure.

Capital Resource Limit
An expenditure limit set by the Department of Health and Social Care for each NHS organisation, limiting the amount that may be spent on capital items.

Cash and cash equivalents
Cash includes cash in hand (petty cash) and cash at the bank. Cash equivalents are any other deposits that can be converted to cash straightaway.

Clinical Commissioning Group
The body responsible for commissioning all types of healthcare services across a specific locality.

Code of Audit Practice
A document issued by the National Audit Office and approved by parliament, which sets out how audits for the NHS Trust must be conducted.

Contingent asset or liability
An asset or liability which is too uncertain to be included in the accounts.

EPRR
Emergency Preparedness, Resilience and Response. The Civil Contingencies Act (2004) required NHS organisations to show that they can deal with such incidents whilst maintaining services.

Group Accounting Manual
An annual publication from the Department of Health and Social Care which sets out the detailed requirements for the NHS Trust accounts.

Intangible asset
An asset that is without substance, for example, computer software.

International Financial Reporting Standards
The accounting standards that the NHS has adopted from April 2009.

International Standards on Auditing (United Kingdom and Ireland)
The professional standards external auditors must comply with when carrying out audit.

Inventories
Stock, such as clinical supplies.

IR35

IR35 legislation, also known as 'intermediaries legislation' is a set of rules that aid in the determination of the tax and national insurance that a candidate working through an intermediary should pay, based on the substance of that working arrangement.

Non-current asset or liability

An asset or liability the NHS Trust expects to hold for more than one year.

Non-Executive Director

Non-executive directors are members of the NHS Trust Board but do not have any involvement in day-to-day management of the NHS Trust. They provide the board with independent challenge and scrutiny.

Operating lease

An arrangement whereby the party releasing the asset is paying for the provision of a service (the use of the asset) rather than exclusive use of the asset.

Payables

Amounts the NHS Trust owes.

Primary Statements

The four main statements that make up the accounts: Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers' Equity and Statement of Cash Flows.

Private Finance Initiative/PFI

A way of funding a major capital investment, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts typically last for 30 years, during which time the building is leased by the NHS Trust.

Public Dividend Capital

Taxpayers equity or the tax payers stake in the NHS Trust, arising from the Government's original investment in NHS trusts, when they were first created.

Receivables

Amount owed to the NHS Trust.

Remuneration Report

The part of the annual report that discloses senior officers' salary and pensions information.

Reserves

Reserves represent the increase in overall value of the NHS Trust since it was first created.

SAFER

A patient flow bundle from NHS Improvement which is based around five principles, they are: Senior review, All patients, Flow, Early discharge and Review.

Senior Information Risk Owner/ SIRO

The establishment of the role of a SIRO within NHS organisations is one of several NHS Information Governance (IG) measures needed to strengthen information assurance controls for NHS information assets.

Sentinal Stroke Audit Programme/SSNAP

The Sentinal Stroke Audit Programme is the single source of stroke data in England, Wales and Northern Ireland.

Statement of Cash Flows

This shows cash flows in and out of the NHS Trust during the period.

Statement of Changes in Taxpayers' Equity

One of the primary statements – it shows the changes in reserves and public dividend capital in the period.

Statement of Comprehensive Income

The income and expenditure account, and the public sector equivalent of the profit and loss account. It shows what income has been earned in the year, what expenditure has been incurred and hence the surplus or deficit for the year.

Statement of Financial Position

Year-end statement prepared by all public and private sector organisations, which shows the net assets controlled by the organisation and how these have been funded. It is also known as the balance sheet.

Those Charged with Governance

Auditors terminology for those people who are responsible for the governance of the NHS Trust, usually the Audit Committee.

True and fair

It is the aim of the accounts to show a true and fair view of the NHS Trust financial position. In other words, they should faithfully represent what has happened in practice.

Vital Signs

An NHSI improvement programme.

This document is available in a variety of formats and languages.
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