



Lancashire &
South Cumbria
NHS Foundation Trust

Annual Report and Accounts 2020/21



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LANCASHIRE & SOUTH CUMBRIA NHS FOUNDATION TRUST

Annual Report and Accounts 2020/21

Presented to Parliament pursuant to
Schedule 7, paragraph 25 (4) (a) of the
National Health Service Act 2006.

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Introduction

This report has been prepared on a 'whole' basis and will refer to Lancashire & South Cumbria NHS Foundation Trust as 'LSCft' or 'the Trust'. LSCft and 'the Trust' includes Healthcare Support and Infrastructure Services (HSIS), our wholly owned subsidiary.

The Chair and Chief Executive Foreword

Due to the Covid-19 pandemic, the last year has presented challenges for us all that we could never have predicted and has meant we have all had to embrace and adapt to new ways of working and living.

As such, an enormous amount of work has been undertaken to ensure support for our highly-valued staff and communities has continued despite the difficult circumstances of the pandemic.

As a Trust, we have effectively responded to changes in how we deliver services, alterations to roles, redeployment of staff and increases in demand for services which has impacted right across our geographical footprint.

We have been immensely proud of the incredible response from our staff who have risen to every challenge presented to them during the pandemic. It has been incredible to see the ways in which they have embraced flexibility and adapted within their roles to make sure that service users received the very best care possible.

Responding to the pandemic has required not just the monumental efforts of our staff, but those of our partners across Lancashire and South Cumbria who have worked together to make the needs of our local communities the top priority.

This document will provide an overview of our performance and delivery during 2020/21.

We are immensely grateful to everyone who has supported LSCft during this time.

Doing things differently

As the first UK national lockdown started in March 2020, the Trust began to evolve rapidly in response and by April, we had introduced a seven day working week to make sure we could meet the changing demand for our services. Many staff were redeployed and adjusted their working lives to support our services, working more fluidly across team boundaries to make sure patient care continued and colleagues were supported.

We launched the NHS Attend Anywhere digital consultation programme within the Trust; bringing implementation forward to provide continuity of care and access to services through virtual consultations and appointments during the pandemic. The programme has been used by a number of the Trust's services, many of whom have used the platform in creative ways to support patients:

- Therapists have used Attend Anywhere to deliver stroke and pulmonary rehabilitation programmes
- The wheelchair service used Attend Anywhere to carry out live assessments for people with complex health and Learning Disability needs
- Physiotherapists have used the video service to perform live modifications to wheelchairs
- The Memory Assessment Service (MAS) used Attend Anywhere to diagnose patients

The platform has proven to be a valuable tool in the Trust's provision of care – in January 2021, the programme had supported patient care during 50,000 calls.

In 2020/21 we have seen many more of the Trust's services embracing digital solutions which supported them to move to a more flexible and remote way of working. The Training and Learning team, at the Quality Academy, had to quickly review and adapt how they delivered the corporate induction to new starters. With face-to-face delivery no longer an option for the corporate aspect of induction, the team chose a new software package called 'Articulate' to make sure new staff to the Trust had easy and safe access to key information and training.

Teams who work with service users with long-term conditions have been providing ongoing care and treatment virtually to allow the most vulnerable to continue to shield.

Our inpatient wards have been using iPads and video call technology to support service users to keep in touch with their families. Our end of life services continued to support limited visiting for service users putting robust Covid-safety measures in place to support families to spend those important last moments with their loved ones.

Developing our services

We have looked at different ways to support our service users which has led to us developing additional care options.

The Diabetes Team rolled out flash monitoring which uses sensors to monitor blood glucose in real time so the team can support service users remotely.

Health Visiting services developed a crisis pathway for infant feeding during Covid-19 to help mothers access support and in June 2020, the service had their Gold Standard Baby Friendly award revalidated by UNICEF and the World Health Organisation (WHO) for their support of infant feeding and parent-infant relationships.

The Home Treatment Team (HTT) in Fylde increased the use of Psynergy, a collaborative partnership between LSCft, North West Ambulance NHS Service Trust (NWAS) and Lancashire Constabulary to help people experiencing a mental health crisis across Blackpool, Fylde and Wyre. A senior mental health nurse from LSCft, a paramedic and a police officer come together as a crew in an NWAS vehicle to jointly attend to people experiencing a mental health crisis so they receive the most appropriate triage and support and avoid unnecessary hospital admissions. The project has changed and improved the way we deliver care and ensured that people in the area receive the most appropriate care for their needs.

The development of additional services that were part of the Trust's five year plan were also driven forward due to a national demand. Our staff played a vital part in making sure that these services were up and running ready for those who needed them. As part of our response to Covid-19, and after significant investment, the Trust also reopened two Mental Health Urgent Assessment Centres (MHUACs) in February and March of 2021. With a further centre in Blackpool (in collaboration with

Blackpool Teaching Hospitals) opening in May 2021. The centres allow anyone with urgent mental health needs and no coronavirus symptoms or physical injuries to be seen in a safe and calm assessment space.

The five centres we now have are located in:

- The former Ophthalmology Unit at Royal Preston Hospital
- A dedicated facility adjacent to the A&E at Blackpool Victoria Hospital
- The Orchard, Lancaster
- Danegarth at Furness Hospital, South Cumbria
- A dedicated space next to the A&E at Royal Blackburn Hospital

The Trust also launched a telephone support service which operates 24 hours a day, seven days a week, with trained medical professionals on hand to provide immediate assistance to those who need it. This crisis line enables callers to receive a mental health assessment and referral on to appropriate services. The new response line and urgent care centres have complemented support already provided by the Trust through the Mental Health Wellbeing Helpline. Different from the new response line, this existing helpline staffed by volunteers and people with appropriate life experiences, continues to offer emotional support.

Alongside this, as part of our response to Covid-19, the Trust was asked by the Integrated Care System and NHS England to support those with the lasting effects of the virus, or 'long-Covid.' In January 2021, the Trust set up a Long-Covid Referral Hub to support GPs and acute trusts. An enormous amount of work was put into launching this quickly and effectively and a huge thank you goes to everyone that was involved.

The Trust also developed the Lancashire and South Cumbria Resilience Hub as a support resource for all public sector workers who have worked through Covid-19 and their families. This includes those who work in the NHS, local authorities and councils, emergency service personnel, care home workers, those working in social care and community workers.

In December 2020, the roll out of the biggest vaccination programme in NHS history began. On January 7 2021, the Trust began to administer the AstraZeneca Covid-19 vaccine from our own vaccination centre. In the space of a week, Ribble House, in Bamber Bridge, was adapted into a functional and fully operational vaccination site to enable us to administer the vaccine to our staff and other healthcare professionals within the region.

We are enormously grateful to all the volunteers who helped to launch the vaccination centre so quickly. People from across the organisation put themselves forward, giving up their days off, evenings and weekends to help us administer the vaccine to as many people as possible. The centre delivered over 1,000 vaccinations in the space of just a few weeks and we received a significant amount of compliments from those that received a vaccine there. Our vaccination programme was supported by University Hospitals of Morecambe Bay (UHMB) who shared the use of their booking system with the Trust and offered access to their vaccination sites for our staff.

Continuing on our improvement journey

Despite all of the additional challenges of Covid-19, the Trust has also progressed with other significant projects.

A new Rehabilitation Ward at Royal Preston Hospital opened on July 1 2020 to support patients recovering from mental health conditions. The Skylark Centre was set up to enable the Trust's Rehabilitation Service to support service users to regain the confidence and skills they need to carry out the typical activities of daily living. The centre has 11 beds to provide rehabilitative care to service users aged over 18 for up to 12 months. Work has also started on a Rehabilitation Unit at Wesham, where we will be supporting people back into the community.

In November 2020, the Trust launched RiO, a new electronic patient record system, where clinicians can log appointments, referrals and notes to provide an efficient way of managing contact with service users. There was an incredible effort from all involved, especially the RiO project team who worked determinedly to make sure that the new system was introduced seamlessly.

In 2020/21, the Trust received additional investment into Community Learning Disability Services and into Community Autism Services. The investment provided:

- £1.1m to increase the workforce in the Community Learning Disability Teams which provide a range of specialist assessments and interventions for children, young people and adults with learning disability
- £1m investment to establish an Intensive Support Team for people aged 16 and over to provide interventions and support for hospital admission avoidance
- £600k to establish an Autism Outreach Team to work with autistic adults aged 16 and over who are at real risk of admission to hospital

We also secured a range of funding from Health Education England (HEE) that has enabled us to advance our registered workforce including training for Nurse Prescribing, Community Specialist Practice, Advanced Clinical Practice and Approved Clinician.

We have a small number of staff who have completed Nurse Associate training and have used apprenticeship money to support six Nurse Associates to complete a registered nurse degree programme. This has not only helped us to develop our workforce but also stands as a positive addition on our journey of service improvement; increasing our ability to provide the flexible support our service users need.

Another significant development was the implementation of a new locality operating model, which has been the subject of extensive consultation with our staff. In 2020, the Trust recruited 15 leaders, named 'triumvirates', to lead our five new locality networks. The locality networks of the Bay, Fylde Coast, Pennine Lancashire, and Central Lancashire are each linked to a geographic area. Specialist services is the only regional locality.

The triumvirates are a leadership trio made up of a Director of Operations, Medical Director and Director of Nursing and Quality. These three leaders sit at the head of each locality to support the operational and medical positions below, alongside professional leads for AHPs, psychology, pharmacy and social care. This new model aims to improve the experience and outcome for our service users by ensuring that every person using our services receives the same experience and quality of care no matter where they access them.

The new model also aims to support more effective participation within our Integrated Care Provider (ICP) systems, and across the Lancashire and South Cumbria Integrated Care System (ICS). The new locality structure launched on April 1 2021 and will replace the Trust's previous operating model of being managed via networks focused on the service areas of Mental Health, Community and Wellbeing, Children and Young People and South Cumbria.

The Trust is also developing two NHS Lead Provider Collaboratives (LPCs) in NHS England's Specialised Commissioned Services for Specialised Mental Health Care; Adult Secure Services and Child and Adolescent Mental Health Services (CAMHS) Tier 4 inpatient services.

LPCs work to drive improvements in patient outcomes and experience and enable more specialist care to be provided in the community. The Trust is also planning to be a partner in two further LPCs; Adult Eating Disorders and Secure Services for people with Learning Disabilities and Autism (LD&A). This will provide a much smoother pathway - ensuring we provide the very best possible care for our communities by working with partners.

The LPCs are:

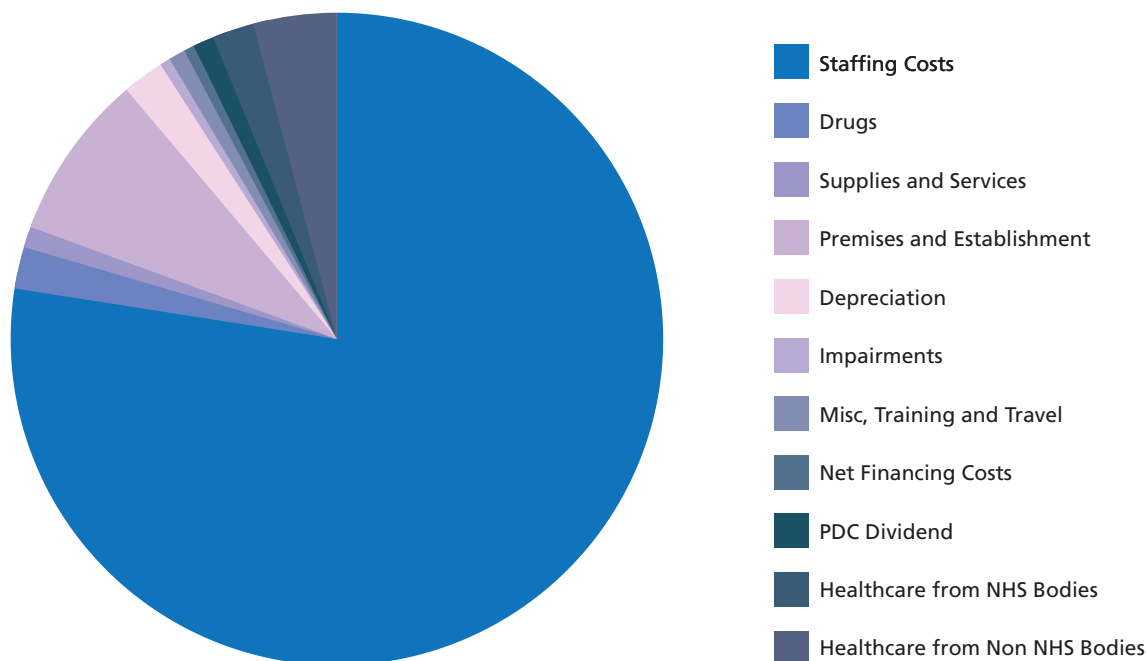
- [Lancashire and South Cumbria LPC, CAMHS](#)
- [Lancashire and South Cumbria LPC, Adult Secure Services](#)
- [Cheshire & Wirral Partnership, Adult Eating Disorders](#)
- [Prospect Partnership, LD&A](#)

Financially, the Trust has managed within resources despite the Covid-19 pandemic. Operating income came to £464.5m against a comparative of £378.8m for 2019/20. Year-on-year this represents an increase of £85.8m (c22.7%).

Much of this can be attributed to the inclusion of Covid expenditure, funding from NHS England (NHSE), the full year effect of South Cumbria, and an NHS England pay award. Operating expenditure totalled £457.3m (£464.4m after Impairments), compared with £372.9m (£371.6m after impairments) for 2019/20. Year on year, after adjusting for impairments, this represents an overall increase of £84.4m (c22.6%).

This is broadly in-line with income changes, with top up payments offsetting the Trust Cost Improvement Programme (CIP) requirement of £11m. Further detailed information on the Trust's financial position during 2019/20 can be seen in the Annual Accounts for 2019/20.

Analysis of total expenditure



Supporting and developing our workforce

The Trust is continuing to champion the development of a more inclusive workplace that promotes and values diversity and significant work has been put into ensuring all areas of our diverse workforce have their voice heard.

We have set up networks to represent our ethnic minority staff, LGBTQ+ colleagues, women and those with a disability. They are focused on making improvements that matter to those individuals.

Our Inclusion Council was set up in 2020, bringing together those staff networks. The experiences of our staff have been highlighted throughout the year in our communications, through webinars and by sharing more case studies wherever possible and they have proved to be a powerful way of uncovering areas where we want to improve.

The Covid Equality, Diversity and Inclusion (ED&I) task group was set up to look at risks presented by the pandemic and how we as a Trust might respond to support our ethnic minority staff. The safety of our staff is a priority and so it is has been important that we make sure that any potential risks are mitigated. The (ED&I) task group was at the heart of developing a Covid-19 Staff Risk Assessment process based on emerging evidence around risk, health inequalities and Government guidance to ensure staff safety.

The Trust has put a significant amount of effort in to continue to make LSCft an attractive place to work. We have been working hard to ensure enhance our Health and Wellbeing offer for staff and make sure it is communicated consistently so that staff know where they can get help and support in a

variety of areas. The offer ranges from physical and mental health support, to financial support.

Our Listening into Action (ILiA) team use the direct involvement of our staff in their approach for improving the quality and safety of patient care. The second wave of the project will continue into 2021/22 and a number of 'Big Conversation' events are planned for staff to have their say on matters such as flexible working, person-centred care and creating a just culture.

We also introduced a range of financial incentives, including a recruitment incentive scheme which offered staff a bonus on top of their basic salary and a relocation package if they were to move to a vacancy at a different Trust site.

The Trust has also secured funding to increase the number of international nurses recruited over the next 12 months. This has included reviewing and improving incentives but also looking at how to attract people from outside of the UK. The Trust, along with Lancashire Teaching hospitals, has been awarded £619,000 to support this work. The target is for 125 international nurses to be recruited during 2021. So far there are 68 in recruitment and 4 have arrived.

However, recruitment in India has been paused, instigated by NHS England, due to the new strain and the impact of the pandemic. As a Trust, we are exploring other countries that have equivalent mental health nursing qualifications such as Nigeria and Hong Kong. A project team led by Nursing and Quality and Employment Services has been set-up to focus on developing this work stream.

Working in collaboration with NHS Professionals and Health Education England, the Trust will source international nurses with mental health experience. The funding will support a dedicated team to provide leadership, recruitment admin, pastoral and OSCE training support. Funding has also been provided to support with accommodation for nurses when they arrive for the quarantine period if required.

In 2021, additional support was put in place for the Trust's existing international nurses who are a vital part of our workforce. This included a virtual get together to help with feelings of isolation during the lockdown. The catch-up saw three new nurses welcomed to the organisation and a WhatsApp group set up so staff can keep in touch in-between events, which are now held every two weeks. The get-together is part of ongoing work to support staff from other countries, including an International Staff Network set up in January tasked with supporting this group of colleagues.

A look forward

LSCft is at a pivotal point in our transformation journey as we look to launch a new five year strategy.

The Trust strategy, and associated enabling strategies, span from April 2021 to March 2026, and take into account the ongoing impact of Covid-19 while outlining what the Trust needs to achieve over the next five years to implement national policy and local priorities.

Our focus will be on our service users, our staff, providing safe services, achieving high standards of quality, collaborating with our system partners and sustainable services.

Our strategy will maximise our opportunities for integration, population health planning, provision of care closer to home and stronger partnerships to deliver better care for our service users.

We plan to continue to work on ensuring that our staff are fully supported, engaged, and inspired going into 2021/22; supporting diversity, encouraging staff to share their thoughts and ideas, and prioritising their health and wellbeing.

We will continue to strengthen our relationships across the ICS Board, which consists of the NHS, local government and voluntary sector and a number of Integrated Care Partnerships (ICPs). Our partnership work will focus on the health and wellbeing of our communities, reducing health inequalities and maximising community and organisational assets and resources.

It is only with the much valued support of our partners that we will achieve our vision to deliver the highest standard of care for our population which meets their diverse needs.

As demonstrated, the Coronavirus pandemic has undoubtedly brought additional challenges for the Trust through 2020/21, but it is incredibly inspiring to see how despite this, the Trust has been able to continue on its journey to improve our services.

The willingness and enthusiasm to be flexible in the way we work and collaborative in our approach has also proved to be crucial in the past year. We can be proud of our progress during these unprecedented times and will continue to improve to give confidence to our communities that we are providing safe, effective and personalised care of the highest quality.

Again, we would like to extend a heartfelt thank you to everyone who has contributed to the work of our Trust during this time. The hard work, resilience and perseverance we have seen in the past 12 months has been immeasurable.



David Eva
Chair
14 June 2021



Caroline Donovan
Chief Executive
14 June 2021



1.0

Performance Report

The Performance Report has been prepared under direction issued by NHS Improvement, and the requirements of the performance reports are based on the requirements of a Strategic Report as set out in:

- Sections 414A, 414C and 414D of the Companies Act 2006. Sections 414A(5) and (6) and 414D(2) do not apply to NHS Foundation Trusts; and
- The NHS Foundation Trust Annual Reporting Manual 2020/21 (FT ARM).

Further details of the areas included in this statement can be found on the Trust's website, together with the final 2020/21 annual report at www.LSCft.nhs.uk



Caroline Donovan
Chief Executive
14 June 2021

1.1 Overview of Performance

This section aims to provide a short summary of LSCft including its purpose, the key risks to the achievement of objectives and how the Trust has performed during the year.

Chief Executive's Perspective on Trust Performance 2019/20

As outlined above, the last 12 months has presented the Trust with unprecedented challenges in meeting the demands of Covid-19 whilst ensuring that our services remain resilient to support the population of Lancashire and South Cumbria.

Demand for Mental Health services in 2020/21 has been impacted by Covid-19 and we have not experienced the traditional quarterly pattern of demand. Instead, we have experienced surges in demand which have correlated with the changing national lockdowns rules. Indeed, some services have experienced consistently high levels of demand, particularly Eating Disorder Services and Acute Mental Health Services.

We have implemented extensive measures to ensure all of our inpatient facilities across the Trust used best practice in infection prevention and control (IPC) to protect our service users and staff. We developed bespoke Covid-19 individual risk assessments for staff and organisation-wide environmental risk assessments for all settings with support from colleagues and staff. Both activities were mandatory with clearly communicated deadlines for compliance.

Despite all the challenges we faced in 2020/21 the Trust has seen positive changes in our performance, including:

- 87% reduction in long waits in A&E despite 34% increase in demand
- 91% reduction in monthly breach rate in places of safety suites
- 32% reduction in length of stay for inpatients
- 44% reduction in out-of-area placements (when excluding Infection Prevention Control related closures)

Trust History and Statutory Background

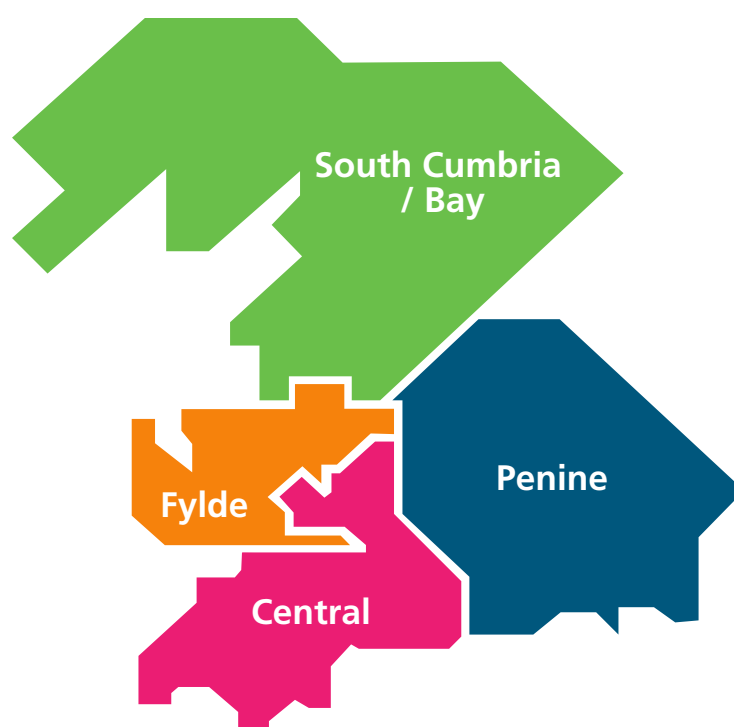
Lancashire Care was established in April 2002 as a mental health and learning disability provider and authorised as a Foundation Trust on 1 December, 2007. On 1 June, 2011 the Trust incorporated a range of community health and wellbeing services from neighbouring provider organisations, extending its portfolio to include a range of community based services. On 1 October, 2019, the Trust assumed mental health and learning disabilities services in South Cumbria from Cumbria Partnership Foundation Trust and became Lancashire & South Cumbria NHS Foundation Trust (LSCft). LSCft has an active Council of Governors comprising elected staff and public Governors and nominated partner Governors. The Council of Governors represents the views of the Trust's 7,000 public and staff members.

Purpose and Activities of the Trust

The Trust provides health and wellbeing services for a population of around 1.8 million people. The services provided include community nursing, health visiting and a range of therapy services. Wellbeing

services provided include smoking cessation and healthy lifestyle services. The Trust specialises in secure, perinatal, inpatient and community mental health services, including services for children and young people and patients with learning disabilities. LSCft serves the whole of the Integrated Care System footprint and as of 31 March 2021 employed 6956 staff, with 1112 Bank staff, across more than 400 sites, working with a multitude of partners. Care and support is provided in a range of settings. Service provision is delivered to meet the physical and mental health needs of the local population. The Trust has 26 Care Quality Commission (CQC) registered locations.

The graphic below outlines the footprint covered by the Trust, which is aligned to the Lancashire and South Cumbria Integrated Care System:



Business Model and Structure

In 2020, The Trust began the implementation of a new locality operating model which has been the subject of thorough consultation with our staff. The main driver for the organisational redesign of LSCft is to ensure that every person using our services receives the same experience and quality of care no matter where they access services.

It will enable the Trust to fully and actively participate in both Integrated Care Provider (ICP) and Integrated Care System (ICS) strategy development, improvement in population health and addressing health inequalities based on our unique position as a prominent partner at both levels, as the only provider that covers the whole ICS and in the immediate future as the commissioner of mental health and learning disability services. The structure is designed taking into consideration learning from other Trusts and is centred on the delivery of high quality and safe care through operational grip and clear accountability.

In 2020, the Trust recruited 15 triumvirates who will lead our new locality networks. The new locality structure launched on April 1, 2021. An extensive amount of work was done to ensure the Trust was ready. The five networks are each led by a Director of Operations, Director of Nursing and Quality and Medical Director, who were appointed in November 2020. The new structure replaces the Trust's previous operating model of being managed via networks focused on the service areas of Mental Health, Community and Wellbeing, Children and Young People and South Cumbria.

The Trust's services are supported by corporate support services including finance, human resources and organisational development, nursing, quality improvement, communications and engagement, business planning, clinical governance, corporate governance, safety and clinical audit.

Within Lancashire and South Cumbria there are eight Clinical Commissioning Groups (CCGs) and two upper-tier and two unitary local authorities. The Trust has established long-standing relationships with the CCGs, local authorities and wider partners right across the footprint where it delivers services. The Trust works closely with GPs to support referrals for patients to the Trust's specialist community health and wellbeing teams and mental health services.

The lead commissioner for community services is Chorley and South Ribble CCG and for mental health it is Blackburn with Darwen CCG. The Trust also receives income from NHS England to fund specialist services such as forensic care and mental services for children and young people and local authorities for public health services. The Trust has an annual turnover of £378.8 million.

The Trust's geographical footprint extended to cover two Integrated Care Systems (ICSs). The vast majority of our services are provided as part of the Lancashire and South Cumbria ICS, whilst the community services we delivered in Sefton were part of the Cheshire and Merseyside ICS. The services we delivered in Sefton transferred to MerseyCare on 1 May, 2021.

The Lancashire and South Cumbria ICS is a partnership of commissioners, NHS providers, local authorities, voluntary sector organisations, and other statutory organisations, such as the Police. It consists of five 'partnership' areas: the four Integrated Care Partnerships (ICPs) of Morecambe Bay, Blackpool and the Fylde Coast, Central Lancashire, Pennine Lancashire, and one Multi-speciality Care Partnership (MCP) in West Lancashire.

Wholly Owned Subsidiary Company

The Trust's property services are provided by Healthcare Support and Infrastructure Services (HSIS) LLP which is a wholly owned subsidiary of the Trust. HSIS provides the management of all Trust property assets and leads the management of the Trust's outsourced hard and soft facilities management services. It is responsible for ensuring all buildings comply with estates statutory compliance, for example fire safety, asbestos, legionella, etc. This service took over the management of the buildings transferred from South Cumbria from October 2019. HSIS also delivers the required efficiencies against the Lord Carter metrics through the management of the Trust's Space Efficiency Programme (SEP).

ICS Hosting Arrangements

As outlined above, Lancashire and South Cumbria ICS (the ICS) is the body which provides strategic direction and commissioner's services on behalf of the people in Lancashire and South Cumbria. Its remit covers oversight of all the healthcare provider and commissioning bodies in Lancashire and South Cumbria. As the ICS does not yet have legal status, its activities need to be hosted by another body. From the 1 April 2020, the Trust became the financial host for the ICS.

The ICS has a number of roles both in respect of co-ordination and strategy, and as the conduit for the distribution of Department of Health allocations for programmes of works to other NHS bodies. Funding comes from a variety of sources, and often via CCGs. The Covid pandemic impacted on the ICS' ability to deliver a range of programmes which added a level of complexity to the annual accounts process. As the ICS is not a statutory body, its financial results are necessarily absorbed into the financial statements of the Trust.

Working in Partnership across the ICS

Working in partnership with organisations across the system is crucial to the development of the ICS and ICPs. We are collaborating with system partners to develop new and integrated models of primary and community mental health care. The community-based offer will include access to psychological therapies, improved physical health care, employment support, personalised and trauma informed care, medicines management and support for self-harm and coexisting substance use. Engagement with local authorities is essential to develop robust transformation plans in the community and ensure that we have a person centered approach to integrated care.

We continue to identify opportunities to develop partnerships to increase system resilience and prevention and ensure that people are supported in the communities they live. We are actively engaging with our colleagues in the Voluntary, Community and Faith Sector to build on existing community assets and identify gaps and innovative solutions. Collaborating and working to develop pathways with providers of addiction services is a priority to ensure that people with dual diagnosis are provided with seamless services that allow them to receive the right care at the right time and improve their care outcomes. We are also building relationships with local housing providers to develop connections with other organisations that support the communities that we are providing services to. We have continued to refresh our strategy linking in with our response to Covid-19, our new locality delivery model, the delivery of the Trust's Care Quality Commission (CQC) Improvement Plan, and the Trust's ongoing collaboration with the Integrated Care System (ICS) and the Integrated Care Provider (ICP).

The Trust strategic direction reflects how the healthcare landscape is changing. It is no longer relevant that our strategic direction is focused on how we will grow through competition. Instead the emphasis needs to be on how we will collaborate with our partners, across all levels of health and social care, from the Lancashire and South Cumbria ICS, through to Primary Care Networks. One organisation cannot, in isolation, solve the problems we face or deliver the new vision for integrated care, as integrated care only happens when NHS organisations work together in partnership with social care, the voluntary sector and the private sector to meet the needs of the local population.

As the healthcare system changes it is important that we also ensure that our organisation has operational, medical and nursing leadership within each ICP and the Trust has invested significantly in bringing in the necessary leadership qualities to shape the development of future models of care.

Improvement and Transformation

As this report outlines, the Trust has continued to develop and deliver significant service transformation, work collaboratively with partners and delivered a consistently high level of care for service users despite the unprecedented challenges that the past twelve months has presented. We have worked across organisational boundaries to meet immediate system pressure and deliver long term transformation.

With the support of partners across the Integrated Care System (ICS), service users, carers, the voluntary sector and strategic partners Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust (CNTW), the Trust continues development and implementation of the system-wide Mental Health Improvement Plan. The success of this plan relies on collaboration with partners for the benefit of those we provide services for. The Trust has made significant improvements and will continue to make further progress during 2021/22 to improve mental health services for local people.

During 2020/21, the Trust developed the Well-Led Action Plan. This included a full review and gap analysis of previous Trust CQC inspections, particularly in relation to well-led, and an analysis of 'outstanding' organisations CQC inspection reports, again, in relation to well-led. Details on this can be found on page 40.

In the past twelve months, the Trust has taken great steps in its improvement journey due to the introduction of seven day working, an increase in rehabilitation services available, and a targeted approach in line with 'home first' principles - where people remain in their own homes for treatment if possible. Despite the challenges of Covid-19, we have seen a reduction in long waits in A&E, monthly breach rate in place of safety suites, length of stay for inpatients and out of area placements.

As the demand for beds increased, the Trust utilised all resources to ensure that capacity could be managed appropriately. We worked in partnership with other North West NHS Trusts to release additional private sector capacity enabling out of area placements (OAPs) closer to service users' homes. The Trust is also part of the ICS Out of Hospital Community Cell which aims to create capacity across the system by progressing the safe discharge of as many people as possible from inpatient settings into community-based care in accordance with the NHS England directive. We work collaboratively within each ICP locality to ensure there is a clear menu of services and support available to manage the surge in demand for home-based treatment and other community services.

The Trust has worked with system partners and wider stakeholders to design an Initial Response Service (IRS) to provide our patients more timely access to the right services and pathways which are responsive to their needs, working with our partners across the system. We are commencing the roll out of this programme in the Pennine and Central and West localities in this first wave of implementation.

The system-wide Child and Adolescent Mental Health Service (CAMHS) redesign saw the Trust join 27 NHS, local authorities, education, police, voluntary and community organisations across Lancashire and South Cumbria. The partnership works together with parents, carers and young people to redesign and improve emotional health and wellbeing services for children and adolescents aged 0-19. The Lancashire and South Cumbria Children and Young People's Mental Health and Emotional Wellbeing Transformation Programme is designed to work across the ICS to transform services to deliver care based upon the access and quality quadrants within the principles of THRIVE. The Trust is undertaking a full capacity and demand review of CAMHS across the ICS footprint.

In the last 12 months, the Trust has worked with system partners across each ICP to implement Mental Health Urgent Access Centres (MHUACs). The core basis for the introduction of MHUACs is keeping the service user at the heart of any treatment, preventing inappropriate attendance at an emergency department and subsequent admission and maximising the least restrictive practice within the community, independent and third sectors, and NHS Community Services. The development of new MHUACs as part of a broader system-wide mental health service transformation programme ensures that a comprehensive package of care is available to any person suffering with a mental health problem. A robust and patient centred focus has been paramount to the service design of MHUACs across the ICS. The core element underpinning the service is ensuring that a flexible, needs-led assessment is provided, while also transferring and signposting carers and colleagues in each locality to the most appropriate care provider, in partnership with service users.

The Trust continues to develop two NHS Lead Provider Collaboratives (LPCs) for NHS England Specialised Commissioned Services: Adult Secure Services and Child and Adolescent Mental Health Services (CAMHS) Tier 4 services. The Trust is a partner in a North West Adult Eating Disorders LPC which is being led by Cheshire and Wirral Partnership. These developments will enable effective commissioning of services for our population, supporting local provision of inpatient care, and transformation of clinical pathways towards out of hospital care.

Community Nurses have experienced increased pressures during Covid-19, including a significant increase in District Nurse referrals and an increase in the number of patients requiring end of life care. Our team worked tremendously well throughout Covid developing a PRAG system (Purple Red Amber Green) to prioritise referrals.

The long Covid service was established in February 2021 to provide support and therapy to people in Lancashire and South Cumbria who had the virus and had persistent symptoms or problems since their initial infection. As a Trust, we host the central ICS referral hub and help to coordinate the local response. The provision also served to relieve pressure from our District Nurses who have been working diligently throughout the pandemic. Since the launch of the service, the Trust has received over 450 referrals, meeting our internal Key Performance Indicators (KPI) which outline referrals from the hub to the respective ICP within 24 hours. Work is also underway to ensure that we broaden the referring partners to ensure our service is fully accessible to all.

The Trust has continued Physical Health Training to upskill staff on physical health needs throughout 2020-21 and has provided enhanced training to multi-disciplinary professionals in enhanced life

support, care of the deteriorating patient, use of National Early Warning System 2 (NEWS 2) and associated escalation parameters. An enhanced training programme for inpatient staff has included 'physical health in mental health' days to provide knowledge and training on key physical health matters.

We are committed to protecting and supporting staff right across the ICS. The Trust has been asked to host the Lancashire and South Cumbria Psychological Resilience Hub which is in place to support the health and care of staff across all organisations in the ICS. The hub provides a single point of access to individuals who self-identify or are identified by services to complete an assessment of their needs. We also have in place an electronic screening tool that facilitates the appropriate response to individuals to address their needs in relation to Covid-19 related distress. We also deliver specialist training, advice, consultation and clinical supervision to enhance knowledge and skills amongst professionals in all relevant sectors. This includes Workplace Trauma Support Training to embed peer support across organisations through a train the trainer model.

It has been of huge importance that the Trust continues to support everyone to feel and be as safe as possible, whether staff or service users, colleagues from partner organisations or visitors, loved ones or families.

Leading System Development

Our five year strategy sets out our ambition to be the lead in a provider collaborative for mental health, learning disability and autism services - utilising the skills and talents of partners to provide the very best integrated care and improve our population's health. A significant amount of work has gone into our Trust, Clinical and wider Enabling Strategies to ensure that we are meeting both national requirements and local population need. We will work with partners across the ICS and ICPs to develop a system wide MH and LD&A Strategy.

In 2020-21, the Trust has placed its focus on prevention and community resilience with partners, including local authorities, primary care, voluntary sector and NHS trusts.

Providing High Quality Inpatient Facilities

A review of the Trust's inpatient bed provision has been completed to ensure that we can meet the needs of service users across Lancashire and South Cumbria. The Trust has continued to work with the ICS and other partners connected to the clinical pathways to ensure we have the right services in the right place to support local people.

In line with infection prevention and control national best practice, the Trust closed three dormitory wards in response to Covid-19. The closure of the wards removed a significant number of inpatient beds from our system and placed a pressure on our bed capacity across Lancashire and South Cumbria.

To ensure that we are able to increase capacity, the Trust successfully secured funding from NHSE to develop the wards into modern inpatient mental health beds with single en-suite rooms. The following locations have been closed whilst the improvements are carried out:

- Kentmere Ward at Westmorland General Hospital, Kendal
- Hurstwood Ward at Royal Blackburn Hospital
- Scarisbrick Ward at Ormskirk General Hospital

We are also in the process of developing plans to open a new mental health rehabilitation service in Wesham in late 2021. The service will be based at the former Wesham Hospital Rehabilitation site and will contain 28 beds for people who have been in hospital and need some support to regain skills and confidence. There has also been negotiations to obtain a site in East Lancashire.

The Trust has been working alongside the national team to develop plans for learning disability assessment and treatment beds to be developed in the ICS footprint. Currently we do not have any learning disability (LD) beds in the area and service users requiring care are being placed in beds outside of Lancashire and South Cumbria. We look forward to furthering our plans with the National Team to ensure that we are providing care as close to home as possible and allowing people to integrate back into community services once they no longer require a bed.

Equality of Service Delivery

Equality of service delivery to different groups is a key part of the Trust's new five year strategy. To take this forward, the Trust appointed a Chief Strategy Officer in April 2021 who has specific responsibilities around health inequalities. The Trust strategy outlines our ambition to provide the highest quality of services across all our populations that service users, staff and our regulators rate as excellent.

The strategy will work to strengthen operational plans to ensure the diversity and inclusion agenda is central to all activity which impacts on our people, patients, and the public's access to our health services offer. This accompanies the move to the new locality model in which leadership teams have been established to lead four locality based networks of the Bay, Fylde Coast, Pennine Lancashire, Central Lancashire and a Specialist Services Network. The former are attached to a geographic area and Specialist Services brings together the Trust's regionally commissioned services. The new organisational structure aligns locality networks with our systems' Integrated Care Partnerships (ICPs). This will enable greater partnership working and local service delivery with a consistent high quality for people using our services to ensure appropriate standardisation of care and clinical quality.

The Trust's Equality and Diversity Statement of Intent (2015/20) outlines the Trust's approach and commitment to diversity and inclusion. The statement takes account of the Human Rights Act and FREDA principles (fairness, respect, equality, dignity and autonomy). The Trust's ED&I team continues to work with partners to tackle inequalities in access to health services for vulnerable and marginalised communities. More can be found on this in section 5.0 on page 65.

Details of how the Trust has addressed feedback received from service users, carers, stakeholders, and regulators to make necessary improvements to its services can be found in the Quality Account, which will be published in 2021. More information can also be found in this document in section 3.1 on page 34.

LSCFT Strategy, Vision and Priorities

During 2020/21, the Trust continued to refresh its strategy, set within the context of challenges and opportunities across a number of key areas. These included:

- Responding to the impact of the Covid-19 pandemic
- Preparation for the Trust's new locality delivery model in 2021/22 through established triumvirate leadership teams (Directors of Operations, Directors of Nursing and Quality, Medical Directors)
- Continuing the delivery of the Trust's CQC Improvement Plan, focused on continual improvement
- The Trust's collaboration with maturing system (ICS) and place-based (ICP) ways of working, moving to integration at all levels with a range of partners

The work to refresh the Trust strategy has involved the extensive engagement of stakeholders, including service users and carers, Trust staff and system partners. Through this process, the Trust confirmed its Vision as:

To support our local communities by excelling in everything we do together

Underpinning the Vision, six strategic priorities have been developed. These are:

- We will put **service users** at the heart of all we do, supporting effective care, recovery and wellbeing
- We will employ and retain the best **staff** because our work culture will be inclusive and a supportive place to work
- We will deliver **safe** care and we will embrace an open and learning culture, ensuring we continually improve
- We will respond to people's needs by striving for the highest **standards** of quality, proactively reducing health inequalities
- In order to support our local communities by excelling at everything we do together, we will always collaborate with our **system** partners
- We will provide **sustainable** services that are delivered in an effective and efficient way, at the time people need it

The Trust has also identified a number of key areas in which its capacity and capability will need to be developed in order to realise its strategic ambitions and reach its Vision. These have been articulated through a range of 'enabler' strategies:



The Clinical Services Strategy and Quality Strategy are central to the Trust's thinking and have been developed in parallel with the Trust-wide strategy as the model of service delivery, which will meet the requirements of national and local plans and improve the health and wellbeing of the people of Lancashire and South Cumbria.

Each of these enabler strategies will be finalised in early 2021/22.

Strategic priority	Achievements
<p>We will put service users at the heart of all we do supporting effective care, recovery and wellbeing</p>	<ul style="list-style-type: none"> • In response to the pandemic, the Incident Command Room was stood up with a full-time multidisciplinary team operating 24/7 • The Trust joined the biggest vaccination programme in NHS history. A vaccination team, vaccination centre and an on-line booking system were established as part of our ongoing work to reduce the spread of Covid-19 and keep our teams and patients safe • We have established a Service Users and Carers Council. The Trust is also increasing the service user and carer's involvement in the organisation's decision making process, including attending committee meetings • The Trust launched its Patient Advice and Liaison Service (PALS), providing support to anyone with concerns about aspects of care that they or a family member have received. Concerns are resolved promptly and we have seen a reduction in the number of formal complaints received by the Trust • Despite the challenges we faced in 2020 and the increase in demand, the Trust has taken great steps in its improvement journey, seeing a reduction in long waits in A&E, monthly breach rate in place of safety suites, length of stay for inpatients and out of area placements • The Trust's 'MySpace' project won the HSJ Mental Health Innovation of the Year Award for an eco-therapy partnership with Lancashire Wildlife Trust. The project aims to improve the mental health of young people and adults by giving them the opportunity to connect with nature, learn new skills and build resilience • We have introduced a Reducing Restrictive Practices policy setting out our approach to restrictive practice. The policy is aligned to our ambition to be a person-centred organisation which puts service users at the heart of their own care • We have opened Sycamore House, a Crisis House in Blackpool, in addition to Oak and Willow Houses currently running in Lancashire • In partnership with the Richmond Fellowship, we have opened a new Crisis Café, The Light Lounge, in Blackpool • Work has started on the a new Moving On Unit in Wesham, creating a mental health rehabilitation service for people who have been in hospital and need some support to regain skills and confidence • We introduced a Mental Health Crisis Line and a complimentary Mental Health and Wellbeing Helpline • Five Mental Health Assessment Centres are in place across the Trust's localities, increasing the number of patients being assessed by our mental health teams as an alternative to being seen in A&E • We have further reviewed the menus across our inpatient facilities, increasing meal choices, including the introduction of plant-based options and improving the overall quality of the food service • The Health and Wellbeing Team at Chorley Inpatients were recognised at the Nursing Times Awards for their 'Dancing through the Darkness' project

Strategic priority	Achievements
<p>We will employ and retain the best staff because our work culture will be inclusive and a supportive place to work</p>	<ul style="list-style-type: none"> • The Trust continues to progress recruitment activity to attract and retain the very best people • We have strengthened our Executive Team with the appointment of a new Chief Finance Officer, Chief Operating Officer/Deputy Chief Executive, Chief Digital Officer, Chief People Officer and Chief Medical Officer. The Trust's Board will also be complemented with the addition of a Chief Strategy Officer and Chief Integration Officer early in 2021 • We have appointed the leadership teams for the Trust's new locality structure. Each locality has its own leadership team made up of a Director of Operations, Medical Director and Director of Nursing and Quality, alongside professional leads for AHPs, psychology, pharmacy and social care • We have set out a clear ambition to achieve an equitable, diverse and inclusive culture that reflects our Trust values and enables us to achieve our aims as an organisation. To enable staff to have their voices heard and facilitate change, we have established a number of forums which include an International Staff Network and Disability, Dyslexia and LGBT+ networks • We launched the Trust's Inclusion Council, which includes colleagues from staff side and the Equality, Diversity and Inclusion team • The Trust launched an anti-racism campaign and hosted internal webinars which encouraged staff to talk about issues connected with race, racism and discrimination. The events highlighted the experiences of ethnic minority people to provide insight and inspiration • The Trust won the Recruitment Excellence Award at the North West regional finals of the National Apprenticeship Awards. The Trust was also highly commended for Employer of the Year Award • We have continued to invest in Listening into Action (LiA) throughout 2020/21 • The annual Staff Survey has shown an increase in staff satisfaction in all 10 areas captured by the questionnaire • We have reviewed and improved incentives to make the Trust an attractive place to work, including securing international nurses • The Health and Wellbeing Team at Chorley Hospital was nominated for the Team of the Year Award and the Nursing in Mental Health Award at the 2020 Nursing Times Awards for their dance-based initiatives in aiding recovery for service users cared for in our inpatient services
<p>We will deliver safe care and we will embrace an open and learning culture, ensuring we continually improve</p>	<ul style="list-style-type: none"> • We have launched a new way for staff to raise issues. 'Dear Caroline' allows staff to raise concerns about any issues relating to the Trust with the Chief Executive and complements existing feedback channels • In terms of digital, the Trust has led on the implementation of Attend Anywhere • The Trust received funding to support environmental work to improve dormitory style accommodation, providing single rooms for service users • Local experience of care surveys have been developed by clinical teams as part of our ongoing work to generate more feedback and gain greater understanding of how we can make people's experience more positive in the future

Strategic priority	Achievements
<p>We will respond to people's needs by striving for the highest standards of quality, proactively reducing health inequalities</p>	<ul style="list-style-type: none"> • We have established a Long-Covid Service for primary care teams to refer in to • Following the delivery of a peer support worker training programme, independent evaluation and sharing best practice, the Trust has been awarded Trailblazer status. The scheme aims to ensure service users get the right support which is tailored to their recovery • The Trust's specialist inpatient unit for children and young people The Cove, has been accredited by the Quality Network for Inpatient CAMHS (QNIC) reflecting the high standard of care provided • The Memory Assessment Service in Lancaster and Morecambe gained accreditation by the Royal College of Psychiatry • We have talked with our staff and partners about our plans for the future, which are set out in our three key strategies – a five-year Trust Strategy, Clinical Services Strategy and Quality Strategy • We have also been taking the opportunity at meetings with the Integrated Care System and Integrated Care Partnerships to talk about the strategies with partners and key stakeholders across the health and social care system • Work continues to develop a range of enabling strategies which support our key strategies • We are working alongside Blackpool Council to support adults with psychosis who want to find paid employment • The Trust has been developing its strategy for Learning Disability and Autism Services, working with our partners connected to the clinical pathways to ensure we have the right services in the right place to support local people • Working with partners from across the Lancashire and South Cumbria Integrated Care System, we introduced a Resilience Hub to co-ordinate support for people who have been psychologically affected by Covid-19 and need some support with their mental health • We have continued to work closely with Lancashire Police to review how we can help to develop a culture of positive behaviour support • An integrated team effort led to the setting up of healthcare clinics to support vulnerable people in the community, particularly our homeless community during the pandemic
<p>We will provide sustainable services that are delivered in an effective and efficient way, at the time people need it</p>	<ul style="list-style-type: none"> • We secured additional revenue funding nationally and from local commissioners to support a number of important developments to our mental health services • The new patient record system, RiO went 'live' in November 2020. This new system will help to improve the patient-centred care we provide, with all clinical appointments, referrals and notes retained in one single place • Good progress has been made with regional information sharing as part of the Lancashire and South Cumbria Integrated Care System, including the Lancashire Person Record Exchange Service with acute clinicians • Blueprints have been delivered nationally on Digitalising Secure Care and e-learning • A major upgrade to our IT network has been initiated, supporting agile and flexible working • The Trust is supporting the New Hospitals Programme which will build new, centrally funded hospital facilities locally

Key Issues, Opportunities and Risks

The Trust faces a number of risks to the delivery of its strategy. A full analysis of the Trust's principal strategic risks, together with the controls and mitigation, is included in the Trust's Board Assurance Framework. The Trust's principal risks within the Board Assurance Framework are set out within the Annual Governance Statement.

Going Concern Disclosure

After making enquiries, the directors have a reasonable expectation that the services provided by the NHS foundation trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

Any Important Events since the End of the Financial Year Affecting the Trust

There are no material events after the reporting period requiring disclosure.

Details of any Overseas Operations

The Trust does not undertake any overseas operations.

Financial Performance

Performance against Revenue Control Total (RCT)

The control total was set in the plan at a deficit of -£4.1m and has been therefore been achieved by c£6.5m.

	£'000
Surplus per Accounts	1,104
Add back impairments	1,251
Surplus/(deficit) before impairments and transfers	2,355

The Surplus per Accounts of £1,104k includes impairments of £1,251k which are treated as a technical adjustment leaving a Reported Financial Surplus of £2,355k.

Year on Year Income and Expenditure

Operating Income totalled £464.5m against a comparative of £378.8m for 2019/20. Year on year this represents an increase of £85.8m (c22.7%).

Operating expenditure totalled £457.3m (£464.4m after Impairments), compared with £372.9m (£371.6m after impairments) for 2019/20. Year on year, after adjusting for impairments, this represents an overall increase of £84.4m (c22.6%).



2.0

Accountability Report

The Accountability Report has been prepared under direction issued by NHS Improvement, the independent regulator for Foundation Trusts. The Accountability Report comprises the following individual reports:

- Directors' Report
- Remuneration Report
- Staff Report
- Disclosures set out in the NHS Foundation Trust Code of Governance
- NHS Improvement's Single Oversight Framework
- Statement of Accounting Officers Responsibilities
- Annual Governance Statement

A handwritten signature in light blue ink, appearing to read "Caroline Donovan".

Caroline Donovan
Chief Executive
14 June 2021





3.0

Directors' Report

The Directors' Report has been prepared under direction issued by NHS Improvement, the independent regulator for foundation trusts, as required by Schedule 7 paragraph 26 of the NHS Act 2006 and in accordance with:

- Sections 415, 416 and 418 of the Companies Act 2006 (section 415(4) and (5) and section 418(5) and (6) do not apply to NHS Foundation Trusts);
- Regulation 10 and Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the Regulations");
- Additional disclosures required by the FReM;
- The NHS Foundation Trust Annual Reporting Manual 2020/21 (FT ARM); and
- Additional disclosures required by NHS Improvement

Further details of the areas included in this statement can be found on the Trust's website: www.LSCft.nhs.uk

Foundation Trust Directors

The names of individuals who were Directors of the Trust during the financial year can be found on page 97 onwards, alongside the name of the Trust Chair, Deputy Chair and Chief Executive. Further information about the Board of Directors can also be found from page 110.

Register of Interests, Company Directorships and Significant Interests of Directors and Governors

The Trust has a Standards of Business Conduct procedure in place, in line with national guidance, which requires all staff, Band 8d and above, including Directors and Governors, to declare details of any company directorships or any other significant interests. The register of interests can be viewed on the Trust website: www.LSCft.nhs.uk/corporate-registers

Statement of Compliance with the Cost Allocation and Charging Guidance issued by HM Treasury

The Trust remains compliant with cost allocations and charging requirements laid down by HM Treasury and the Office of Public Sector Information Guidance.

Details of any political donations

During the year 2020/21 the Trust neither gave nor received any political donations.

Better Payment Practice Code Statement and Late Payment of Commercial Debts (interest) Act 1998

The Better Payment Practice Code represents best practice and requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust has achieved the following compliance rates:

BPPC	Total	Non-NHS	NHS
Number	95.1%	95.4%	89.4%
Value	95.7%	96.1%	93.9%

Legislation is in force which requires Trusts to pay interest to small companies if payment is not made within 30 days (Late Payment of Commercial Debts (interest) Act 1996).

The Trust has not made any payments under the Late Payment of Commercial Debts (interest) Act 1998 during 2020/21.

3.1 Patient Care

Details of how the Trust has addressed feedback received from service users, carers, stakeholders and regulators to make necessary improvements to its services can be found in the Quality Account, which will be published in 2021.

The Trust has appointed a new Associate Director of Nursing, Patient Experience and Engagement to support work to improve patient care into 2020/21 and beyond. We have already executed a large amount of engagement utilising online facilities in areas around our strategy development, digital feedback, and developing a person-centred care framework.

Service Improvements Involving Other Local Services or Agencies and Involvement in Local Initiatives

The Trust has implemented a number of service improvements that have been introduced in response to the Cumbria, Northumberland, Tyne and Wear (CNTW) NHS Foundation Trust review and associated, mental health improvement plan, the 2019 CQC inspection and feedback gathered from service user surveys and engagement events. In response to these concerns, several improvement initiatives have been implemented. Examples of these are included below.

Mental Health Access Line

In September 2019, the Trust invested into the Mental Health Access Line (MHAL) which has enabled the provision of a more timely and responsive service to the North West Ambulance Service (NWAS) and the police. The enhanced service ensures that NWAS and the police are able to speak to a qualified mental health practitioner to ascertain if there is a care plan in place to inform decision making and avoid a 136 detention or transfer to A&E.

Development of Mental Health Urgent Assessment Centres

As part of our response to Covid-19, and after significant investment, the Trust reopened two Mental Health Urgent Assessment Centres (MHUACs) in February and March of 2021. With a further centre in Blackpool (in collaboration with Blackpool Teaching Hospitals) opening in May 2021. The centres allow anyone with urgent mental health needs and no coronavirus symptoms or physical injuries to be seen in a safe and calm assessment space.

Establishment of a Frequent Attender Service

In collaboration with the police, NWAS, third sector and community services, the Frequent Attender Service has been established across each locality to support people who frequently attend A&E. The service has received positive feedback from partner agencies and service users, providing outreach work, visiting service users in their homes and using a holistic approach to meet individual needs and encourage engagement with services.

Development of a Recovery College

The Trust hosts a 'Recovery College' which works with a number of partner organisations to provide a range of courses that support wellbeing. The aim is to offer people skills and tools to empower them to take control of their health and wellbeing with a view to building resilient communities.

The Triangle of Care (ToC)

The Trust has completed Phase 1 of the Triangle of Care (ToC) and was awarded a star in July 2019 for its carer inclusive and supportive commitment. The ToC is a therapeutic partnership between carers, people who use services and professionals based on engagement, information sharing and support. It aims to promote safety, recovery and to sustain wellbeing in mental health by including and supporting carers.

Public and Patient Involvement Activities and Consultation with Local Groups

The Trust has placed a large focus on co-production, listening and responding to the people who use its services and members of the public.

People who use the Trust's services were engaged with as part of the process to agree the new name for the organisation (Lancashire and South Cumbria Foundation Trust) and the decision was announced at the Annual Members' Meeting in September 2019. Additionally, service users and carers are an integral part of our recruitment and selection process.

The Recovery College collaborative brings together a number of partner organisations. The aim is to upskill and empower people to take control of their health and wellbeing to increase their personal resilience. Co-production is at the heart of the Recovery College and regular advisory groups and curriculum development groups take place in each locality to co-develop the service, engage with partners and create new opportunities, aligned to the community need. The college also offers workshops and in-depth courses, developed and delivered by people with lived experience, mental health professionals, peer-support workers, volunteers and students. Curriculum content is discussed within the group and individuals are empowered to make decisions that will benefit their local community. The college is open to anyone over 18 who is living or working in Lancashire and South Cumbria.

Extensive engagement has also taken place in relation to the locality re-design work that has been on-going. Public engagement events have provided an opportunity for people to feedback on how the Trust's services should be structured in the future.

The Trust appointed an Associate Director of Nursing, Patient Experience and Engagement to work collaboratively with stakeholders, local groups, the public and service users in the development of services, models and strategies. This includes further development of the Recovery College and application of Change Talks across the organisation.

Compliments and Complaints

A complaints function is one of the regulated corporate functions required of NHS organisations under the Health and Social Care Act 2008 (regulated Activities) Regulations 2014. Comments, compliments and complaints are valuable learning tools and provide information to the Trust that enables service improvements.

The Trust's executive team has given a particular focus on improving processes and frameworks that will enable patient and carer experience. During the year, the Trust commissioned an independent

review of the internal complaints management framework, involving staff from the Complaints Team and across the organisation. A number of improvements were identified and a subsequent 'Complaints and Patient Advice and Liaison Service (PALS) action plan' was developed to drive forward the recommendations within the report. This is monitored at the Trust's Quality Committee.

Patients, service users and carers are actively encouraged to provide feedback about their experiences of services in LSCft. People can contact the Complaints Team to raise a concern, or compliment, via a range of different methods, including direct contact over email and telephone or completion of a complaints/compliment form. All concerns received by the team are triaged and acknowledged within three working days. The Trust has a robust triage process for acknowledging and responding to complaints. Any delays in response are communicated with the complainant together with the reason for the delay. Any concerns relating to practice of clinicians, prescribing, safeguarding or information governance are immediately escalated to the Trust's Executive Director of Nursing and Quality and Executive Medical Director as appropriate. All complaints and compliments are logged on the Trust's Datix system, a widely used tool to support complaints management. Should complainants remain dissatisfied with the complaint outcome, this is internally reviewed and reopened where necessary.

3.2 Stakeholder Relations

The Trust works in partnership with a wide range of organisations to plan, provide and develop services that meet the needs of patients. These partnerships include other NHS organisations, volunteer groups, charities and local councils. The Trust develops services involving stakeholders at a local level and has been part of a number of partnership initiatives focusing on delivering high quality care to patients. In 2020/21, the Trust has continued to work with a broad range of stakeholders in different ways and further develop key relationships during the coronavirus pandemic. These include:

- **Resilience Hub:** support resources for all public sector workers and their families throughout 2020-21
- **Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust (CNTW):** Providing support with the mental health urgent care pathway
- **Blackpool Teaching Hospitals:** Enhancing A&E liaison in Blackpool
- **Richmond Fellowship:** Additional crisis house development in Blackpool. Our partnership with the charity also covers a range of services which includes Sparky's Cafe at The Harbour which promotes social inclusion
- **Calico Group:** Peer support workers in community mental health and A&E liaison teams. This support tackles a range of issues, from homelessness and complex needs to help with drug and alcohol dependency
- **Change Talks:** The Mental Health Family Hour was created in April 2020 in response to the first national lockdown. The online webinar series has reached over 30,000 people, both nationally and internationally. Sam Tyrer, Prevention and Engagement Lead at the Trust and co-host of the webinar, received the Prime Ministers Point of Light Award for this work and it has continued to go from strength to strength. Due to the success of the Family Hour, a new four part series called the Mental Health Staff Hour has been created and has reached over 2000 people in the last few weeks. These webinars have been supported by individuals with lived experience and different organisations, such as the Wish Centre who spoke about domestic abuse. Change Talks has continued to support schools and has been delivered in over 80 sessions this last year to school pupils. Further to this, 12 sessions for parents have been held in the evenings

- Beacon Counselling Trust: Support to individuals and families affected by gambling
- Lancashire Wildlife Trust: Refer young people to Myplace access to eco therapy
- Recovery College partnership: Throughout the pandemic the Recovery College has continued to provide opportunities to help support the health and wellbeing of our local communities. They delivered 176 courses to over 1200 people through our online social-education model, whilst also raising awareness of third sector offers
- Development of Initial Response Service (IRS): A 24 hour service made up of a team of call handlers and triage practitioners who take calls and manage referrals from patients, service users, families, carers and professionals
- Connect My Community NHS (CMCNHS): A social media led project to help bridge the gap between the community and the NHS. Central Lancashire has the first closed group containing over 700 members including 70 community groups, social prescribers, members of the community, and other NHS or partner staff and leaders
- HARRI: Our health and wellbeing engagement vehicle has proven to be a valuable resource, despite challenges during Covid-19. Since April 2019, 151 people had their blood pressure checked, 80 people had their walking stick rubber change and had advice on home safety, 13 people were referred to Mindsmatter, 13 people were referred to Preston Grow, 50 MECC conversations took place, 297 Blood pressure checks, and over 650 people signposted to services or support groups
- Be a Winter Friend Initiative: LSCft social media campaign involving over 70 statutory, third sector and voluntary organisations to keep people connected over the 2020 winter period
- Preston North End Football Club: Provided the Trust with access to their hospitality suites in a collaborative effort with Heathcote&Co to ensure that we could continue Covid-safe, face-to-face life support training. 7230 staff have now been trained in basic life support. In return the Trust provided life support training for Preston North End FC and Heathcote&Co



The LSCft training team on the PNE pitch



MyPlace project 2021

Case Study: MyPlace - Access to Ecotherapy

In 2021, the Trust's MyPlace project won a Health Service Journal (HSJ) Award in the Mental Health Innovation of the Year category for an eco-therapy partnership between LSCft and Lancashire Wildlife Trust.

The partnership with Lancashire Wildlife Trust enables us to refer young people we encounter in our work to MyPlace. The referrals give young people the opportunity to participate in ecotherapy environmental activities in their local green spaces.

This will help to build resilience, enabling them to connect with nature, each other, to bring about positive benefits to their own health and mental wellbeing. In addition, their activity will help to improve local green spaces.

HSJ Awards

The Health Service Journal (HSJ) Awards have been held for over 40 years to celebrate excellence and success in healthcare services and share the best practice of Trusts across the UK to create a better NHS. In March 2021, Lancashire and South Cumbria NHS Foundation Trust was shortlisted in four categories in the HSJ Awards. The Trust's MyPlace project won the Mental Health Innovation of the Year Award and our use of technology to improve patient experience within mental health services was highly commended.



Driving Efficiency Through Technology: Highly commended

The Trust's use of technology to improve patient experience within mental health services was recognised, specifically a newly developed 'Advice & Guidance' system. The software uses instant messaging to improve the accuracy of referrals and enables GPs to contact hospitals to discuss which mental health service is most appropriate for a patient.

System Led Support for Carers Award: Finalist

South Cumbria Children's Learning Disability and Behaviour Support Service, which supports children with learning disability and autism, as well as their families and carers, was shortlisted in recognition of developing carer networks, reducing isolation, increasing parental confidence and competence.

Clinical Leader of the Year: Finalist

Sam Tyrer, Prevention and Engagement Lead at the Trust, was nominated for leading development of the 'Change Talks' programme. The six-week programme is delivered for schools to educate young people on mental health, covering topics such as depression, anxiety and self-harm. Sam is also behind the successful Mental Health Family Hour webinars providing online support to people during lockdown.

3.3 NHS Improvements Well-Led Framework

The Trust's Annual Governance Statement 2020/21 outlines how the Trust considers NHS Improvement's Well-Led Framework. This provides guidance for evaluating the Trust's performance, internal control and Board assurance.

The CQC undertook an inspection of the Trust in 2019 and issued a rating of 'Requires Improvement' in the well-led domain.

Following the CQC inspection, the Trust commissioned an independent review by an external company (AQuA) of the Trust's governance and well-led arrangements. The review identified the areas of leadership and governance that would benefit from further targeted development work to secure and sustain future performance.

There were a number of areas for improvement identified across the key lines of enquiry (KLOE) domains which have been collated into a well-led action plan of which delivery is monitored by the Trust Board and its Committees on quarterly basis.

In summary, the recommendation themes outlined within the report are:

- Leadership, capacity and capability, which was addressed following the completion of recruitment to the Trust Board
- Completion of the Trust's vision and strategy
- Functionality of the committees of the Board and consistency within the network governance structures
- Information and data reporting
- Strengthening of the risk assurance framework
- External communication and engagement
- Learning and improvement culture across the organisation

A comprehensive exercise was undertaken to develop the final well-led action plan, which aimed to not only address the recommendations raised within the report, but also identify other areas of good practice to incorporate into the well-led action plan that would further improve the Trust's well-led arrangements.

Part of this included a gap analysis exercise, which included a review of previous Trust CQC inspection reports and assessment of other 'outstanding' organisations CQC inspection reports.

Each Key Line of Enquiry (KLoE) has been assigned to an Executive Director and Committee for oversight of delivery. The well-led action plan is updated on a quarterly basis, and is triangulated with other strategic action plans across the Board, including the Board Assurance Framework and Executive Objectives.

3.4 Statement as to Disclosure to Auditors

Each of the individuals who are Directors at the date of approval of this report confirms that:

- They consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the NHS Foundation Trust's performance, business model and strategy
- So far as the Director is aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware
- The 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 NHS Foundation Trust's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the UK Corporate Governance Code 2012, para. C.1.1.

This confirmation is given and should be interpreted in accordance with the provisions of s415-s418 of the Companies Act 2006

For and on behalf of the Board:



David Eva
Chair
14 June 2021



Caroline Donovan
Chief Executive
14 June 2021

3.5 Income Disclosures as Required by Section 43(2A) of the NHS Act 2006

The Trust confirms that the income it receives for the provision of goods and services for the purposes of the health service in England exceeds its income from the provision of goods and services for any other purposes.

Income from activities accounts for c85.5% of the Trust's income. The remainder is all classed as operating income and includes DHSC central funding received in response to the Covid pandemic, amounts for the purposes of education, training, research and development and income received for non-patient care services.

This other operating income compliments the Trust's overarching objective to provide goods and services for the purposes of the health service in England.

The Trust has no fees and charges income that meets HM Treasury's criteria for disclosure.

3.6 Statement of Directors' Responsibility in Preparing the Financial Statements

Each of the people who are Directors at the date of approval of this report confirm that they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

This confirmation is given and should be interpreted in accordance with the UK Corporate Governance Code 2014, para. C.1.1.

For and on behalf of the Board:



Caroline Donovan
Chief Executive
14 June 2021



Dominic McKenna
Acting Chief Finance Officer
14 June 2021

4.0

Remuneration Report

The Trust has prepared this report in compliance with:

- Sections 420 to 422 of the Companies Act 2006 (section 420(2) and (3), section 421(3) and (4) and section 422(2) and (3) do not apply to NHS Foundation Trusts);
- Regulation 11 and parts 3 and 5 of Schedule 812 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) ("the Regulations");
- Parts 2 and 4 of Schedule 8 of the Regulations as adopted by NHS Improvement in its NHS Foundation Trust Annual Reporting Manual; and
- Elements of the NHS Foundation Trust Code of Governance.

12 Schedule 8 as substituted by The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (SI 2013/1981)

Caroline Donovan
Chief Executive
14 June 2021

4.1 Annual Statement on Remuneration

The Board of Directors Nomination & Remuneration Committee is made up of Non-Executive Directors and is responsible for agreeing Executive Director remuneration packages on an individual basis.

For 2020/21, the Nomination & Remuneration Committee confirmed it was satisfied with steps taken to test that remuneration above £150,000 was reasonable. These steps are set out in the Trust's Senior Manager's Remuneration Policy.

During the year, three additional Executive Director's posts of which the Nomination & Remuneration Committee approved the appointment of:

- Chief Medical Officer, who joined the Trust on 01 October 2021
- Chief Strategy Officer, who joined the Trust on 01 April 2021
- Chief Integration Officer, who joined the Trust on 03 May 2021

There have been no substantial changes made to the remuneration of senior managers during the year.

In line with the General Data Protection Regulation (GDPR), all named individuals included within the Remuneration Report have been informed of the disclosure of their information and have confirmed their satisfaction with the information detailed within the report.

4.2 Senior Managers' Remuneration Policy

Executive Directors

The Trust has both a Senior Manager Remuneration Policy and a Workforce Remuneration Policy which applies to all members of the Board, including non-voting members. For the purposes of this Remuneration Report the disclosure of salary and pension entitlements of senior managers will apply to all Executive Directors.

The Trust defines Senior Managers as all members of the Board of Directors, including Executive and Non-Executive Directors.

Future Policy Table

For each component described below, there are no provisions for the recovery of sums paid to the directors or for withholding the payments of sums to senior managers.

Component of senior manager remuneration packages	Description of each component
Salary & Fees	<p>In addition to specific operational management responsibility amongst director portfolios, senior managers have annual objectives which are aligned to Trust strategic priorities. Fulfilment of objectives supports the salary component of the remuneration packages.</p> <p>Monthly performance reviews are held between the Chief Executive and senior managers to formally review progress and delivery of objectives.</p>
Taxable Benefits	<p>Taxable benefits paid to senior managers relate to reimbursement of travel expenses and an allowance, or contribution, to a lease car as part of the remuneration package. These benefits are optional.</p>
Annual Performance Related Bonuses	<p>The Trust does not operate an Annual Performance Related Bonuses Scheme but does acknowledge the NHS Improvement guidance on 'Pay for very senior managers in NHS trust and foundation trusts'.</p>
Long Term Performance Related Bonuses	<p>The Trust does not provide Long Term Performance Related Bonuses.</p>
All Pension Related Benefits	<p>Pensions related benefits are reported in detail on page 54 onwards.</p> <p>Appointments are superannuable under the terms of the NHS Pension Scheme as contained in the 'NHS National Handbook of Terms and Conditions'.</p>
Salary Threshold 'Reasonableness' Check	<p>Executive Director salary is weighted against achievement of objectives and the individual director's portfolio.</p> <p>The policy requires external salary benchmarking reviews to take place every five years in order to ascertain senior manager remuneration is reasonable and appropriate. Individual salary review takes place on an annual basis as part of the appraisal process to consider performance.</p>

Non-Executive Directors

Remuneration for Non-Executive Directors is set by the Council of Governors through their Nomination & Remuneration Committee and is informed by external benchmarking data and thorough the appraisals process (though this is not performance weighted). The Chair and Non-Executive Directors are not employees of the Trust, they are appointed by the Council of Governors to provide leadership, strategic direction and independent scrutiny. Non-Executive Director Remuneration consists of the allowance agreed by the Council of Governors plus travel expenses. There are no other fees or benefits payable to Non-Executive Directors. Full details of the remuneration paid during the year can be seen on page 50 onwards. All payments are made through the Trust's payroll arrangements.

Service Contracts

The Trust has employment contracts in place for all senior managers which include an obligatory notice period of six months. These contracts make specific provision for compliance with the Fit and Proper Persons Requirements.

There are no additional obligations contained in senior managers' service contracts that have not previously been disclosed and no obligations which could give rise to, or impact on, remuneration payments or payments for loss of office. Senior manager contracts also contain a general provision for the recovery or withholding of sums paid.

Policy on Payment for Loss of Office

The setting of notice periods for senior manager contracts is subject to discussion and approval by the Board of Director's Nomination Remuneration Committee. Discretionary payments for loss of office are considered on an individual basis by the Committee and take account of the circumstances surrounding the loss of office and the senior manager's performance. All termination payments are made strictly in accordance with contractual conditions. Payments for loss of office do not apply to Non-Executive Directors.

Consideration of Employment Conditions Elsewhere in the Foundation Trust

The employment conditions of all other Trust employees are determined nationally through the Agenda for Change policy agreements on pay and conditions of service for NHS staff. Agenda for Change does not apply to very senior managers, medical and dental staff and any individuals who have transferred into the organisation and have their terms and conditions protected under the Transfer of Undertakings (Protection of Employment) (TUPE) regulations. Terms and conditions for medical staff are set nationally and the Nomination and Remuneration Committee are responsible for senior managers' remuneration packages.

The Trust does not currently consult with employees in setting the senior managers' remuneration policy but considers the scrutiny applied by independent Non-Executive Directors through the Nomination and Remuneration Committee to be an appropriate approach. The Trust also undertakes a benchmarking exercise on the appointment of new senior managers' against other local organisation to support the setting of remuneration.

Policy on Diversity and Inclusion used by the Remuneration Committee

The Trust's Equality and Diversity Statement of Intent 2015/20 and the Trust's Equality in Employment Policy apply to all activity undertaken by the Trust, including recruitment. It also includes all Committees of the Board, including the Remuneration Committee.

The Trust's Strategic Lead for Equality, Diversity and Inclusion is available to provide advice to the Remuneration Committee on leadership recruitment, when this is required. The package of support has included the offer of a stakeholder, service user and carers' panel; updates to the Council of Governors on the Trust's workforce equality performance and plans, as well as briefing of external employment recruitment agencies, and review of interview questions which include specific questions about equality, diversity, and inclusion.

4.3 Annual Report on Remuneration

Remuneration Committee

The Trust has a joint Board of Directors Nomination & Remuneration Committee which also covers recruitment and appointment of Executive Directors. The membership is made up of all Non-Executive Directors of the Board. The Chief Executive, although not a formal member of the Committee, has a standing invitation to attend. The current membership of the Nomination & Remuneration Committee and each member's attendance is shown in the table below.

The Board directs the operations of the Trust and is appointed as follows; the Chairman and the Non-Executive Directors are appointed by the Council of Governors' Nominations Remuneration Committee. Remuneration, allowances and terms and conditions of office of the Chairman and Non-Executive Directors is directed by the Council of Governors' Nomination Remuneration Committee.

The Chairman and Executive Directors appoint the Chief Executive. The Chairman, Non-Executive Directors, Executive Directors and the Chief Executive appoint the other Executive Directors. Executive Directors positions are on substantive contracts.

Remuneration, allowances and terms and conditions of all executive directors, including the Chief Executive, is directed by the trusts Board Nomination Remuneration Committee. Posts are advertised in relevant media and interviews are undertaken by a panel comprising members of the trusts Remuneration Committee and external assessors.

Non-Executive Directors positions, including the Chairman, are terminable by the Council of Governors Nomination Remuneration Committee. Executive Director positions are terminable by the Board Remuneration Committee. In the case of directors other than the Chief Executive, the Chief Executive would also take part in the decision.

Board Member	Attendance (actual/max)
David Eva (Chair)	8/8
Louise Dickinson	8/8
Isla Wilson	8/8
Mohammed Shazad Sarwar	8/8
Deborah Francis	8/8
Paul Farrimond	8/8
Peter Williams	8/8
Phil Huggon	2/2

No advice or services have been provided to the Nomination Remuneration Committee during the reporting period that materially assisted the Committee in their consideration of any matter.

Service Contracts

For each senior manager who has served during the year, the date of their service contract and any unexpired term can be found within the table from page 102. The notice period for Executive Directors is six months.

4.4 Expenses and Remuneration Payments

As required by section 156 (1) of the Health and Social Care Act 2012, the following expenses were remunerated to Directors and Governors during 2019/20:

Reporting Group	2020/21			2019/20		
	Total Number in group	Number in receipt of expenses	Travel expenses	Total Number in group	Number in receipt of expenses	Travel expenses
			£'00			£'00
Executive Directors	13	7	39	13	10	403
Chair & Non-Executive Directors	8	4	10	9	9	160
Council of Governors	27	1	1	30	8	35

4.5

**Salary
Entitlements**

Salary Entitlements: Executive Directors

(The tables below have been subject to audit review)

Reporting Group	Period 1 April 2020 - 31 March 2021					
	Salary (bands of £5,000)	All Taxable Benefits (nearest £100)	Annual Performance Related Bonus (bands of £5,000)	Long Term Performance Related Bonus (bands of £5,000)	Pension Related Benefits Increase (bands of £2,500)	Total (bands £5,000)
Caroline Donovan, Chief Executive (01/04/2020 – 31/03/2021)	200-205	-	15-20	0	65-67.5	285-290
Richard Morgan, Medical Director (01/04/2020 – 01/07/2020)	40-45	-	0	0	0	40-45
David Fearnley, Chief Medical Director (01/10/2020 – 31/03/2021)	100-105	-	5-10	0	62.5-67.5	170-175
Samantha Proffitt, Chief Finance Officer of Nursing and Quality (01/05/2020 – 31/03/2021)	140-145	-	0	0	65-67.5	205-210
Josephine Maria Nelligan, Chief Nurse & Quality Officer (01/04/2020 – 31/03/2021)	135-140	-	0	0	85-87.5	220-225
Ursula Martin, Director of Improvement & Compliance (01/04/2020 – 31/03/2021)	130-135	-	0	0	62.5-65	195-200
Shelley Wright, Chief Communications Officer (01/04/2020 – 01/01/2021)	80-85	-	0	0	445-447.5	525-530
Phil Evans, Director of Partnerships & Strategy (01/04/2020 – 31/03/2021)	30-35	-	0	0	0	30-35
Helen Farrington, Chief People Officer (20/04/2020 – 31/03/2021)	115-120	-	0	0	47.5-50	165-170
John Glover, Chief Digital Officer (01/05/2021 - 31/03/2021)	105-110	-	0	0	95-97.5	200-205
Chris Oliver, Chief Operating Officer (01/07/2021 – 31/03/2021)	110-115	-	0	0	127.5-130	240-245
Nicky Ingham, Interim Director of Workforce & Organisational Development (01/04/2020 – 31/03/2021)	5-10	-	0	0	0	5-10
Russell Patton, Director of Operations (01/04/2020 – 15/05/2020)	20-25	-	0	0	0	20-25

Period 1 April 2019 - 31 March 2020

Salary (bands of £5,000)	All Taxable Benefits (nearest £100)	Annual Performance Related Bonus (bands of £5,000)	Long Term Performance Related Bonus (bands of £5,000)	Pension Related Benefits Increase (bands of £2,500)	Total (bands of £5,000)
190 - 195	5,000	0	0	370-372.5	590 - 595
165 - 170	5,600	0	0	362.5-365	555 - 560
0	0	0	0	0	0
0	0	0	0	0	0
75 - 80	2,900	0	0	0	75 - 80
60 - 65	2,500	0	0	72.5 - 75	145 - 150
20 - 25	1,200	0	0	5-7.5	30 - 35
45 - 50	0	0	0	0	45 - 50
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
40 - 45	0	0	0	0	40 - 45
120-125	0	0	0	0	120-125

The element of Richard Morgan's remuneration that relates to his clinical role is £25 - £30k.

Salary Entitlements: Non-Executive Directors[^]

(The tables below have been subject to audit review)

Appointees Name and Title	Period 1 April 2020 - 31 March 2021					
	Salary (bands of £5,000)	All Taxable Benefits (nearest £100)	Annual Performance Related Bonus (bands of £5,000)	Long Term Performance Related Bonus (bands of £5,000)	Pension Related Benefits Increase (bands of £2,500)	Total (bands £5,000)
David Eva - Chairman (01/04/2020 – 31/03/2021)	50-55	0	0	0	0	50-55
Caroline (Louise) Dickinson Non-Executive Director (01/04/2020 – 31/03/2021)	15-20	0	0	0	0	15-20
Phil Huggon Non-Executive Director (01/01/2021 – 31/03/2021)	0-5	0	0	0	0	0-5
Isla Wilson, Non-Executive Director (01/04/2020 – 31/03/2021)	15-20	0	0	0	0	15-20
Mohammed Sarwar, Non-Executive Director (01/04/2020 – 31/03/2021)	15-20	0	0	0	0	15-20
Deborah Francis, Non-Executive Director (01/04/2020 – 28/02/2021)	15-20	0	0	0	0	15-20
Paul Farrimond Non-Executive Director (01/04/2020 – 31/03/2021)	15-20	0	0	0	0	15-20
Peter Williams Non-Executive Director (01/04/2020 – 31/03/2021)	15-20	0	0	0	0	15-20

Period 1 April 2019 - 31 March 2020

Salary (bands of £5,000)	All Taxable Benefits (nearest £100)	Annual Performance Related Bonus (bands of £5,000)	Long Term Performance Related Bonus (bands of £5,000)	Pension Related Benefits Increase (bands of £2,500)	Total (bands £5,000)
45 - 50	0	0	0	0	45 - 50
15 - 20	0	0	0	0	20-25
0	0	0	0	0	0
15 - 20	0	0	0	0	15 - 20
15 - 20	0	0	0	0	15 - 20
5-10	0	0	0	0	5-10
0 - 5	0	0	0	0	0 - 5
0 - 5	0	0	0	0	0 - 5

^ The Chair and non-executive directors are not employees of the Trust, they are appointed by the Council of Governors to provide leadership, strategic direction and independent scrutiny. In this context, 'salary' relates to the amounts paid as remuneration for this provision.

Pensions related benefits is a calculation of the increase to the total sum of the individuals accrued pension and lump sum entitlements taking into account an additional year of service and multiplying by a factor of 20 as per the prescribed HMRC method.

Benefits in kind relate to: provision of a lease car or taxable mileage benefits or salary sacrifice arrangements.

Pension Entitlements: Executive Directors

As required under the Companies Act Regulations the details of pension entitlements for Executive Directors are provided below.

Name and Title of Senior Manager	Real Increase in Pension at pension age (bands of £2,500)	Real Increase in Pension Lump Sum at pension age (bands of £2,500)	Total Accrued Pension at pension age at 31 March 2021 (bands of £5,000)	Lump Sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000)	CETV at 31 March 2021 (rounded to nearest £1,000)	Real Increase in CETV as funded by employer (rounded to nearest £1,000)	CETV at 31 March 2020 (rounded to nearest £1,000)	Employers contribution to stakeholder pension
Caroline Donovan, Chief Executive	2.5-5	2.5-5	85-90	215-220	1,867	84	1,725	0
Richard Morgan, Medical Director	0-2.5	0-2.5	70-75	220-225	0	0	1,624	0
David Fearnley, Chief Medical Director	0-2.5	0	75-80	195-200	1,508	26	1,403	0
Samantha Proffitt, Chief Finance Officer	2.5-5	2.5-5	55-60	115-120	978	50	887	0
Josephine Maria Nelligan, Chief Nurse & Quality Officer	2.5-5	12.5-15	55-60	165-170	1,324	119	1,165	0
Ursula Martin, Director of Improvement and Compliance	2.5-5	2.5-5	30-35	60-65	504	43	435	0
Shelley Wright, Director of Communications	15-17.5	27.5-30	20-25	35-40	299	212	5	0
Phil Evans, Director of Partnerships & Strategy	0	0	0	0	0	0	0	0
Helen Farrington, Chief People Officer	2.5-5	0-2.5	25-30	45-50	502	38	436	0
John Glover, Chief Digital Officer	2.5-5	7.5-10	35-40	80-85	648	70	547	0
Chris Oliver, Chief Operating Officer	5-7.5	7.5-10	30-35	60-65	469	57	366	0
Nicky Ingham, Interim Director of Workforce & Organisational Development	0	0	0	0	0	0	0	0

Note: as Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

Cash Equivalent Transfer Value

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 the disclosure applies. The CETV figures, and from 2004/05 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: this reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Fair Pay

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The calculation is based on full-time equivalent staff of the Trust at the 31 March 2021 on an annual basis.

Other Remuneration Disclosure	2020/21 £'000	2019/20 £'000
The highest paid senior manager in the organisation is the Chief Executive, being:	222	195
The median salary of full time Trust staff is:	27	26
The ratio therefore of the highest and the median salary is:	8.2	7.5

During 2020/21 no employees received remuneration in excess of the highest paid director (2019/20 zero individuals). Remuneration ranged from £7k to £222k (2019/20 £7k to £195k).

The ratio has risen largely due to the Performance Related Bonus that the Chief Executive received.

Payments for loss of office

There have been no payments to individuals who were a senior manager in the current or in a previous financial year, for loss of office during the financial year.

Payments to past senior managers

There have been no payments of money or other assets to any other individual who was not a senior manager during the financial year but has previously, or who has previously been a senior manager at any time.



5.0

Staff Report

Analysis of Staff - Staff Costs 2020/21

Staff Costs	2020/21			2019/20
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	241,643	1,929	243,572	212,682
Social security costs	21,533	-	21,533	19,215
Apprenticeship Levy	1,135	-	1,135	1,020
Employer's contributions to NHS pensions	40,922	-	40,922	36,993
Pension cost (other)	-	-	-	-
Other post-employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Temporary staff	-	10,470	10,470	8,571
NHS Charitable funds staff	-	-	-	-
Total gross staff costs	305,233	12,399	317,632	278,481
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	305,233	12,399	317,632	278,481
Of which costs capitalised as part of assets	-	-	-	-

Average Staff Numbers 2020/21

Staff Group	Permanent Number	Other Number	2020/21	2019/20
Medical & dental	303	27	330	316
Ambulance staff				
Administration & estates	1,373	70	1,443	1,332
Healthcare assistants and other support staff	1,048	412	1,460	1,438
Nursing, midwifery and health visiting staff	2,027	180	2,207	2,010
Nursing, midwifery and health visiting learners	62	-	62	12
Scientific, therapeutic and technical staff	1,197	26	1,223	1,104
Healthcare science staff				
Social care staff	134	-	134	87
Other	448	0	8	44
Total Average Number	6,151	714	6,866	6,342

Employee Gender Breakdown

A breakdown of the average number of male and female employees during the course of 2020/21 is detailed in the table below.

Group	Male	Female
Executive Directors (including the Chief Executive & non-voting Directors)	3	7
Non-Executive Directors (including the Chair)	4	3
Other Senior Managers	30	64
Employees	1,303	5,406
Total Average Number	1,339	5,479

Staff Turnover 2020/21

The staff average staff turnover over the period of April 2020 until March 2021 is 8.60%.

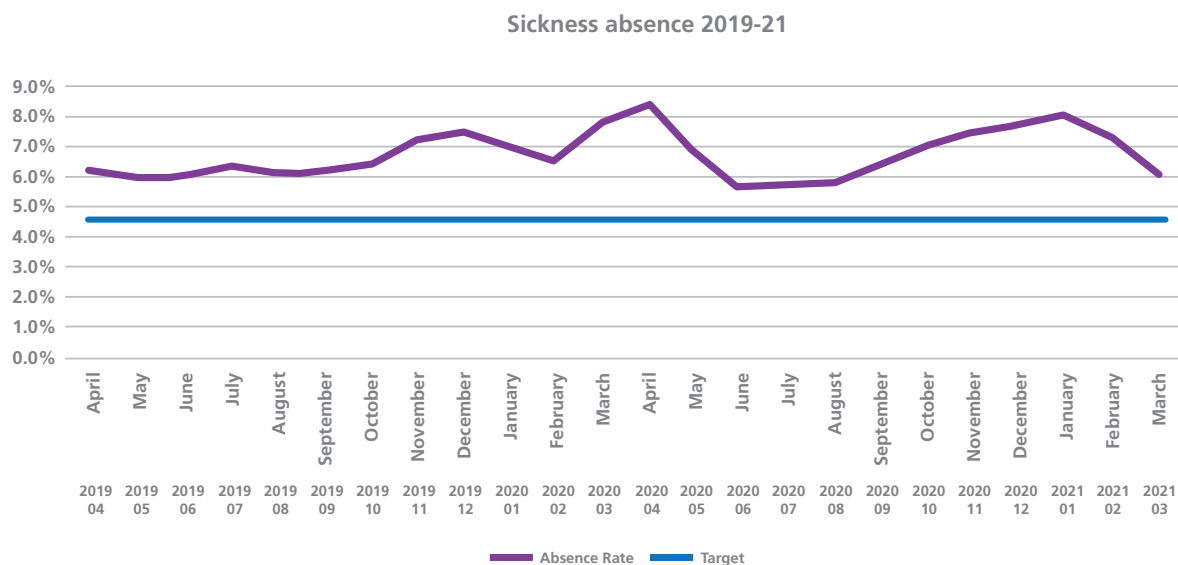
Sickness Absence Data

In 2020/21, the Trust saw an increase in sickness absence rates due to the Coronavirus pandemic, including sickness related to the virus. The sickness rate for the Trust at the end of the financial year was 6%.

Stress, Anxiety and Depression continue to be the highest reported reason for workforce absence, accounting for approximately a third of all absences. The Trust's objective is to deliver sustainable improvements in attendance and we will do this by continuing to proactively manage absence and strengthening our focus on those activities that improve the health, wellbeing and experience of our staff. The Trust will use intelligence gathered from the Annual Staff and quarterly staff Friends and Family Test (FFT) surveys to measure our progress.

During the financial year 2020/21 a number of health and wellbeing support measures have been promoted, as described on page 71 of this report.

The graph below highlights the sickness absence data for 2020/21, compared with 2019/20, against the target.



Consulting with staff on Trust decisions affecting employee interests

We engage with all staff and staff-side colleagues during organisational change, and this is fully embedded within the Trust’s policies and processes. We engage with staff at the earliest possible opportunity during periods of change, prior to commencing any formal consultation, and this is built into the Trust’s Organisational Change Policy.

The Trust communicates regularly with both internal and external trade union representatives at both a local and Trust-wide level. This is done through a variety of forums including the Collective Consultation Forum (CCF), Partnership Forum and the newly established Joint Negotiating and Consultative Committee (JNCC). These platforms provide the Trust with the opportunity to consider alternative proposals that staff may wish to put forward through their representatives as well as listen to any concerns they may have about the proposed change. During 2020/21 the Trust took on a vast engagement programme as part of its Locality Model Review. Staff across all localities and disciplines were fully consulted on the future structure of the Trust’s services and the leadership teams (including the triumvirates) that sit within each locality. This ensured that staff were fully committed, engaged and involved with the process prior to implementation from 1 April 2021.

The Trust’s Organisational Change policy outlines that any change, regardless of its scale, is undertaken in a way that is fair, transparent and compliant with the Trust’s values as well as with employment legislation. The Trust has a duty to safeguard public monies and provide quality services and, because of this, all available solutions are considered to mitigate redundancies. The Trust’s strong working relationship with staff side colleagues enables us to achieve this aim. The Trust’s Partnership Forum and JNCC meet on a bi-monthly basis to discuss important matters affecting Trust employees. Medical staff are similarly represented through the Joint Local Negotiating Committee (JLNC) and both committees have a partnership agreement in place.

The Collective Consultation Forum (CCF) meets fortnightly enabling Trust management to consult with recognised Trade Unions on proposed organisational changes where the collective consultation requirement has been triggered.

Involvement of Employees in Trust Performance

The Trust has developed an Engagement Framework. This is detailed in full and summarised in a diagram on page 72 onwards.

This year, the Trust has put a focus on engaging with and involving staff in Trust performance. Our Engagement Framework outlines this ongoing process that involves employees, service users, carers and wider system stakeholders. Our engagement activity with staff has informed our operating model for the locality network, the development of our Trust Strategy, Clinical Strategy and enabling strategies.

Our new vision, values and behaviour framework have all been developed with strong engagement as the foundation with links directly to the People, Improvement and Culture Strategy. Improvement activity has continued this year with examples such as the transformation of our acute mental health pathway including the development of the Initial Response Service and improvement collaborative to reduce restrictive practices.

The Trust's engagement events titled 'big conversations' are linked to the Listening into Action (LiA) programme. These involve staff across all disciplines and grades to share ideas on the Trust's improvement journey and the approach to delivering change. This year we executed a Listening Into Action (LiA) Pulse Check which displayed improvements across all themes. This also identified further themes to consider in a second wave of staff led change. While Covid-19 has meant that we have had to postpone our LiA project, we still work towards using the practice of staff led change, with clinical leadership and executive sponsorship, to clear the way for improvement. The Inclusion Council Programme of work and our staff networks operate with this ethos and have shown great improvements in our Staff Survey results.

The work we will do with the Kings Fund will further embed this approach as we work within our new Locality Networks to develop our culture and services to be person-centred, compassionate and inclusive and to improve quality. Our Corporate Support Services will also transform, through the continued development and engagement of our workforce as we move to a more distributed leadership model, supporting quality improvement and innovation.

Staff policies and actions applied during the year

To ensure that Trust policies are up to date, legally compliant and in line with national guidance a number of key workforce policies have undergone a formal review during 2020/21. These include:

- [Disciplinary Policy](#)
- [Working Time Directive Policy](#)
- [Performance Improvement Policy](#)
- [Disclosure and Barring Service \(DBS\) Policy](#)
- [Professional Registrations Policy](#)

In addition, two new policies have been developed:

- Carers Policy
- Pay Progression Policy

During the COVID 19 pandemic the Trust has developed a set of temporary amendments to staffs terms and conditions in response to the national guidance and the local response, these include:

- Sick Pay
- Carers Leave
- Covid Special Leave
- Bereavement Leave
- Annual Leave Carry over and pay
- Flexible Working including a Working from Home Standard
- Overtime
- Recruitment Pre-registration Nursing Students

The Trust operates a formal Policy review and development group that meets on a monthly basis and includes representation from the Trust's Human Resources Department and staff side representatives. Views are also sought from clinical and operational managers on the content and structure of workforce policies. All policies are subject to a full Equality Impact Assessment that is reviewed by the Trust's lead for Equality Diversity and Inclusion prior to formal ratification.

Social Media

The Trust uses social media as a platform to engage with staff and service users and to promote our services and celebrate our achievements. Our social media channels are also used to connect with partner organisations and the wider public. The main channels utilised in the Trust are Facebook, Twitter, and YouTube. Looking ahead, the Trust will continue to use these channels to engage and interact.

Internal Communications

The way the Trust communicates with staff is being continually enhanced and developed to connect people and teams in more efficient ways.

Our Chief Executive champions employee engagement and continues to lead engagement across the Trust. This includes personally writing to teams and individuals to give thanks and recognition, visits to frontline teams with the wider executive team, and a monthly Trust-wide Engage event which briefs attendees on high priority matters across the organisation.

Going forwards, increasing engagement and levels of interaction will continue to be a priority. We are working to refresh the Trust intranet and website to improve the quality of information that is available, navigation and search functionality. We launched a staff Facebook group and are continuing to work on producing content that is significant for staff.

It is important that the Trust continues to do all it can to ensure that people feel appreciated and valued. The 'Shining Stars' scheme and the weekly internal newsletter 'We Are Proud' continues to recognise and reward staff.

Workforce Race Equality Standards (WRES)

The coronavirus pandemic and Black Lives Matter movement have dominated the news and our consciousness over the past year. It has become increasingly clear that Covid-19 has had a disproportionate impact on ethnic minority staff and service users of the NHS. This has also brought to light the impact of years of disadvantage and inequality.

There remains significant evidence to support the fact that ethnic minority employees are treated less favourably than their white counterparts and that there has been limited improvement for a long time. In recent years, the recruitment of ethnic minority Board members and senior managers has not kept pace with other groups. The likelihood of an ethnic minority person being recruited from shortlisting is significantly lower than a white person, and the perception of equal opportunities for an ethnic minority staff member is significantly lower than for white staff members. The incidence of bullying and harassment of ethnic minority staff from the public and patients is worse than the national average, and the bullying and harassment of ethnic minority staff by their managers is three times worse than it is for white staff. This inexcusable situation is not just within the Trust, but is the same nationally across the NHS.

The Workforce Race Equality Standards (WRES) is a set of metrics that all NHS trusts are required to produce annually to show progress against a number of indicators of race equality. The metrics draw from a range of existing data sources (recruitment dataset, ESR, Staff Survey, and HR data). WRES metrics are outcome-focused and analysis of them helps to understand underlying challenges. Improving the care of staff improves care of patients and diversity impacts positively on innovation and teamwork. Improving race equality can trigger wider culture change.

The Trust's 2020 data shows that we have made progress on core Human Resource processes such as recruitment and selection, training opportunities, and disciplinary action. During the last year, the number of ethnic minority staff accessing non-mandatory training has increased to comparable rates as white staff. However, the Trust believes that this is not enough. Driven by the Trust's Chief Executive, Caroline Donovan, and Chief People Officer, Helen Farrington, the ED&I team has focussed on making rapid interventions to secure sustainable transformation on the inclusion agenda.

This has included:

- Initiating the implementation of diverse recruitment panels
- HR interventions and OD training to support managers
- Focussed personal risk assessments and support to protect ethnic minority staff as the pandemic continues
- Staff networks and a CEO-led Inclusion Council to put the voice of our staff at the centre of our response

The Chief Executive has also commissioned Yvonne Coghill, NHS England's former national director of the race equality team, to undertake a cultural audit of the Trust and make recommendations to support our race equality priorities.

The Trust's 2020 WRES report and overview of associated actions can be viewed on our website': www.lscft.nhs.uk/media/E%26D/WRES/Lancashire%20and%20South%20Cumbria%20WRES%20Action%20Plan%202020-2021%20Final%20v2.pdf

Equality, Diversity and Inclusion

The Trust's Equality, Diversity and Inclusion (ED&I) team sits under the Chief People Officer in the Directorate for People and Organisational Development. ED&I is a key component of the Trust's developing People, Improvement and Culture Strategy. The ED&I team consists of three FTE (full time equivalent) staff who operate across the organisation to ensure compliance with, and implementation of, key national NHS frameworks like the NHS People Plan, WRES and Workforce Disability Equality Standard (WDES). The team takes pride in providing the necessary corporate challenge and personalised support to individuals, teams, networks, and the Board. Its work ensures that the equality, diversity, and inclusion agenda is central to everything that the Trust does, providing meaningful engagement and accountability for outcomes.

Staff across the organisation are able to contact the ED&I team directly if they have any questions or concerns. The team supports colleagues in several ways:

- [Employee relation cases](#)
- [General advice on employee rights](#)
- [Responsibilities as a manager](#)
- [Returning to work after sickness](#)

The ED&I team also provides corporate support to teams in the design and undertaking of Equality Impact Assessments (EIAs) and Freedom of Information (FOI) requests. The ED&I team also works closely with the Trust's Health and Wellbeing service, the Freedom to Speak Up (FTSU) service, and the Patient Advice and Liaison Service (PALS) to create a safety culture within the organisation.

The ED&I team also gives assurance to the Board based on the following frameworks:

- [Equality Act 2010](#)
- [Human Rights Act 1998](#)
- [Accessible Information Standards](#)
- [Workforce Disability Equality Standard \(WDES\)](#)
- [Workforce Race Equality Standard \(WRES\)](#)
- [Disability Confident Standards](#)
- [Gender Pay Gap](#)
- [Sexual Orientation Monitoring Standards](#)
- [Equality Delivery System 2 \(EDS2\)](#)

The Trust ranked in 36th place on the 'Inclusive Employers Top 50' list, and has retained its Disability Confident and Mindful Employer accreditations.

Equality, Diversity and Inclusion Strategy

The Trust is committed to inclusive employment and the provision of accessible healthcare for all, recognising that adjustments are often necessary to ensure equality of opportunity.

The Trust's Equality and Diversity Statement of Intent (2015-20) has been in place for five years and outlines the Trust's approach and commitment to diversity and inclusion. The statement takes account of the Human Rights Act and FREDA principles (fairness, respect, equality, dignity and autonomy). A refreshed strategic approach is being devised in 2021 and will underpin operational plans which are implemented to ensure the diversity and inclusion agenda is central to all activity which impacts on our people, patients, and the public's access to our health services offer.

In addition, ED&I is pivotal to the Trust's new strategic vision, values and strategic priorities. The ED&I Strategic Plan will be further informed by a recent review commissioned by the Chief Executive into our culture and race equality, undertaken in 2021 by Yvonne Coghill, the previous Director of the national workforce race equality team.

Equality, Diversity and Inclusion Training and Development

Equality and diversity training is mandatory for all staff, provided on induction and then every three years. This can be done both online and face-to-face. In 2020-2021, on account of the Covid-19 pandemic and the light shone on health inequalities, the work of the Trust's education and training team has been enhanced by the ED&I team. This has included Trust-wide Engage sessions, webinars, roundtable events, big conversations, coaching/ supervision for investigators and audit activity. These activities were used to highlight the reality of inequality and exclusion and what it means in relation to service design and delivery, as well as service users and carers' experience.

Equality, Diversity and Inclusion in the midst of Covid-19

In response to Covid-19, the Trust's ED&I team has played a vital role in the analysis of the impact of Covid-19, social restrictions, and lockdown through the lens of ED&I. Inequalities that existed long before Covid-19 have been laid bare, and in some cases increased existing divisions in the workforce and in society. The ED&I team identified a number of ways to deal with the situation, to share best practice, and to secure immediate successes, while also raising the potential challenges that have been identified.

During 2020/21, the Trust's equality awareness events were hosted virtually. These linked with wider awareness days both nationally and globally, including:

- Black History Month
- South Asian History Month
- Disability History Month
- LGBT+ History Month
- Hate Crime Week

- **Inter-faith week**

Events for mental health, learning disability, women's rights, and wellbeing also took place. The Trust's ED&I ran successful 'We are talking about race...' webinars; a range of disability and race awareness sessions; coaching sessions on Equality Impact Assessment and Accessible Information Standards, as well as inclusive recruitment training for managers, and induction for new recruits.

Tackling Health Inequalities

In 2019, the Trust was the first NHS organisation to be awarded a City of Sanctuary Award for Health with its initiative to support staff to work more effectively with those seeking asylum and resettlement as refugees. The Trust's ED&I team continues to partner the Lancashire Police, Lancashire Faiths, and Lancashire County Council officers to support this important area of work to tackle inequalities in access to health services for vulnerable and marginalised communities.

Gender Pay Gap

In common with the wider NHS, the Trust's workforce is pre-dominantly female and we are proud that this is reflected in the senior leadership team and the Board. In spite of this, as is shown in our Gender Pay Gap report for 2020, the Trust continues to have a gender pay gap.

The Trust has a mean gender pay gap of 2.37% (down from 3.54% in 2019) for employees on Agenda for Change (AfC) terms and conditions. The overall mean gender pay gap is 12.02% (14.47% in 2019). The median gender pay gap is -1.91% (0% in 2019) for employees on AfC terms and conditions. The overall median gender pay gap is 3.18% (4.91% in 2019). The mean bonus pay gap is 19.02% (up from 9.26% in 2019). The median bonus pay gap is 20.00% (0% in 2019). The number of male employees awarded a bonus in 2020 was 1.82% compared to 0.29% of females. Despite there being a high female population across bands 8 to 9 (323 females and 177 males) there was a higher percentage of males being paid at the top of each pay scale.

More detailed analysis of the data is contained in the Trust's gender pay gap report which demonstrates that whilst we have made progress, we still have work to do and the intersectional reporting highlights areas that require our collective focus.

In the analysis, the ED&I team have identified two significant drivers behind our gender pay gap: the uneven distribution of men in our overall workforce, and the higher number of male than female consultant doctors in the upper quartile of our pay distribution. We continue to scrutinise our gender pay gap data and build on the insights from our reports. We are identifying and addressing any inequalities in career opportunities between male and female staff, and ensuring that our senior management group reflects the diversity of the wider organisation and patient population.

The actions which the Trust has taken since last years' gender pay gap report have contributed to the improved performance being reported above. Actions have included:

- **Implementing inclusive recruitment guidance to remove bias from selection process**

- Established a Women's Network with working groups to influence policy discussions that shape recruitment, career development and support mechanisms
- Established a Listening into Action initiative to look at flexible working arrangements and how lessons learnt from the COVID pandemic can improve these arrangements
- Inclusion Council established to deal with barriers to equality, diversity and inclusion
- Promoting family-friendly and flexible working policies to all staff – it is known that uptake of these benefits by both males and females is likely to have a positive impact on females
- Series of Menopause Cafes and production of guidance to support females to remain well and at work
- Trust's health and wellbeing offer reviewed to ensure that support offered meets the needs of our workforce
- Inner Track leadership programme piloted at the Trust to train future leaders to be inclusive

The Trust's 2020 report and overview of associated actions can be viewed on our website: www.lscft.nhs.uk/media/E%26D/Gender-Pay-Gap/Gender%20Pay%20Gap%20Report%202018-19%20v3.pdf

Recruiting and supporting disabled people in work

The Trust aims to be an exemplar organisation which people want to access for care, recovery, and employment. We understand that diversity brings richness and innovation and welcomes applicants from the diverse population it serves.

The Trust has several specific policies and procedures such as the Equality in Employment, Carers Leave Policy, Flexible Working Policy, Dignity at Work Policy, and Sickness Policy. The latter is being reviewed to increase focus on wellbeing and ensure a recovery focussed approach and supporting our staff with underlying health conditions. These policies are in place to support our employees through their employment journey and make reasonable adjustments where possible enabling staff to feel valued and safe. If an employee becomes disabled this will, in the first instance, be managed supportively through Trust policies with the aim of identifying the adjustments with the support of occupational health, that may be necessary to enable the employee to continue working for us.

The ED&I team meets with the Disabled Staff and Neurodiverse Staff Network on a regular basis to see what other support we can provide to staff to staff in remaining in employment.

Disability Confident Employer

The Trust has been confirmed as a disability confident employer by the government's Disability Confident Scheme. Being a 'disability confident employer' means that we have completed the disability confident self-assessment and are taking all the 'core actions' to be a disability confident employer.

These core actions include: actively looking to attract and recruit disabled people; providing a fully inclusive and accessible recruitment process; ensuring employees have appropriate disability equality awareness, and promoting a culture of being disability confident. We are now looking to become a 'disability confident leader', which means that we will have our self-assessment validated, and will demonstrate leadership in encouraging other employers to make the journey to become Disability Confident.

Applicants for job vacancies are asked if they need any additional support and people are encouraged to be open about their needs to help the Trust provide an inclusive experience. Those who declare a disability and meet the minimum criteria for a role are entitled to a guaranteed interview. Recent additions to recruitment and selection guidance encourages recruiting managers to provide interview questions in advance, proactively ask candidates if they need help at all stages of the process, and assess attitudes to inclusion and diversity for all roles. Candidates are all sent advice on how to succeed at interview, including explicit encouragement to ask for any required adjustments.

Reasonable adjustments

Adjustments are regularly made throughout the recruitment pathway, such as providing a choice of paper colours for applicants with dyslexia, ensuring that those with mobility difficulties can access pre-employment checks and induction training in a location and environment which meets their needs or making adjustments to support the successful applicant when they begin in post. Specialist software and equipment is made available for those who need it and employees are encouraged to make use of support from Access to Work and the Trust's occupational health provider.

The Trust works proactively to celebrate difference and participates in a number of campaigns and events designed to reduce stigma and promote the benefits of employing people with disabilities. Access audits are carried out on new buildings and refurbishments to ensure suitable access and usability for service users, carers, other visitors and staff. The Trust also works collaboratively with patients, service users and members of the public to ensure that new buildings are designed with the needs of the people who will be using them in mind. The Trust works with AccessAble to assess the accessibility of Trust sites. Information on approximately 160 of the Trust's sites is published online so that people can plan their visits and make requests for additional support in advance.

Equality Impact Assessments

Trust policies and processes mandate the use of 'reasonable adjustments' and Equality Impact Assessments (EIAs) are completed for policies, service changes and other activities which impact people, so that specific needs can be identified and action taken.

Career development and promotion of disabled employees

The Trust still has limited data in relation to the progression and career development of employees with disabilities, mainly due to the small numbers of employees who formally disclose a disability. The Trust is considering how to improve disclosure rates and increase employee confidence in sharing their status and asking for the adjustments required.

Feedback from the 2020 survey about disability and workplace support, included comments from staff who would like to progress their careers but are reluctant to leave a team where they feel supported. Work is underway to proactively encourage those with disabilities to access development and progression opportunities. We have used equality impact assessments to evaluate leadership development programmes, with a pilot project planned to address under representation on these courses.

The Trust's People, Improvement and Culture strategy maintains a focus on diversity and inclusion

and will continue to influence career development opportunities for all staff, including those with disabilities. Leadership and development opportunities, both within and outside of the organisation, are promoted through a relaunched network of ED&I Champions, and Health and Wellbeing Champions, with the aim of encouraging participants from a wide range of backgrounds. Improvements are also being made to the recording systems for non-mandatory training and development activity to enable reporting on the different groups of people taking up opportunities.

Staff Networks

The Trust is committed to realising the potential of all our staff as their personal experiences can contribute to improving service user care. We are therefore fully supportive of the staff networks we have in the Trust which are one of the means to achieve this. This forms part of the Trust's Engagement Framework which is based on evidence from the Kings Fund.

Disability and Neurodiverse Staff Network

The network is pro-active and ensures staff with disabilities or impairments are represented. The network works to:

- Share best practice and empower staff
- Support non-disabled staff and managers by raising awareness of issues relating to disability
- Ensure the Trust benefits from disabled employees' experience and changes policy and practice as a result
- Study how to improve accessibility
- Allow disabled staff to express their views and concerns

Since the launch of the national Workforce Disability Equality Standard in 2019, the network closely works with the ED&I team to hold managers to account where actions are required. Maria Nelligan, Chief Nursing and Quality Officer, is the network's executive sponsor.

Race Equality Staff Network

The Race Equality Staff Network (REN) works with the Trust to improve the experiences of ethnic minority staff, service users and carers by influencing change within the organisation, whilst raising awareness of challenges experienced within the Trust. The network welcomes all staff, as members or allies, who seek to achieve greater inclusion for all within LSCft.

The network consists of staff from multi-disciplinary backgrounds across the Trust and is an open and non-formal forum. They aim to improve the experiences and treatment of ethnic minority staff Trust wide. The network is fully supportive of the Workforce Race Equality Standard and acts as a critical friend to scrutinise and provide challenge where necessary. Helen Farrington, Chief People Officer, is the executive sponsor for this network.

LGBT+ Staff Network

The LGBT+ network is a newly-established and active staff network that works towards realising and developing equality for lesbian, gay, bisexual, and transgender (LGBT) staff within the Trust and its associated patients, partners, and stakeholders. All LGBT+ staff and allies who have an interest in

improving LGBT+ equality for staff, service users and carers are welcome to join.

The establishment of this network has enabled the Trust's LGBT+ members to come together as a proud and visible community leading the way in making the workplace more LGBT+ inclusive and ensuring that LGBT employees, service users, and carers can be safe, accepted, and respected. Chris Oliver, Chief Operating Officer, is the executive sponsor for this network.

Women's Staff Network

The Women's Staff Network aims to support women in the workforce in their personal and professional development and looks to improve gender equality across Lancashire and South Cumbria. The network encourages women to get involved as much as they like and offers opportunities to support their development through:

- Coaching, mentoring and sponsorship
- Networking and 'political' skills
- Training and education
- Support from other women in the network via action learning sets
- Regular events and opportunities to share useful information

Ursula Martin, Chief Improvement and Compliance Officer, is the executive sponsor for this network.

Inclusion Council

One of the top priorities of the Trust is creating an inclusive and diverse place to work and be. The launch of our Inclusion Council has been a key part of our work to improve this. The bi-monthly meeting is focussed on five priorities which it ensures are reflected in all our strategies and plans, and supports colleagues, service users, patients, carers and communities.

The Trust's Chief Executive, Caroline Donovan, chairs the Inclusion Council. The council brings together two representatives from every staff network – to ensure that lived experience and the voice of staff is at the centre of key discussions to improve equality outcomes and an inclusive culture. The staff network reps meet with other Executive and Non-Executive Directors, a member of the Council of Governors and representative from the staff-side trade unions, as well as the ED&I team.

The Council ensures that leaders take visible leadership and provide accountability for improvement on diversity and inclusion metrics, which go beyond just representation in the following five work streams, which are focused on addressing race equality in the first instance:

1. Community EDI – experience and outcomes
2. Career Progression
3. Inclusive Recruitment
4. Reducing bullying and harassment
5. Becoming an anti-racist organisation

The programme of work will deliver in 2022 and the Council will extend their focus to that of disability.

NHS Staff Survey and ED&I

The Trust's performance for ED&I is above average in the NHS Staff Survey. This is a reflection on the impact of strategic efforts bearing fruit. Nevertheless, the staff survey shows there is much more we need to do to put an end to bullying, making our Trust a fairer place to work for everyone and enable staff to work better together as teams. Some of the changes we are making that will help to address these issues are as follows:

Refreshed People, Improvement and Culture Strategy

Alongside the development of our new Trust Strategy, we are also refreshing our People, Improvement and Culture Strategy. We do not underestimate the challenges staff face in delivering care and we are determined to create an enabling and supportive environment that helps staff to deliver their best. Our new Leadership Competency Framework, which underpins our recent organisational change and investment into senior leadership through our Locality Model Redesign, includes inclusive and compassionate leadership competencies.

Values and Behaviours

We have listened to staff on our shared Trust values. A new set of guidance is being developed around our values and behaviours based on what staff have told us through our online platforms directly at various engagement sessions held at every Trust site.

Our five year strategy positions us as an inclusive Trust: that means at the very least; respect, fairness and involvement for everyone regardless of their race, age, sexuality or gender. We will help to eliminate unfairness and inequity people see in the way we give people opportunity to thrive in our diverse Trust. The new guidance on Trust values will lead in turn to a set of behaviours that everyone will follow. In the future staff appraisals will include an assessment of how staff meet our values in delivering good care.

Leadership and Culture

We are working with staff and senior leaders across the Trust to get a deeper understanding of the root causes impacting on our culture particularly those issues highlighted in our survey around bullying and harassment, team effectiveness and ED&I. We are using quality improvement methodology to develop support at team level and evaluate effectiveness with a view to then roll this out Trust wide as part of our commitment towards transforming our ED&I culture and developing our leaders.

There will be some core elements that will remain at the heart of the ED&I culture change we are seeking to achieve, and this will include:

- Embedding the principles of psychological safety at work and supporting shared learning when things go wrong
- Creating a culture of kindness and enable our leaders to be inclusive and compassionate in their approach
- Support staff wellbeing and enable joy at work

To support this culture change journey, the Trust has commissioned The Kings Fund as our partner to

deliver a leadership and OD programme to support our senior leaders in our new Locality and Specialist Services Networks as well as their direct reports.

Information on Health & Safety Performance and Occupational Health

The Trust offers health and wellbeing support through an Occupational Health service provided by Wellbeing Partners. Staff can access the service either through a self-referral or a referral made by their manager, and will be seen by a qualified Occupational Health Nurse or Consultant Occupational Health Physician. Further psychological and physical support services are available to staff including counselling, CBT, EMDR and fast-track physiotherapy.

In addition the Trust offers an Employee Assistant Programme, delivered by Health Assured. As part of this offer, staff and their families can access support for a range of circumstances including financial advice, legal advice and emotional support through a telephone counselling service.

The last 12 months have seen a strengthening in our approach to health and wellbeing. This has resulted in an increase in engagement and collaboration to ensure that wellbeing is a priority for all of our staff. Our response to the Covid19 pandemic has been instrumental in driving this forward. Working in partnership with the Incident Room team, Health and Wellbeing worked to develop and populate the Coronavirus Hub. We made sure that the information posted there was drawn from national and local resources and focused on enabling people to look after themselves, their family and their teams.

We have further developed our Health and Wellbeing Champions Network. This saw an increase in diversity, engagement, recognition and development of the network. We currently have 273 champions in the workplace, who are committed to promoting health and wellbeing in their teams. Our particular focus is on the recruitment of REN champions and ongoing continuous professional development. A Champions' role descriptor and guidance was developed and we have successfully run virtual online forums for the champions to support their CPD. These continue to be well attended and are opportunities for people to connect, share ideas and resources, as well as learn.

The Health and Wellbeing SharePoint pages were further developed with information, resources and links. We created and published the Employee Wellbeing and Benefits brochure which brings together our comprehensive support options all in one place.

Amongst the other initiatives we have developed, was the establishment of the Health and Wellbeing Steering Group. This is a new group for the Trust, which is executive-led and has allowed us to formulate several key priorities. A Wellbeing Passport and stress risk assessments have been developed and are available on our Trustnet pages.

We have also successfully run two Big Menopause Online Forums which attracted a large audience. Feedback tells us these forums have been very well received. Our commitment to supporting staff around the Menopause will see the appointment of several Menopause Advocates.

Working with system partners, on behalf of the Lancashire and South Cumbria Integrated Care System

(ICS) we have developed and launched a psychological resilience hub to co-ordinate support for people who have been affected by Covid-19.

The Resilience Hub will ensure that psychological support is available initially to our health and care workforce and their families. The Resilience Hub has been established in recognition of the intense effort made by everyone across health and social care settings and emergency services over the last few months. The Resilience Hub supports people adversely affected by the COVID-19 pandemic, it will do this by:

- Providing a single point of access to individuals who self-identify or are identified by services to complete an assessment of their needs
- Deliver an electronic screening tool that will facilitate the appropriate response to individuals to address their needs in relation to COVID-19 related distress.
- Provide intensive and evidence-based therapeutic interventions, either on 1:1 basis or via groups
- Deliver specialist training, advice, consultation and clinical supervision to enhance knowledge and skills amongst professionals in all relevant sectors. To offer staff support across the ICS footprint and upskilling local services as part of a systematic response
- Support individuals to prevent relapse and install resilience post-therapy

Countering-Fraud and Corruption

The Trust has an Anti-Fraud, Bribery and Corruption Policy which is available to all staff on the intranet site. The policy was recently updated and ratified in January 2020, with the next review scheduled for December 2021. The policy is completed in conjunction with anti-fraud specialist auditors, MIAA. No issues have been identified in the Trust.

Expenditure on Consultancy

Management consultancy services were engaged during 2020/21 which arose from the needs of the business. This assistance was required to fill gaps outside of the business as usual environment where in-house skills were unavailable and were project specific.

5.1 Staff Survey

Approach to Staff Engagement & Learning from Staff Feedback

The Trust's ongoing engagement with staff enables us to learn from feedback and improve experiences for employees in order to make LSCft a great and safe place to work and learn.

While the size of the Trust, both in terms of geography and staff numbers, presents a challenge when engaging with the entire workforce, engagement continues to be a priority and has been a key objective in the delivery of the 2020/21 operational plan. There is strong evidence that staff engagement has an impact on the delivery of high quality and compassionate patient care.

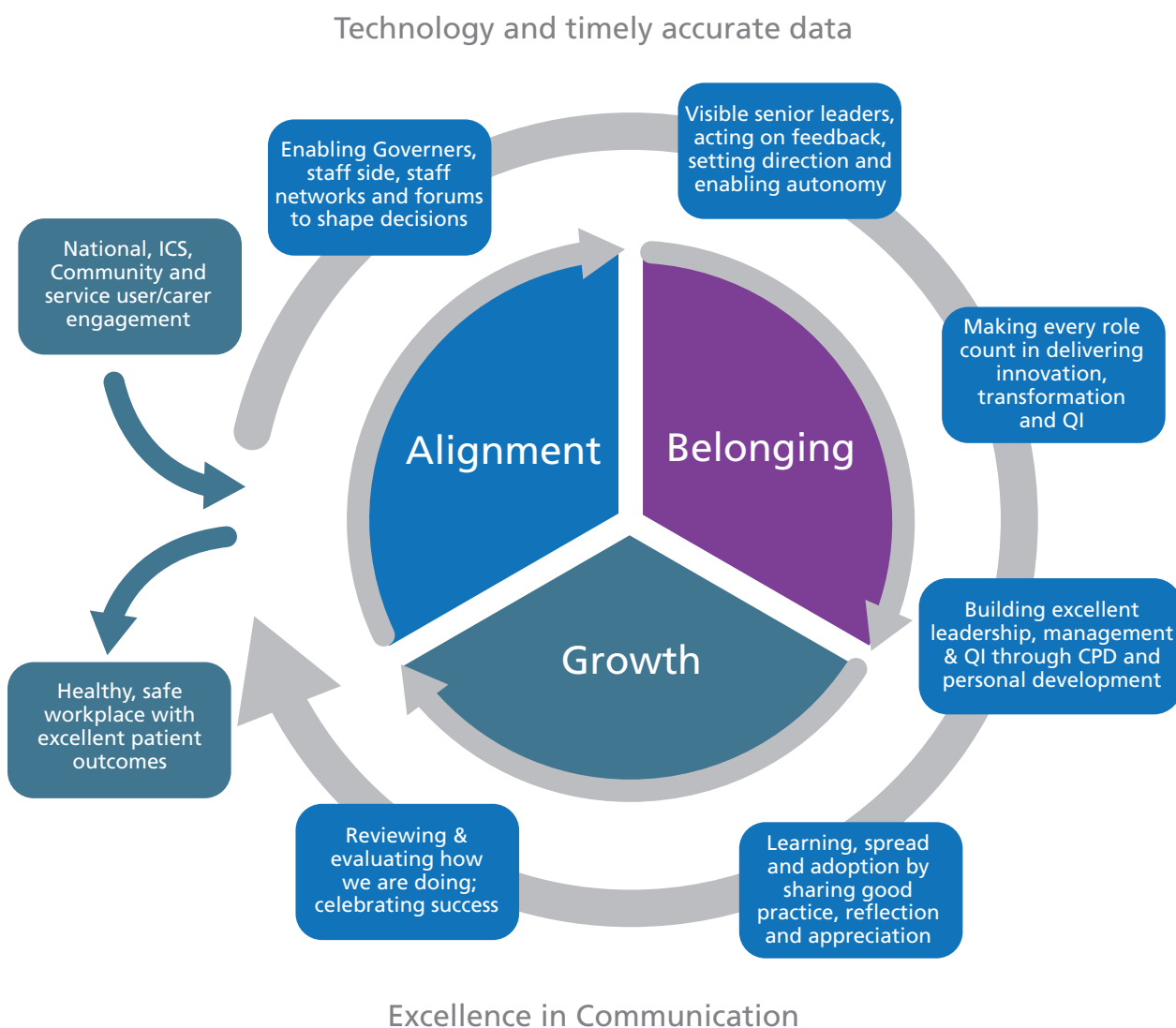
The Trust has introduced an engagement framework based on The Kings Fund's 'six key elements' as part of a priority CQC action. The aim of this framework is to improve staff engagement so that our

staff can feel connected and have the ability to influence decisions that affect them, our service users and carers.

LSCft Staff Engagement Framework

This Framework builds upon established and emerging staff engagement approaches, and on our strong relationship with staff side. It sets out ways in which we will develop our culture and leadership that creates the conditions for transformation and innovation where staff, service users and carers are engaged in setting our future direction – our vision and values and our new strategic priorities. Our Engagement Framework sets out how we will action this continuously ensuring alignment, belonging and growth and supports the culture change we want to create. The expectation is:

- To develop compassionate and inclusive leadership where all staff work together with energy and passion to achieve organisational goals
- To model the values of the culture we are looking to create
- To act on our responsibility to continuously improve the quality of care the Trust provides



Key element 1: Enabling staff to shape decisions

The Trust has established an Inclusion Council led by the Chief Executive and have developed a number of Staff Networks (including REN, Disabled Staff, Women and LGBTQ+). These are co-chaired by democratically elected staff members. In addition, the Trust has other staff forums for International Recruits, Faith Forum and ED&I Champions, ethnic minority medics all connecting staff with shared interests. You can read more about the Inclusion Council on page 78.

The Trust has approved the introduction of a reverse mentoring programme for inclusion with an academic partner, to provide leaders with an opportunity to understand the lived experience of colleagues with a protected characteristic.

The Trust is developing strong connections between staff networks and patient forums to ensure that patient experience and involvement is part of this integrated model as a basis for ensuring feedback from patients informs decision. Our newly formed Service User Council is an excellent example of this, which will be replicated at a Locality level. Our Trust Governor Forum is active and Governors also sit on other key groups, including Inclusion Council.

Key element 2: Visible senior leadership that enables autonomy

Visible Leadership – Locality Model Redesign

The executive team led the implementation of a new locality management and clinical service delivery model. The Trust carried out extensive engagement with colleagues and wider system stakeholders, patients and service users in developing the business case and implementation and Occupational Development plans. The new organisational structure aligns locality networks with our systems' Integrated Care Partnerships (ICPs). This will enable great partnership working and local service delivery with consistent high quality for people using our services to ensure appropriate standardisation of care and clinical quality.

Investment in Leadership

There has been significant investment to secure additional senior leadership capacity with the appointment of Medical Directors, Directors of Nursing and Quality and Operations Directors who will lead at a locality network forming part of the senior leadership team. The desired leadership culture requires a more inclusive leadership and compassionate approach, with high performing teams, where service users and carers are part of the team.

Strategy Development: The executive team have led a series of engagement activities with staff, wider system partners, service users and carers to develop our Trust Strategy, Clinical Strategy and Enabling Strategies, signaling our new Vision, Values and Behaviours and ambitions. These sessions responded to the pandemic and have been carried out digitally enabling wider engagement than might have happened previously with more traditional models.

Trust Engage

The executive team hold a monthly trust-wide engage forum that brings colleagues together. Open to all staff this provides leadership updates, spotlights good practice and includes a development session

led often by an external expert speaker. All sessions have a 'Q&A' element and allow for recognition and appreciation of leadership at all levels. In addition the Chief Executive has held engage sessions for our ethnic minority staff during the Covid-19 pandemic, highlighting the risks and disproportionate impact of Covid-19, raising awareness of support available, and how to raise concerns.

Staff Side Partnership Working

Members of the Partnership Board continue to meet bi-monthly, with the session chaired alternately by the Chief Executive and a staff side representative. The group includes representatives of all the Trust's staff side Trade Unions and is supported by Executive Directors and includes leaders from within each of our four networks. It is designed to provide a forum to raise and discuss key issues that affect staff as well as creating a partnership for ideas and continuous improvement across the organisation and there are many examples of the Partnership Board supporting and driving improvements together. This included a Trust-wide campaign to encourage the use of face masks and coverings. This was actioned and resulted in positive messages being disseminated across the Trust in a number of ways with positive effect. Posters, screensavers, text messages and other materials were used to remind people about the importance of wearing a mask and a series of short videos were produced explaining the importance of protecting each other.

Speaking Up Safely

The Trust continues to develop a culture where staff, service users, their families and carers are encouraged to speak up about any issues. There are a variety of ways that colleagues can provide feedback, we have:

- Developed Service User Council, chaired by a service user
- Strengthened our Freedom to Speak Up team and staff ambassadors who can help if colleagues that don't feel able to speak to a line manager
- Set up a Patient Advice and Liaison Service (PALS) which is a free and confidential service designed to support people who need help, information, advice or want to give suggestions or feedback
- Dear Caroline, a complimentary initiative spearheaded by the Chief Executive Caroline Donovan has been launched to enable colleagues to raise issues, anonymously is preferred, with Caroline

The Trust has shared advice to support anyone who experiences or witness a hate crime to reach out in one of the following ways:

- Speak to your line manager
- Get in touch with the Freedom to Speak Up team
- Email the ED&I team by contacting BAMEVoices@lancashirecare.nhs.uk which is entirely confidential
- Speak to someone in the Human Resources department HR.Queries@lancashirecare.nhs.uk
- If you're in a union, speak to your representative about how they can support you

Key element 3: Making every role count

Quality Improvement (QI) and Innovation

The Quality Improvement (QI) team have launched their QI framework within the Trust. This includes

a series of high profile speakers communicating innovation and improvement designed to inspire action. All staff can and should be able to make a valuable contribution to improving the quality of care. Therefore as part of the Trusts Strategic Improvement Plan, the continued focus for 2021 has been to build improvement capability, and provide training so that improvement capability is translated into clinical services. This will ensure sufficient expertise to be able to effectively achieve the scale of improvement set out in our Clinical Strategy and create a culture of learning and continuous improvement. The Trust also set up quality and innovation hubs to provide improvement and innovation resources and support to all staff and service users.

LiA (Listening into Action)

The Trust initiated a staff led change programme in 2019 to involve staff in making transformational changes that improve both patient and staff experience. The Trust marked the end of the first wave of this programme in a range of ways. Those involved in the programme were invited to join a virtual event which included video updates about the successes of each team. A Pulse Check survey was carried out in 2020 which demonstrated improvements across all scores. Wave two improvement programme will be launched in Quarter 1 2021, and staff led areas for improvement have been identified in Pulse Check suggestions.

Network Engagement

Clinical Networks introduced additional engagement platforms and support for staff working differently during the coronavirus pandemic. This activity includes locality based engage sessions, joint team leader huddles and team participation in Senior Management Team meetings. Monthly newsletters and wellbeing surveys take place regularly to drive improvements.

Leadership teams have specifically acknowledged the autonomy and flexibility of staff in response to the pandemic, and have shared the learning from this experience. Localities have facilitated 'getting to know team members' sessions to support team cohesion, and held locality wide away days – supporting teams to have team meetings and team level protected time.

Corporate Support Services Engagement

Support Services continue to engage with their teams in different ways. In Finance they have continued to focus on wellbeing through a survey for all finance staff introduced during Covid-19 and utilising Microsoft Teams to keep teams connected. In People and Organisational Development, staff are invited to a monthly full team brief with the Executive Director - Team Talk. This enables the cascade of communication and wider recognition of achievements, recognising the contributions of staff and keeping teams connected.

Key element 4: Excellence in leadership, management, QI through education, training and development

Learning framework

In response to staff survey feedback, the Trust has introduced a learning framework which details a number of ways in which learning is shared and disseminated, informed by both evidence and staff

feedback to engage individuals and teams in this cycle of learning, including:

- Safety Huddles and Individual sharing of lessons within team meetings
- Annual learning event
- Incident feedback pathways
- Lessons learnt sessions and Learning Lessons Ambassadors
- Senior clinicians talks monthly

Leadership Competencies

In 2020, our new executive leadership team developed a leadership competency framework which underpinned our locality model redesign assessment centre, recruitment and development programme to ensure that our leadership culture delivers the three principles:

- **Compassionate leadership:** the interaction between leaders and their team, where at the heart support and wellbeing is a central principle
- **Inclusive Leadership:** a diverse leadership representative of the workforce and communities we serve and where everyone regardless of role is seen as a valued contributor and are fully responsible for their contribution to success
- **Staff Engagement:** creating an environment of trust, where all staff are empowered to drive improvement, thrive and operate at their best

Leadership development

The Trust supports the development of leadership at all levels and recognises that leadership is a vital component of our improvement journey in relation to improving standards of care, service user and carer experience and engagement and in relation to our staff experience. In line with the NHS People Promise, our leadership development offer supports the development of a compassionate and inclusive culture, involving and engaging teams, communities including those who are marginalised through coaching and engaging style of leadership that fosters collaboration.

The Trusts current leadership offer comprises of in-house delivery for our junior and mid-level leadership programmes and HEIs for our Apprenticeship programmes, including our Senior Clinical Leadership Masters programme. During the Covid pandemic leadership development has been reviewed to enable virtual learning as well as reflective spaces and peer learning. We are pleased to hold the license for the Mary Seacole programme for our ICS system and to be piloting a specific programme aimed at colleagues with a protected characteristic.

In addition the Trust has provided:

- Ward Manager and Matron leadership development
- Leadership Circles (NHS Leadership Academy)
- Executive coaching, coaching and mentoring and coaching Skills
- Resilience Sessions and Topic Based Webinars
- Board development and Executive Team Development
- Onboarding of new leadership teams

Our plans for leadership development going forward include working with the Kings Fund to deliver an innovative leadership and Organisational Development programme to support our new locality network directors (our triumvirates) and supporting Care Group Manager level leaders. A distributed, compassionate and inclusive leadership online programme, encompassing latest research and evidence, will be available for all staff. This will be our flagship programme as we embed our new leadership culture, focused on collective, improvement-focused, compassionate and inclusive leadership. Our remaining offer will be reviewed so that we ensure the same high standards, and adopting national NHS programmes in our apprenticeship offer where possible. The Reverse mentoring programme will also be piloted. Leadership for medical staff, including a programme for new consultants will be developed.

Key element 5: Learning, spread and adoption of good practice, reflection and appreciation

As has been described in the other elements there has been a focus on learning and spread of good practice throughout our approach. The Trust has engaged with leading experts to work with us as improvement partners in the areas of transformation of our acute mental health pathway and in our inclusion journey.

Highlights have included:

- Innovation hubs and lessons learnt sessions
- Trust Engage highlighting areas of good practice each month including clinical teams, innovations in services and new practices
- We are Proud communications each week highlighting good news and areas of good practice
- Online sessions entitled We Are Talking About Race were attended by hundreds of colleagues across the Trust, from partner organisations across the system and, not least, by some high-profile and influential guest speakers. The conversations that took place within the sessions and the presentations delivered covered lived experience, data and evidence based information and insight, as well as honest and powerful personal stories that were hard but important to hear
- The Trust continues to focus on improving equality, diversity and inclusion (ED&I) across the organisation and celebrated the huge contribution our colleagues through events as part of South Asian Heritage Month, Black History Month and LGBTQ+ History Month
- Yvonne Coghill, former Director of Workforce Race Equality Standards team, held a session at engage on race equality. Tommy Whitelaw held a session on person-centred care as a carer at engage and has run other sessions open to all staff
- The Trust coaching and mentoring offer has developed with virtual coaching and mentoring in place to support individuals and leaders with development especially during periods of change. This has enabled individuals to reflect and decompress as well as develop and gain confidence in leading improvement and with compassion. The Trust has internal and executive external coaches and has a coaching and mentoring community of practice. This has enabled continuing professional development and supervision for our internal coaches within the current context. Access to internal coaches has been simplified in order to improve access and the Trust has also accessed the Leadership Academy coaching for Executive Directors
- Schwartz Rounds have continued to offer a safe reflective space for staff to share personal experiences and decompress

Key element 6: Sharing good practice and celebrating our successes

The Trust is establishing a number of processes to celebrate our success acknowledge and recognize achievement, share best practice and learning across departments to ensure the whole Trust is benefitting from service improvements.

The Trust has celebrated and recognised the achievements of staff across the organisation during the pandemic in 2020 in a 'Festival of Celebration'. The event include five hour-long virtual sessions for people in each network to ensure we recognised their enormous efforts during 2020. Hundreds of colleagues attended the events, which were hosted by the Chief Executive and Non-Executive Directors, and recognised achievements specifically in four key areas:

- The huge and significant improvements made since the Care Quality Commission (CQC) inspection in 2019
- The dedication and commitment of all staff in response to Covid-19
- Those nominated as part of the Staff Awards which had to be cancelled in June due to restrictions on holding large events
- The end of our network system, which is being replaced by locality working based on the geographical footprints of the Integrated care partnerships (ICPs)

The Trust developed and distributed commemorative pin badges as a 'Thank You' to all staff and has invested in a personal wellbeing token for every staff member in recognition of the enormous efforts. We have highlighted services and teams at our Engage event and put teams and individuals forward for awards. The Trust has been recognised regionally and nationally for good practice in areas such as clinical leadership and innovations in service delivery.

Staff Feedback

The national annual staff survey assesses staff engagement using three indicators:

- Advocacy - how positive staff are about the organisation as a place to work/receive treatment
- Motivation - how staff feel about their job and how they feel about doing it – influences their enthusiasm to come to work
- Involvement - how staff feel about their role in decisions and changes that affect them in the place they work

	2020 Score	2019 Score	Difference	Sector Score	Difference
Advocacy	6.82	6.29	+0.52 (Sig.)	7.20	-0.39 (Sig.)
Motivation	7.34	7.24	+0.10 (Not sig.)	7.37	-0.03 (Not sig.)
Involvement	6.89	6.74	+0.14 (Not sig.)	7.04	-0.15 (Not sig.)
Overall Staff Engagement	7.01	6.78	+0.24 (Not sig.)	7.20	-0.19 (Sig.)

The scores across these three indicators are converted into an overall staff engagement score out of 10. This score enables the Trust to assess the effectiveness of our staff engagement programmes and develop plans to drive improvements. It is also referred to by the Care Quality Commission (CQC) as part of on-going monitoring of registration compliance.

The overall score for staff engagement has improved slightly from 6.8 in 2019 to 7.0 in 2020. This is against a benchmark sector average of 7.2. Whilst this reflects a slight overall improvement, a significant improvement in the engagement scores of our largest clinical network (mental health) has been achieved from 6.6 in 2019 to 7.0 in 2020.

There has been significant improvement made in the advocacy measure from 6.29 in 2019 to 6.82 in 2020, against a sector average 7.20.

In addition to the annual staff survey, LSCft also asks these questions within the quarterly staff Friends and Family Test (FFT) survey to gain regular insight about levels of staff engagement in the organisation. During the COVID-19 pandemic and in line with the national guidance, the staff FFT quarterly pulse check has been paused.

In addition, as part of the Listening into Action programme, the 'LiA pulse check' survey is primarily used to seek ideas from staff on programmes of improvement and also asks questions to gain feedback about what it feels like to work at LSCft.

The Trust utilises a number of regular internal communications to engage staff and promote a positive culture:

- **The Update:** this staff newsletter is typically weekly, but the frequency was changed to daily in Q1 and 2 due to the impact of Covid-19 and the need to get information out quickly and directly. The newsletter is emailed to all staff who have access to a Trust email account. A printable version is also shared for managers to be able to use in their team briefings
- **'We are Proud':** again, this is a weekly newsletter shared by email. It includes a round-up of good news and case studies from right across the Trust with a focus on 'Shining Stars.' Content from this newsletter is often celebrated on external channels
- **LSCft Staff Facebook Group:** this channel was launched in February 2021 to help connect better with those members of staff who don't necessarily have access to a Trust email account. The group is overseen by the Communication Team but all services are encouraged to actively share information and events. More work will be undertaken over the next year to really develop the audience
- **TrustNet:** this is the Trust's intranet site for staff. Key internal communication updates often link back to dedicated pages on the website. It has been a valuable tool for sharing the latest Covid information
- **Monthly Trust wide Engage Sessions with the executive team:** These are held virtually using Microsoft Teams and are recorded for those staff who can't access them live. Approximately 300 people attend these virtual sessions. Each time, a key speaker is invited to attend to share best practice around an agreed theme. The Executive Team updates on the Trust's strategic priorities and will respond to questions from staff posted in the chat section

- **Text service:** we have the ability to text all Trust-issued work phones. This facility has proven helpful in sharing important updates quickly

Staff are encouraged to participate through the following structures aligned to the staff engagement framework:

- The Council of Governors, which includes Staff Governors;
- The Inclusion Council
- Dear Caroline
- Freedom to Speak Up Champions
- Staff led quality improvement
- Staff Networks; REN, LGBT+, Disability and Neurodiverse, Women's
- Partnership Forum
- Annual Appraisal conversation
- Clinical supervision
- Continued investment in leadership programmes
- Local staff engagement sessions
- Schwartz rounds
- LiA crowdsourcing App
- Facebook

The Trust has established a People and Culture Committee which is chaired by a Non-Executive Director. The purpose of this formal committee is to provide assurance to the Board and oversee the development of the Workforce Strategy and to monitor the delivery of this against national and local policy drivers. This committee has specific responsibility in respect of the following:

- People, Improvement and Culture Strategy
- Annual Staff Survey Priority Action Plans
- Revalidation and Appraisal
- Guardian of Safe Working Report
- Annual Education Report
- WRES/WDES Annual Survey Action Plans

Our People, Improvement and Culture strategy outlines our commitment to making LSCft a great and safe place to work and learn. It outlines five interdependent strategic priorities which collectively explain how LSCft will attract, recruit and develop a talent, diverse workforce committed to our vision and values and enabled through excellent people services:

- **Valuing our People:** ensuring our staff are healthy, engaged and able to work flexibly, enabled through an open and inclusive culture where staff feel safe and confident to express their views
- **Developing our People:** ensuring we will be individually accountable for ensuring we are all able to thrive through inclusive and compassionate leadership, outstanding teams, effective performance management and personal and professional development
- **Growing our Workforce:** we will grow and shape our workforce so that it is responsive to our

immediate and future needs through a focus on planning, transformation, recruitment, retention and working collaboratively across the system

- **Driving Improvement and Innovation:** we will empower, educate and support our staff to ensure that improving our services for patients is everyone's business, working in partnership to ensure we become a centre of excellence for learning, continuous improvement and innovation
- **Delivering excellent People Services:** we will develop People and OD service that is responsive to current and emerging strategic challenges, is innovative and delivers value.

During 2021/22, the leadership triumvirate teams have been established to lead the five newly reconfigured localities of the Bay, Fylde Coast, Pennine Lancashire, Central Lancashire and Specialist services. We will continue to set the standards to put in place the foundations for each of our people, improvement and culture priorities to prepare us well for delivering best practice and achieving excellence.

The People and Organisational Development function will be embedding a new operating model and implementing recommendations to enable efficiencies and strengthen capacity and capability across the function to enable the Trust to deliver its ambitions.

Staff Survey Results 2020

The National Annual Staff Survey is an assessment of the overall culture of the organisation, it seeks the views from our staff about their place of work. The staff survey results are used nationally by NHS England to assess:

- The organisation's performance against the NHS constitution's staff pledges
- The effectiveness of national NHS staff policies, such as training and flexible working policies and to inform future developments in these areas.

The staff survey is the Trust's primary method for measuring organisational culture, providing an annual snapshot of what it feels like to work at the Trust, how well led staff are and whether they feel sufficiently supported to enable them to fulfil their potential. This can be best described as staff experience. We therefore use the results to inform improvements in working conditions and practices. The survey is conducted annually between October and the end of November and asks staff questions in respect of their:

- Job
- Managers
- Health, well-being and safety at work
- Personal development
- Organisation

Our overall response rate was 43%, a decrease of 5% from the 2019 staff survey.

From 2018 onwards, for national reporting purposes, the results from questions are grouped into

summary indicators referred to as themes. The key themes have been created from responses to certain individual survey questions. All themes are scores on a scale from 0 (worst) to 10 (best).

A summary of the scores for the Trust over the past 3 years for each indicator is provided in the table with the survey benchmarking group.

	2020/21		2019/20		2018/19	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.2	9.1	9.1	9.1	9.0	9.2
Health and wellbeing	6.1	6.4	5.6	6.1	5.6	6.1
Immediate managers	7.3	7.3	7.1	7.2	6.9	7.2
Morale	6.4	6.4	6.1	6.3	6.0	6.2
Quality of appraisal**			5.1	5.7	4.9	5.5
Quality of care	7.4	7.5	7.2	7.4	7.2	7.4
Safe environment – bullying and harassment	8.4	8.3	8.0	8.2	7.9	8.2
Safe environment – violence	9.5	9.5	9.4	9.5	9.4	9.5
Safety culture	6.7	6.9	6.5	6.8	6.5	6.8
Staff Engagement	7.0	7.2	6.8	7.1	6.7	7.0
Team Working*	7.0	7.0	6.9	6.9		

*New question introduced in 2019/20

**No questions in 2020/21

Scores have improved since 2019 for all 10 key themes. Scores are better or the same as the benchmarking group for six of the 10 key themes. Furthermore, the Trust performed significantly better compared to the 2019 survey results on the following themes:

- Theme 2 Health and Wellbeing (+0.52 difference)
- Theme 4 Morale (+ 0.32 difference)
- Theme 6 Safe Environment - Bullying and harassment (+0.36 difference)
- Theme 7 Safe Environment - Violence (+0.19 difference)
- Theme 8 Safety Culture (+0.29 difference)

Despite an improvement on the 2019 results, the Trust is however 0.3+ lower than the benchmarking group in key theme Health & Wellbeing.

Overall the Trust has significantly improved on 51 (65%) of the questions and remained the same for 27 (35%) of the questions since 2019. There are no questions that have shown significant decline compared to 2019.

This is the summary of action that has been taken in response to the 2019 staff survey results that has contributed to an improvement in our results against the nationally reported Key Themes:

Staff Engagement

- People, Improvement and Culture Strategy engagement sessions
- Established a staff engagement framework
- Monthly CEO led Engage Forums
- Strengthened staff side partnership and negotiating arrangements through the establishment of a JNCC
- Co-designed a LSCft Values and Behaviours Framework
- Reviewed corporate and local induction
- LiA Phase 1 project improvement teams complete and LiA Phase 2 project improvement teams identified

Equality, Diversity and Inclusion, Safe Environment – Bullying & Harassment

- Work is underway on the development of an E,D&I Strategy with input from Yvonne Coghill (Nurse/ Subject matter expert in race quality)
- Inclusion Council established led by Chief Executive
- Staff Networks established for ethnic minorities, disabilities and LGBTQ+
- A series of webinars hosted with guest speakers; 'We are Talking about Race' Black History month, LGBTQ+ month to raise awareness
- Inner Track Leadership Develop programme pilot launched as a positive action to increase diversity of leaders
- Recruitment toolkit for recruiting managers piloted, focusing on inclusivity, awareness of unconscious bias and the Trust's expected values and behaviours designed for roll out across the Trust

- Values and Behaviours Steering group established led by Chief People Officer to embed the co-designed LSCft Values and Behaviour Framework

Health and Wellbeing

- Virtual sessions delivered on having compassionate conversations on return to work from absence, either sickness or Covid related
- Embedded Covid risk assessment process for vulnerable groups of staff
- Health & Wellbeing Champions network established with a programme of CPD
- Wellbeing passport and stress risk assessment developed and available on Trustnet
- Resilience hub established to provide psychological support and take referrals
- Health and Wellbeing Steering Group established led by Chief People Officer

Safety Culture and Safe Environment – violence

- A Safety Review was undertaken and action plan in place that is monitored by the Quality Committee
- A 'Safer Staffing' review undertaken in all inpatient areas and action plan monitored via the Safer Staffing group
- FTSU process reviews Additional FTSU Ambassador roles have been established with a focus on ethnic minority representations as it was highlighted that the Trust had 28 FTSU Ambassadors in total, five of which are from ethnic minority backgrounds
- Restrictive practice strategy reviewed and updated to strengthen a 'positive and safe' focus
- AQUA 90 day restraint reduction QI programme completed across six inpatient wards at the Harbour
- Inpatient safety matrix introduced and a Matrons monthly 'safety' checklist piloted
- Learning Lessons Framework launched and monthly learning events
- Fall reduction programme introduced delivered in conjunction with AQUA across five inpatient wards
- Appraisal, clinical supervision and mandatory training compliance monitored at CQC compliance meeting and supportive action taken to improve performance

Future priorities and targets to support improvement in staff survey

Specific focus in this past year has been given to the development and delivery of the People and Culture, Equality, Diversity and Inclusion Strategies and supporting health and wellbeing of staff whilst working through a pandemic, all of which are aimed at making improvements to the working life of our staff.

The 2020 staff survey results indicate that the impact of LiA and People Plan developments are being felt by staff.

Whilst the Trust has achieved significant improvement in the 2020 survey, the results still indicate that the experience of staff falls below that of our benchmark, particularly relating to H&WB.

To achieve the desired culture change and associated increase in engagement, the strategic priorities identified are to continue the focus on the Key Themes, for the majority of which the Trust continues to be below the benchmark group average:

1. **Staff Engagement:** Implementation of an LSCft engagement model which proposes an integrated and targeted approach to engagement, leadership and improvement that will strengthen collective leadership, clinical leadership and devolved decision making
2. **Equality, Diversity and Inclusion:** valuing and increasing the diversity of the workforce, eradicating bullying, harassment and discrimination; increasing opportunities for career progression particularly for our ethnic minority colleagues and strengthening representation in decision making and involvement. Ensuring adequate adjustments are made to enable staff to carry out their jobs effectively
3. **Safety Culture:** improve our people practices to encourage a restorative, just and learning culture. Where staff know how and feel confident to raise concerns and where action is taken to ensure they don't happen again
4. **Health & Wellbeing:** improving the health and wellbeing of our staff by taking positive action, flexible working and support and empower them to improve their own health and wellbeing. Strengthening the psychological support, trauma support available in teams
5. **Quality of Appraisal:** ensure appraisals support staff to improve how they carry out their role, have clear objectives aligned to the Trusts priorities and values and leave staff feeling supported, valued and enabled to develop

The Trust's overall organisational performance against the key theme Equality, Diversity and Inclusion has improved above the benchmark group however this continues to be a priority area of focus as the Trust is committed to closing the gap between the experience of white and ethnic minority colleagues identified by WRES indicators in section 5.0.

The Trust's locality triumvirate leadership teams will also be reflecting on their staff survey results and developing local action plans in response to resolving issues at a local level.

Later this year, a free text survey will be available for us to further consider the impact of Covid-19 experience for our staff in 20/21.

Whilst it is great to see an improving picture in the overall culture of the organisation, it is acknowledged that there is still much work to be done in achieving our aim to make the Trust a great and safe place to work and learn.

Trade Union Facility Time

The total number of employees who were relevant union officials during 2020/21:

Number of employees who were relevant union officials during 2020/21	Full-time equivalent employee
30	27.1

Percentage of Time Spent on Facility Time

The number of employees who were relevant union officials employed during 2020/21 spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of Time	Number of Employees
0%	7
1-50%	17
51-99%	1
100%	5

Percentage of Pay Bill Spent on Facility Time

Percentage of the Trusts total pay bill spent on paying employees who were relevant union officials for facility time during 2020/21.

	Figures
Total cost of facility time	£0.2m
Total pay bill	£317.5m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.06%

5.2 Reporting High Paid off-Payroll Arrangements

Arrangements and controls were in place during the year for 'highly paid' staff (as defined by the threshold used by HM Treasury). As part of these controls, the Trust has a policy for the engagement of all interim or ad hoc support including off-payroll arrangements.

Table 1

For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last for longer than six months:

Number of existing engagements as of 31 March 2021	53
Of which:	
Number that have existed for less than one year at the time of reporting	33
Number that have existed for between one and two years at the time of reporting	4
Number that have existed for between two and three years at the time of reporting	8
Number that have existed for between three and four years at the time of reporting	1
Number that have existed for four or more years at the time of reporting	7

All existing off-payroll engagements have been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax. During the year the Trust requested assurance from all the existing arrangements reported in table 1.

Table 2

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2021, for more than £245 per day and that last for longer than six months.

Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	53
Of which:	
Not subject to off-payroll legislation*	24
Subject to off-payroll legislation and determined as in-scope of	28
Subject to off-payroll legislation and determined as out-of-scope of IR35*	1
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

During the year the Trust requested assurance from all arising engagements reported in table 2.

*A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Trust must undertake an assessment to determine whether that worker is in-scope of intermediaries' legislation (IR35) or out-of-scope for tax purposes.

Table 3

For any off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2020 and 31 March 2021.

Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements	22

In any cases where individuals are included within the first row of this table the Trust should set out:

- Details of the exceptional circumstances that led to each of these arrangements
- Details of the length of time each of these exceptional engagements lasted

5.3 Exit Packages

Staff Exit Packages

Details of compulsory redundancy payments are provided for members of staff who have been compensated due to their positions being lost as a result of departmental re-organisation or clinical service transformation.

Reporting of compensation schemes - exit packages 2020/21			
Exit Package Cost Band (including any special payment element)	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
<£10,000	1	-	1
£10,000 - £25,000	2	-	2
£25,001 - £50,000	3	-	3
£50,001 - £100,000	1	-	1
£100,001 - £150,000	-	-	-
£150,001 - £200,000	1	-	1
>£200,000	-	-	-
Total Number of Exit Packages by Type	8	-	8
Total Resource Cost (£000)	£397,000	£0	£397,000

2019/20

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
<£10,000	8	-	8
£10,000 - £25,000	1	-	1
£25,001 - £50,000	2	-	2
£50,001 - £100,000	2	1	3
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total Number of Exit Packages by Type	13	1	14
Total Resource Cost (£000)	£243,000	£80,000	£323,000

Other Exit Packages: Non-Compulsory Departure Payments

	2020/21		2019/20	
	Payments Agreed	Total Value of Agreements (£000)	Payments Agreed	Total Value of Agreements (£000)
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	-	-	1	80
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	-	-	-	-
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
Total	-	-	1	80

6.0

Disclosures set out in the NHS Foundation Trust Code of Governance

Statement of Compliance with the Code of Governance Provisions

Lancashire and South Cumbria NHS Foundation Trust has applied the principles of the July 2014 NHS Foundation Trust (FT) Code of Governance on a comply or explain basis. The NHS FT Code of Governance, most recently revised in July 2014, is based on the principles in the UK Corporate Governance Code which was revised in July 2018. There have been no changes to the NHS FT Code subsequently. The Trust conducts an annual review of compliance against the provisions of the Code of Governance and provides a detailed evidence based compliance statement to Audit Committee for assurance.

For 2020/21, the Trust can declare compliance with all provisions of the Code of Governance, including the statutory provisions, with the exception of principle B.1.1, relating to independency of the Board of Directors. This exception is as a result of Non-Executive Director, Louise Dickinson, serving on the Board for longer than six years.

The rationale for approving the extension of Louise Dickinson's term beyond six years has been scrutinised by the Council of Governors and thoroughly documented. This rationale centres on the Board and Governors continuing to benefit from the experience, organisational knowledge and skill set brought by Louise. In addition, the Trust had undergone a significant Board refresh, across both Executive and Non-Executive Directors, supporting the continued independence of Louise.

Applying the Principles of the Code of Governance

In setting its governance arrangements, the Trust has regard for the provisions of the revised UK Corporate Governance Code (2018) issued by the Financial Reporting Council, the updated Code of Governance 2014 and other relevant guidance where provisions apply to the responsibilities of the Trust. The following paragraphs together with the Annual Governance Statement and Corporate Governance Statement explain how the Trust has applied the main and supporting principles of the Code.

Lancashire and South Cumbria NHS Foundation Trust is committed to maintaining the highest standards of corporate governance. It endeavors to conduct its business in accordance with NHS values and accepted standards of behaviours in public life, which includes the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership (The Nolan Principles).

Impact of Covid-19 on Board Governance

In February 2020, the Trust commenced its response to the national Covid-19 pandemic. To enable the Board of Directors to effectively manage the response to the pandemic whilst maintaining effective assurance arrangements, interim governance arrangements were established and implemented.

A 'Gold Command' meeting was established and attended by all Executive Directors to oversee key performance data relating to the impact of Covid-19 on the organisation. In line with national guidance, all non-essential meetings were stood down, including all of the Boards Committees and Executive level meetings, with just the Board of Directors and Quality & Assurance Committee remaining in place with a streamlined agenda to focus only on Covid-19 information.

All meetings were held virtually, with the Trust's Information Management and Technology (IM&T) department rapidly rolling out the use of Microsoft Teams across the organisation to enable effective communications. To ensure that Non-Executive Directors were able to review timely information, weekly Non-Executive Director briefings were established. In addition, a daily and weekly performance report was introduced by the Trust's Business Intelligence department, this included performance and data solely relating to Covid-19 to ensure that senior managers across the organisation were sighted on the Trust's position; this has remained in place throughout 2020/21.

Rapid decisions were required to be made throughout the height of the pandemic, this included changes to services, policies and practice, in line with national guidance received. To ensure that decisions were made effectively, an Ethical Decision Making Committee was established to approve rapid decisions relating to clinical care and practice, this Committee was chaired by the Chief Medical Officer and attended by two non-executive directors and decisions made at the committee were reported to the Quality and Assurance Committee.

In addition, a formal process was established to monitor and respond to all Covid-19 related guidance coming into the organisation to ensure that practice remained in line with Covid-19 mandatory guidance and best practice.

During the year, the Council of Governors endorsed an amendment to the Trust Constitution, which was approved at the Annual Members Meeting in November 2020, in regards to decision making outside of formal Board and Committee meetings, and where required, made virtually to ensure that all decisions were documented, recorded and ratified at the appropriate forums.

The Trust worked closely with internal and external auditors to remain sighted on potential changes to governance arrangements during the pandemic, the Trust's Internal Auditors, MIAA, undertook several reviews of the Trust's governance arrangements during the pandemic, in particular relation to the Trust's management of gifts and donations and accountability of non-executive directors, with assurance on the Trust's arrangements noted in both reviews.

Changes were made to the Trust's Standards of Business Conduct Policy in specific relation to the recording of gifts and donations received by members of the public and businesses, as a thanks to the NHS and regular communications were shared with staff to remind them of the requirements of the policy.

The Trust's Communications team ensured that staff, governors and stakeholders remained engaged and sighted on the impact of the pandemic on the Trust, with daily and weekly updates established. Director engagement visits continued to be held virtually across the organisation, to ensure that clinical services and teams were able to communicate and actively raise concerns with members of the Board.

The virtual visits were attended by an executive, non-executive director and a governors. Outcomes of the visits were reported to the Trust's Senior Leadership Team on a quarterly basis were actions taken to address any issues raised could be overseen and then reported onward to the Board of Directors and Council of Governors.

In March 2020, the Trust Board approved the refreshed Committee structure. Whilst significant work had commenced to support the implementation of the new Committee structure, this was paused in line with the Covid-19 national guidance and the standing down of all non-essential business and reporting.

In October 2020, the Trust began to re-establish Board Committees and Sub-Committees as part of a 'governance recovery plan'. The plan had three stages of implementation; the first stage focused on the establishment of the board committees, the second phase concentrated on the development of the sub-committee structure and the final phase saw the development of a locality governance structure.

Towards the end of 2020/21, the Trust had developed the full corporate governance structure, aligned to the locality governance structure. This development included the review and refresh of all committees, sub-committees and feeder groups roles and responsibilities, including the re-alignment of information flow throughout the structure. Further information on the Trust's Board Committee structure can be seen on page 111 onwards.

Continuous Improvement of Governance Arrangements

As outlined above, during 2020/21 considerable focus has continued to deliver the Trust-wide improvements of governance arrangements which initially commenced in 2019/20. In 2019/20, the Trust Board commissioned a well-led review, undertaken by external company Advancing Quality Alliance (AQuA), which reported in November 2019. The review identified a number of development themes under each of the eight Key Lines of Enquiry (KLoE). Actions to address each of the areas for improvement were identified.

Overall, the report concluded that the Trust was continuing to make progress towards developing an organisational environment that meets the well-led requirements, with significant impact having been made in terms of leadership internally and across the health system locally and a clear desire to learn and work in partnership. During 2020/21, the Trust undertook a comprehensive exercise to develop the well-led action plan in response to the AQuA report. A further gap analysis exercise was undertaken to review previous Trust CQC inspections to ensure all areas of improvement previously identified had been appropriately addressed.

A further analysis was undertaken of organisations rated 'outstanding' or 'good' against the CQC well-led domain to again further identified areas the Trust could focus on to improve. All additional areas identified were included in the final well-led action plan which was approved by the Board of Directors in October 2020. The action plan was mapped to the well-led KLoE with an executive lead and board committee assigned for oversight. Each quarter, delivery against the relevant KLoEs was reported to the aligned board committee, and the full action plan reported to the Board of Directors.

Further work continues into 2021/22 to enhance the Trust's well-led arrangements, in particular the development of a well-led evidence depository and increased communications and engagement across the organisation to embed well-led arrangements.

As described earlier, a review of the Trust's corporate governance structure and reporting arrangements has been undertaken as a result of the well-led report, with a refreshed structure now in place. The review has included a full mapping exercise to develop effective reporting arrangements across the governance structure, supporting the effective flow of information from management level through to the Board. In addition, in line with the move to a new locality model, a review of the locality governance arrangements has been undertaken with a new locality governance structure developed aligned to the Trust's corporate governance structure. Further detail on this work can be seen within the Annual Governance Statement.

All governance meeting documentation has been updated and branded to ensure consistency throughout all governance forums across the organisation. This included terms of reference, cycles of business, meeting report templates, minutes and action tracking templates. A series of governance toolkits have been developed, each targeting a different audience within the organisation, aiming to provide knowledge and guidance on principles of good governance to apply in practice. The governance toolkits cover effective servicing of a governance meeting, effective chairing of a governance meeting, general good governance arrangements and effective report writing for management and assurance meetings. This has been strengthened with additional training developed in conjunction with NHS Providers and a programme of delivery commencing in May 2021.

The focus for 2021/22 will be continuing to oversee the embedding of the refreshed arrangements throughout the organisation through ongoing engagement and support across support services and localities. As outlined earlier, this will include the provision of training and guidance for staff. A six month effectiveness review is also scheduled which will particularly focus on the locality governance structure implemented.

Board of Director Governance Arrangements

As at 31 March 2021, the Trust was led by a unitary Board of Directors comprising of six Executive Directors and seven Non-Executive Directors including a Non-Executive Chair. There were four non-voting Executive Directors. Board members each contribute to the collective skill set and wide ranging experience of the Board, gained in a variety of professions and industry. More detailed information on the individuals who make up the Board of Directors can be found on page 102 onwards.

The Board of Directors is responsible for a range of matters including the operational performance of the Trust, defining and implementation of strategy and for ensuring that its obligations to regulators and stakeholders are met.

In order to discharge its specific responsibilities, the decisions reserved for the Board and the delegation of duties are set out within the suite of governance documentation comprising; the scheme of delegation, matters reserved for the Board and the decision rights framework. This forms part of the organisation's governance arrangements and ensures adequate controls are in place for the authorisation of transactions, defines financial (and other) approval limits and safeguards the assets of the Trust against loss, fraud and improper use.

Board Roles and Responsibilities

The Trust Board insists on comprehensive role descriptions for each of the key roles of Chair, Chief Executive, Non-Executive Director and Senior Independent Director. All of the Directors on the Board meet the 'fit and proper' persons test as described in the Provider License and the Board is committed to supporting the CQC regulations for 'Duty of Candour' and 'Fit and Proper Persons'. This includes directors declaring any potential conflicts of interest as part of the Trust's robust declaration of interest process. All members of the Board have the same general legal responsibilities to the Trust and have a collective responsibility to act with a view to promoting the success of the organisation to maximise the benefits for the members of the Trust and for the public.

In 2019/20 the Board of Directors met monthly to formally transact its business in accordance with an agreed agenda setting process and a forward plan covering the full financial year. The forward plan ensures that formal scrutiny and assurance of business is appropriately scheduled and also that sufficient time is set aside to focus on quality and appropriate strategic development. Each Board meeting includes a patient or staff story which welcomes service users and staff to share their experiences of care, demonstrate improvements to services and ensure the highest possible standard of care is provided. The forward plan for 2021/22 sees the Board move to bi-monthly formal meetings and development sessions held in between each formal Board meeting.

Trust Board meetings are held in public unless restrictions under the Freedom of Information Act 2002 require discussions to take place privately. In response to Covid-19 and the national guidance issued, from April 2020 the Trust stood down all formal committee meetings with the exception of its Quality Committee which moved from bi-monthly meetings to monthly. Both meetings were held virtually and as such, were held privately.

Papers are issued to Board members seven days in advance of the meeting and are made available on the internet prior to each Board meeting. Notes from the Board meetings are circulated to the Council of Governors via a governor briefing as soon as practically possible following each meeting. At the request of the Chief Executive and with the consent of the Chair, members of the Senior Leadership Team attend Board meetings where necessary in order to help inform debate and discussion. Governors have a standing invitation to each formal Board meeting, part one (public) only, and also Board Committees to observe the work of the Board of Directors.

In line with an approved Board Development Programme for the year, the Board has met each month informally to consider and support the development of the Trust Strategy and its key enabling strategies. The Board of Directors ensures that quality remains a focus of each Board agenda with patient or staff stories being an agenda item at the beginning of each meeting and Board agendas are aligned to the Trusts six strategic priorities. The Directors also attend a programme of director engagement visits across Trust services.

In terms of performance management, the Board of Directors collectively agrees and sets the performance monitoring regime on the recommendation of the Chief Executive. Non-Executive Directors have a duty to exercise appropriate constructive challenge against the performance of the Executives in meeting agreed objectives and receive regular assurance reports including risk, strategic,

financial, operational and clinical performance and compliance to allow them to discharge that duty. The Trust Chair also leads fortnightly meetings with Non-Executive Directors outside of the Board setting to focus on key issues as required.

The Board of Directors gives clear direction in relation to its information requirements necessary to facilitate proper and robust discussions to reach informed and strategic decisions. The Board of Directors also agrees and tracks actions to ensure completion and records an appropriate audit trail.

The Board of Directors report to a range of regulatory bodies as required on relevant performance and compliance matters and in the prescribed form including NHS Improvement's Single Oversight Framework. The Board of Directors is responsible for ensuring compliance with the Trust's Provider License, Constitution, mandatory guidance issued by NHS Improvement/England (NHSI/E) and other relevant statutory requirements.

The Board of Directors has overall responsibility for providing leadership of the Trust and endeavours to ensure that it represents a balanced and understandable view of the Trust's position and prospects in all of its communications and publications to regulators and stakeholders.

All members of the Board receive a comprehensive and tailored induction on joining the Trust which continues during their first 12 months. Board members are also encouraged to attend external training, briefing seminars and networking events relevant to their role.

The Council of Governors Nomination Remuneration Committee continues to oversee the succession planning of the Non-Executive Directors and in line with the plan, approved the appointment of two new Non-Executive Directors during the year. Phil Huggon joined the Trust on the 01 January 2021 and Ruth Lowry on 12 April 2021. All Non-Executive Directors serve for a defined term of office of three years. If eligible, Non-Executive Directors can be re-appointed for a second term of three years subject to approval by the Council of Governors.

During the year, the Council of Governors approved the extension of a Non-Executive Director, term of office for a further 12 months until 31 March, 2022. The rationale for this extension centers on the Board and Governors continuing to benefit from the experience, organisational knowledge and skillset brought by the Non-Executive Director.

The Council of Governors' Governance Handbook details the accountability framework for the discharge of Council of Governors statutory duties, the procedures for the discharge of those responsibilities and the terms of reference for all Committees. The handbook includes arrangements for the appointment, evaluation and remuneration of the Chair and Non-Executive Directors and the process for appointing the Lead Governor. More information on the governance arrangements of the Council of Governors can be found in section 6.2.

The Board of Directors has established a joint Nomination Remuneration Committee to determine the pay and conditions of service for the Executive Directors including the Chief Executive. In setting the level of remuneration, consideration is given to the market position of the Trust and its ability to

attract and retain the calibre of individuals needed in these key leadership roles. This is achieved by reference to a range of comparator materials including internal pay scales and awards and externally commissioned market and sector benchmarking information. More information on remuneration can be found in section 4.1.

The Board of Directors meets regularly with the Council of Governors (CoG) to ensure they work together effectively, promote clear communication and understand the views of Foundation Trust members. The Chief Executive, Senior Independent Director and Company Secretary have particular roles in the management of the relationship between the two bodies and have a standing invitation to attend CoG meetings.

The CoG has a duty to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors. This includes providing feedback as part of the annual appraisal process and requires a depth of knowledge of each Non-Executive Director's portfolio. To allow governors to provide informed and valuable feedback, the Chair invites each Non-Executive Director to present on their area of expertise and individual contribution to the work of the Board of Directors.

The Chair sets and agrees the agenda for the Board of Directors and CoG on the advice of the Chief Executive and the Company Secretary. Board members and governors have the opportunity to suggest agenda items through the Chair, or Lead Governor in the case of the CoG. The Chair is responsible for ensuring the production of minutes of all meetings of the Board, the CoG and their sub-committees which are facilitated by the Company Secretary.

The Trust also holds an Annual Members' Meeting which the majority of the Board of Directors attends. The Trust's Annual Report and Accounts are presented at the meeting along with the auditor's report and members are able to ask questions of the Board.

The CoG is a statutory part of an NHS Foundation Trust governance structure, whose role it is to hold the Non-Executive Directors of the Board to account for the performance of the Trust Board and to represent the interests and views of the Trust's members and partner organisations in the governance of the Trust. The Trust is accountable to members via the CoG.

Members of the Trust are able to take part in governor elections and nominate themselves to stand as a governor candidate in order to be elected onto the Council. The CoG also comprises appointed representatives from key partner organisations and stakeholders from the local area. Elections during the reporting period saw five new governors elected onto the Council and four governors re-elected.

Recognising the complexity of the role, the governor induction programme is designed to assist new governors to incrementally develop the comprehensive knowledge required over time. The Governor Induction Programme was refreshed during 2020/21, with the introduction of a rolling schedule of induction sessions scheduled across the course of the year, each focusing on one of the statutory roles of a Governor. Further detailed information of individual governors for all constituencies can be found on the Trust website.

The Trust has demonstrated a long-standing commitment to supporting its governors and robust structures and processes have been put in place to good effect. An Effectiveness Review was commissioned in 2020/21 by the Trust Chair and undertaken by AQuA. Following receiving the final report in April 2021, an improvement plan has been developed and approved by the CoG. The main areas for improvement identified in the report were:

- Mechanisms for holding the NEDs individually and collectively to account
- Representing the views of public and members (including finalisation of a membership strategy)
- Operation of the CoG, including meeting arrangements, communications and engagement

The Board of Directors is held to account by the CoG, comprising elected staff and public governors and appointed governors from partner organisations. They act as a critical friend to the Board and ensure that the views of the Trust's members are represented at a strategic level. All new developments that might affect the Trust's financial position or service performance or reputation are brought to the attention of the CoG and NHSI/E as needed. More information about the CoG can be found in section 6.2.

Performance Evaluations of the Board of Directors

Each member of the Board of Directors is required to undertake an annual performance review involving both peer review and self-assessment. The outcomes of the appraisals are reported to the Nomination Remuneration Committee. Objectives for each Executive Director are set as part of the performance appraisal process and a personal development plan for each director is agreed on an annual basis with mid-year reviews undertaken to monitor progress. For Non-Executive Directors, the Trust follows the national guidance issued by NHS England/Improvement for the appraisal of Trust Chairs and this has been utilised to develop a similar process relevant for non-executive directors.

6.1 The Board of Directors

Membership of the Board of Directors at 31 March 2021 was:



Trust Chair - **David Eva**

David joined the Trust in June 2016 from Cheshire and Wirral Partnerships (CWP) NHS Foundation Trust where he had previously held post for 15 years. He brings a wealth of experience to the Together A Healthier Future Integrated Care Partnership, having worked at Board level in the NHS as Non-Executive Director and Chair for over 20 years. David has great experience of developing partnerships and has worked for many years on workforce development. He is passionate about staff engagement, service user and carer involvement and putting patients at the centre of services.

Executive Director



Chief Executive - **Caroline Donovan**

Caroline joined the Trust as Chief Executive in April 2019 having been the Chief Executive of North Staffordshire Combined Healthcare NHS Trust which was awarded a rating of 'Outstanding' by the CQC under Caroline's leadership. Caroline is a nurse by background and passionate about delivering high quality patient-centred services. Her experience of public health has supported her deeper understanding of partnership working across and beyond health and social care.

She strongly believes in the importance of accountability to communities and service users and carers. She has spent many years in developing leaders and organisations, is CIPD qualified and considers that positive values and behaviours are essential to providing excellent patient-centred leadership.

Executive Director



Chief Operating Officer - **Chris Oliver**

Chris joined the Trust in July 2020 as Chief Operating Officer and Deputy Chief Executive. As an established NHS manager, Chris has sustained a track record of driving performance and delivering results against a background of service development and improvement.

Having worked in the NHS for almost 20 years, he has had a varied and immensely satisfying career which has enabled him to successfully lead healthcare staff in a variety of challenging environments. Chris' experience covers finance, operational and leadership roles. He was most recently Chief Operating Officer at Mid Cheshire Hospitals, a post he held for three years before joining LSCft.

Demonstrating partnership working is one of Chris' key drivers knowing the success that such partnership brings when delivering services across a whole health economy. Chris is looking forward to further enhancing patient and staff experience at the Trust as well as delivering the LSCft vision to support our local communities by excelling in everything we do together.

Executive Director



Chief Nurse & Quality Officer - **Maria Nelligan**

Maria is an experienced Registered Nurse and on completing her Registered Nurse training in Learning Disabilities in Ireland, moved to Australia to extend her experience in 1987. She migrated to the UK in 1990 and worked as a Community Nurse in Merseyside where she continued to develop her skills and interest in physical health, when she became the Board Nurse in the local Primary Care Trust. Maria has held a number of operational, clinical and professional lead roles until her appointment as Deputy Director of Nursing & Therapies. Maria then went on to be appointed as Executive Director of Nursing & Quality in 2015 at North Staffordshire Combined Healthcare. During her time there, Maria played a pivotal role in the Trust achieving a CQC rating of Outstanding in 2019. Maria joined the

Trust in September 2019.

She is passionate about quality improvement, service user and carer involvement and continuing professional education. She is the Executive Professional Lead for Nursing, AHPs, Psychology and Social Work. Maria is the Trust Lead for Learning Disability and Autism transformation and is the Chair of the North West Learning Disability and Autism Operational Delivery Network (ODN). She has been a long standing member of the national Mental Health and Learning Disability Directors Forum where she has a role of Secretary and Editor.

Executive Director



Chief Finance Officer - **Sam Proffitt**

Sam joined the Trust in May 2020 as Chief Finance Officer and Deputy Chief Executive. Sam is a qualified accountant working within the NHS and Third sector organisations since 1993 when she started as a graduated trainee. Sam has spent the majority of her career working within mental health and learning disability organisations and has 12 years Board level experience as a Director of Finance. Most recently, she has been working in a wider system role within Cheshire and Merseyside. In addition, she has been a Trustee for a charity providing a range of services including shared lives and supported living for the last seven years. Sam is passionate about making a positive difference to the people we support and continuing to develop strong partnerships with our colleagues across all sectors to

drive improvements for our people through greater collaboration. Sam's role encompasses Finance, Estates and Strategic Development through strategy.

From 1st June 2021, Sam has been seconded into a system role and the Director of Operational Finance is currently acting up into the Chief Finance Officer role until an appointment is made.

Executive Director



Chief Digital Officer - **John Glover**

John joined the Trust in May 2020 and has over 20 years NHS experience, gained in a variety of digital roles in primary, secondary, community, mental health, health authority and specialist provider settings. He is passionate about reducing avoidable variation in care, improving health outcomes and connecting patients to services through the use of digital technology and intelligence.

He is an alumni of the NHS Digital Academy and the NHS Leadership Academy Nye Bevan programme. With an interest in the professional development of digital services and staff, John chairs the North West Informatics Skills Development Network and previously chaired the national NHS Providers Informatics Leads Network.

Executive Director



Chief People Officer - **Helen Farrington**

Helen Farrington joined the Trust in April 2020 as the Director of People and Organisation Development. Helen is a strong advocate of developing cultures that make a real and sustainable difference to peoples work life and quality of care. Helen comes with over 25 years of leadership experience in the private, public and voluntary sectors. Before joining the Trust, Helen was the Director of Organisation Design and Development at Manchester University NHS Foundation Trust where she led on the design and delivery of a culture change programme that underpinned one of the largest mergers in the NHS. She is a Fellow of the Chartered Institute of Personnel Development (CIPD) and holds a BA in Education and an MSc in Organisation Change and Development. In 2017, Helen won the HPMA Deputy

Director of the Year award for her leadership in transformational HR.

Executive Director



Chief Medical Officer - **David Fearnley**

David has been a consultant forensic psychiatrist since 2001, and was appointed as the Medical Director for Mersey Care NHS Foundation Trust in 2005. He then moved to Betsi Cadwaladr University Health Board, as the Executive Medical Director, in August 2019. David joined the Trust in October 2020. His interests include encouraging doctors to become involved in medical leadership, quality improvement science, large scale transformational change, and digital health technology. David was named as the Royal College of Psychiatrists Inaugural 'Psychiatrist of the Year' (2009), received the Healthcare Financial Management Association/Academy of Medical Royal Colleges 'Working with Finance - Clinician of the Year Award' in 2013, and was named in the Health Service Journal's 100 Clinical Leaders List in 2015. David's national roles have included: Deputy National Clinical

Director for Mental Health, NHS Improvement (2017-19), Associate National Clinical Director for Secure Care, and Chair of the Adult Secure Clinical Reference Group, NHS England (2016-19). He used design thinking in his leadership of changes to the secure care pathway, and led work on reducing restrictive practices and improving medical productivity.

Executive Director



Chief Improvement & Compliance Officer - **Ursula Martin**

Ursula joined the Trust in October 2019, having had almost 20 years working in the NHS in governance and improvement roles. Ursula was previously the Director of Governance & Quality at Warrington and Halton Hospitals NHS Foundation Trust, having also had senior roles in mental health and acute Trusts.

Ursula is passionate about ensuring that there are robust governance frameworks to ensure ward/team to Board visibility, and that improvement strategies are in place appropriately, working with partners, to ensure that patients can access services appropriately and have high quality care delivered, with demonstrated outcomes. Ursula is also a big advocate of co-producing improvement and development work

with patients, staff and our partners.

Non-Executive Director



Louise Dickinson

Louise was appointed to the Board as a Non-Executive in October 2013 and became Chair of the Audit Committee in July 2014. Louise is a former regional managing partner of the accountancy firm, Grant Thornton, where she specialised in providing corporate finance advice. Since leaving Grant Thornton, Louise has held a number of board level executive and advisory roles in strategy, business planning, and finance and risk management. Louise is a Governor and Chair of the Finance Committee at a school in Manchester and was previously a Trustee and Chair of the Finance Committee of Down Syndrome Education International, a charity that works to improve educational outcomes for young people with Down syndrome through scientific research and global information and advice services. She is a Fellow of the Institute of Chartered Accountants in England & Wales.

Non-Executive Director



Mohammed Shazad Sarwar

Shazad Sarwar was appointed to the Board as a Non-Executive in December 2018 for three years. Shazad is currently Lay Member of Cumbria & Lancashire Magistrates Advisory Committee and Managing Director at a niche consultancy that works with private and public sector. He is a former Non-Executive and Deputy Chair of Airedale NHS Foundation Trust where he led on patient safety and quality and Care Quality Commission inspections. He is also former Non-Executive Director of East Lancashire Hospital Trust and Former Independent Member of Lancashire Police Authority; in the latter he led on strategic planning and performance. He brings a wealth of experience of community engagement, corporate governance, performance and risk management. He is an advocate of asset based community development and is

passionate about making sure that services are informed by service users and quality and compassion sits at the heart of everything we do.

Non-Executive Director



Paul Farrimond

Paul has over forty years' experience in the NHS as a qualified general and mental health nurse and as a professionally qualified manager with an MBA. He has worked in acute, mental health, primary care, community provider, integrated health and social care, primary care trusts, commissioning and improvement partnerships. Since taking early retirement he has undertaken interim director roles for trusts and improvement partnerships, as well as individual project work. Paul has been a trustee for a mental health charity and previously was a non-executive director for a London mental health Trust where he chaired the Quality and Safety Committee and the Mental Health Law Committee. Currently Paul undertakes consultancy work and provides advice to NHS Providers on mental health issues. He is a member of several external advisory groups for the Care Quality Commission.

He also facilitates the meetings of the nine mental health Trusts in the North East and Yorkshire and Humber including organising conferences.

Non-Executive Director



Peter Williams

Peter qualified as a doctor at the University of Manchester in 1978. He trained as a Consultant Physician and Nephrologist in Manchester and Liverpool. His first consultant appointment was at North Manchester General Hospital before being appointed as Consultant Nephrologist at the Royal Liverpool University Hospital. He was appointed Executive Medical Director in 2008 and remained in that role until 2019. He was also the Programme Director for the merger of the Royal Liverpool and Aintree hospitals to form Liverpool University Hospitals Foundation Trust. Peter is the secondary care advisor to Manchester Health and Care Commissioning Board and a Non-Executive Director to the NHS Transformation Unit.

Non-Executive Director



Phil Huggon

Phil is a Non-executive Director with several organisations mostly in health and education across the private, charitable and public sectors. Originally from Preston, he graduated with a degree in Languages from Oriel College, Oxford, then spent 20 years in commercial, marketing and transformation roles with BP, MARS and Shell, both in the UK and across Europe. Over the last 13 years, he has held several NED roles with the NHS, and currently is Chair of the NHS Transformation Unit, Vice Chair of Healthwatch England and NED with Liverpool Women's Hospital (until March 2021). He has a particular focus on strategy and transformation. Phil still has strong roots in Lancashire and is bipolar with a keen interest in patients views' on mental health.

Non-Executive Director



Ruth Lowry

Ruth is a Chartered Accountant and since 2004 has been Head of Internal Audit at Lancashire County Council. She is also a Board Member at the University of Central Lancashire (since 2016) where she has chaired the Audit and Risk Committee since 2019. Since 2019 she has also been a Member of the Board of Active Lancashire and recently became the Chair of the Audit and Finance Committee. Her early career was spent in the Public Sector Practice of PricewaterhouseCoopers and its predecessor firms, both in London and in the North West, ultimately at Senior Manager level, providing audit services and strategic advice to the boards of a range of organisations in the public service and not-for-profit sectors, including NHS providers, further and higher education institutions, housing associations and charities.

Attendance at Board of Director Meetings and Committees- 01 April 2020 – 31 March 2021

Board Member	Term of Appointment	Trust Board	Audit Committee
Non-Executive Directors			
David Eva	01/06/2016 – 31/05/2022	13/14	
Isla Wilson	01/10/2015 – 31/03/2021	12/14	
Louise Dickinson	29/10/2013 – 31/10/2022	14/14	
Debbie Francis	01/01/2019 – 29/02/2021	11/13	5/5
Shazad Sarwar	01/12/2018 – 30/11/2021	12/14	5/5
Paul Farrimond	01/01/2020 – 31/12/2022	14/14	5/5
Peter Williams	01/01/2020 – 31/12/2022	14/14	
Phil Huggon	01/01/2021 – 31/12/2023	2/3	
Ruth Lowry	12/04/2021 – 11/04/2024		
Executive Directors			
Caroline Donovan	(in post 01/04/2019)	14/14	1/1
Sam Proffitt	(in post 01/02/2015)	13/13	4/5
Chris Oliver	(in post 01/04/2019)	11/13	
Maria Nelligan	(in post 01/08/2018 – 31/01/2020)	13/14	
Helen Farrington	(in post 10/02/2014 – 31/10/2019)	13/13	
John Glover	(in post 11/06/2018 – 02/09/2019)	13/13	
Ursula Martin	(in post 05/09/2019)	14/14	5/5
David Fearnley	(in post 01/05/2016)	7/7	1/1
Alex Heritage	(in post 28/08/2019)	1/1	
Steve Christian	(in post 01/10/2019)		
Shelley Wright	(in post 06/01/2020)	10/11	
Bill Gregory	(in post 07/01/2020)	2/2	1/1
Russell Patton	(in post 13/05/2019)	2/2	
Phil Evans	(in post 13/05/2019)	2/2	
Nicky Ingham	(in post 13/05/2019)	1/1	
Richard Morgan	(in post 13/05/2019)	6/7	1/1

Quality Assurance Committee	Finance & Performance Committee	People & Culture Committee	Strategy Development Committee	Nomination & Remuneration Committee
Attendance (actual/max)				

		6/6	4/5	
5/6	6/6		4/5	
	4/6			
	6/7	5/6		
7/7			5/5	
7/7		5/6	5/5	
1/1	3/3	1/1		

	7/7		5/5	
	5/7		3/4	
6/7		2/2		
		5/5		
1/1	1/1		5/5	
7/7		2/2		
2/2		2/2	1/1	
		2/2		
2/2				
		1/1		
4/5		3/3	1/1	

The Trust Board attendance figures are a combination of formal Board meetings and Board development sessions.

Appointments to the Board of Directors

The Trust made two Non-Executive Director appointments in 2020/21, one bringing financial and accounting experience, to enable taking up the position as Audit Committee Chair, and the other bringing extensive strategic leadership experience.

The Trust appointed a new Chief Executive Officer in 2019, and considerable activity has taken place recruiting sufficiently experienced Executive Directors to lead the organisation. Commencing in 2020/21, the roles of Chief of People and Organisational Development, Director of Digital, Chief Operating Officer, Chief Finance Officer and Chief Medical Officer were recruited to. The Trust has also successfully appointed two further Executive Director posts; Chief Strategic Officer and Chief Integration Officer, both individuals have now commenced with the Trust.

The Board of Directors alongside the Council of Governors Nomination Remuneration Committee continues to consider and monitor the skills and experience of the Board and clear succession planning is in place and is reviewed regularly. In reviewing the expertise and skills of each director, the Board has considered and confirmed the appropriateness, completeness and balance of the Board in relation to the requirements of the Trust.

The Chair

The Chair of the Board of Directors, David Eva, was appointed on 1 June 2016 and meets the independence criteria set out in the Code of Governance as well as the Fit and Proper Person requirements. David also chairs the Council of Governors and provides the link between the two bodies. The responsibilities of the Chair are set out in the Constitution and a clear role description and person specification has been agreed by the Council of Governors. In the event of a vote being necessary in a Board of Directors, Council of Governors or Annual Members' Meeting, the Chair carries a casting vote.

The Board of Directors meets regularly with the Council of Governors to ensure they work together effectively, promote clear communication and understand the views of Foundation Trust members. The Chief Executive, Senior Independent Director and Company Secretary have particular roles in the management of the relationship between the two bodies and have a standing invitation to attend Council of Governor meetings. The Council of Governors has a duty to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors.

This includes providing feedback as part of the annual appraisal process and requires a depth of knowledge of each Non-Executive Director's portfolio. To allow governors to provide informed and valuable feedback, Governors are formal members of the Board Committees, Chaired by Non-Executive Directors, allowing Governors to observe Non-Executive Directors in action, in their area of expertise. Governors also attend virtual Director Engagement Visits to Trust services, which have been established during 2020/21, led by an Executive and Non-Executive Director.

The Trust also holds an Annual Members' Meeting which the majority of the Board of Directors attends, including the Chairman. The Trust's Annual Report and Accounts are presented at the meeting along with the auditor's report and members and Governors are able to ask questions of the Board.

Committees of the Board of Directors

During 2019, the Trust commissioned an external review of governance Well-Led arrangements which was undertaken by AQuA. One of the recommendations from that review was to review and refresh the Boards Committee structure. Reporting within the committees and the Board Committee structure was a particular focus within the review and following the outcome report, the Trust has refreshed its governance and reporting arrangements, which included a full refresh of the Board Committee structure.

The Committees of the Board of Directors as at 31 March 2021 are as follows:

- [Nomination Remuneration Committee](#)
- [Quality & Assurance Committee](#)
- [People & Culture Committee](#)
- [Finance & Resources Committee](#)
- [Strategy Development Committee](#)
- [Audit Committee](#)

To support the effectiveness of the Board Committees and in response to the AQuA governance well-led review, a full review and refresh of the corporate governance structure, including sub-committees and sub-groups has been undertaken and a new corporate governance structure established. Further information on this can be found in the Annual Governance Statement.

Nomination Remuneration Committee

The Board of Director's Nomination Remuneration Committee is constituted as a formal committee of the Board of Directors and met five times during the reporting period. The Committee is chaired by the Trust Chair, David Eva and its membership includes all Non-Executive Directors, the attendance for whom can be seen on page 130. The committee is responsible for identifying and appointing candidates to fill Executive Director positions on the Board of Directors and for determining their remuneration and other conditions of service. The decisions made by the committee in relation to executive pay can be found within the Remuneration Report.

Quality & Assurance Committee

The Quality & Assurance Committees purpose is to gain assurance and test the robustness of the systems and processes in place to appropriately control and mitigate associated risks in relation to achievement of quality objectives and priorities.

The Committee ensures that the Trust is aiming to achieve the highest standards of quality around safety, patient experience and clinical effectiveness, whilst monitoring compliance with regulatory quality and safety standards.

People & Culture Committee

The People & Culture Committee purpose is to oversee the implementation of the Trust's People and Culture Strategy and related workforce activity. Its purpose is to provide assurance to the Board of Directors through the robust testing of assurance provided by Trust management in relation to workforce matters.

The Committee monitors the delivery of the annual Staff Survey results improvement plan and oversees the delivery of the People, Culture & Improvement Strategy and Communications Strategy. The Committee also receives assurance on the implementation of any national or regional workforce programmes and ensures that the Trust is compliant with workforce regulations, including equality and diversity and raising concerns.

Finance and Performance Committee

The Finance & Resources Committee's purpose is to, on behalf of the Board, provide in-depth scrutiny into financial and business performance data considering the long-term sustainability of the Trust. The Committee scrutinises monthly financial reports including progress towards the annual control total, cash flow, use of resources and cost improvement plans. The Committee monitors the delivery of the Finance Strategy and Capital Plan and also receives assurance on compliance with environmental and estates regulations.

Strategy Development Committee

The Strategy Development Committee was initially established to provide scrutiny into the development and approval of the Trust's overarching and enabling strategies, that was undertaken during 2020/21. The Committee also monitors the Trust's approach to the development of key strategic partnerships and supporting activity and monitors the implementation of the Trust's strategic objectives and receives assurance that annual planning arrangements are appropriately designed to support the delivery of high quality services.

Audit Committee

The Audit Committee is responsible on behalf of the Board of Directors for independently reviewing the systems of governance, control, risk management and assurance. The activity of the committee covers the whole of the organisation's governance agenda including finance, risk and clinical audit. The committee also has a duty to monitor the integrity of the financial statements and related reporting.

The Audit Committee membership consists of three independent Non-Executive Directors. In February 2021, the Audit Committee Chair, Debbie Francis, stood down from her position. Previous Audit Committee Chair, and Non-Executive Director Louise Dickinson, stepped into the role of Interim Audit Committee Chair from March onwards to ensure the role was fulfilled until the new Financial Non-Executive Director commenced. The Chief Finance Officer, Chief Improvement & Compliance Officer and the Company Secretary each have a standing invitation to attend each meeting and in addition, members of the executive team, senior management team, internal auditors, external auditors and anti-fraud service attend as appropriate to the agenda.

The Audit Committee is required to report annually to the Board of Directors and to the Council of Governors outlining the work it has undertaken during the year and where necessary, highlight any areas of concern. The latest Annual Report of the Audit Committee can be viewed on the Trust's website at www.lscft.nhs.uk

Throughout 2020/21, the Committee reported on the nature and outcomes of its work to the Board of Directors highlighting any areas that should be brought to its attention. The mechanism for this is a Chair's Report, prepared after each meeting.

Some of the key development themes featured at meetings during the year included:

- The review and monitoring of the Trust's internal audit plan alongside the monitoring of the Trust's response to management actions and the development of the 2021/22 Internal Audit Plan
- Review of the refresh of the Trust's value for money process and plan
- Review and scrutiny of the refreshed Board Assurance Framework, including 'deep dives' into strategic risks
- Review of the draft integrated Quality Governance Framework
- The review of the Trust's Risk Management Strategy and associated arrangements
- The development and delivery of the Trust's Well-Led action plan, following the receipt of the externally commissioned well-led review report
- The Trust's governance arrangements during Covid-19

The Audit Committee takes a holistic approach in discharging its accountability in relation to the annual report, financial statements and the quality account with its reach across the whole of the system of risk and internal control focusing on systems and quality alongside the traditional domains of finance and business systems.

The Audit Committee encourages frank, open and regular dialogue with the Trust's internal and external audit teams and risk and assurance is reflected in the annual audit programmes. The Committee Chair has a separate pre-meet scheduled before each Audit Committee with both the Internal and External auditors to allow protected time in relation to the audit programmes and any required escalation.

Throughout the year the committee received reports from the internal audit, clinical audit, anti-fraud and the external audit teams on their audit findings, their annual plans, and updates on the implementation of actions.

The Audit Committee is required to demonstrate how it has tested the robustness of the annual report and financial statements. Examples of specific activity that the Audit Committee has undertaken to facilitate an informed identification, review and

- A review of the annual financial statements focusing particularly on accounting policies and practices, and significant adjustments resulting from audit

- A review of the ISA 260 and presentation and discussion of its content by the external auditors
- Receiving assurance on compliance with the NHS FT Code of Governance
- Receiving assurance on compliance with the policy on standards of business conduct
- Receiving assurance on the process undertaken for the development of the annual report and annual governance statement

The Committee considered the risks to the financial statements as highlighted by external audit including the areas where the Trust has applied judgements in the treatment of asset valuation, revenues and costs to ensure the annual accounts represent a true position of Trust finances.

For more information on the work undertaken by the Audit Committee during 2020/21, please see the Audit Committee Annual Report for 2020/21 on the Trust's website, which will be available later in 2021.

Clinical Audit

The Audit Committee has continued to promote the importance of the role that clinical audit plays in supporting the Trust's quality improvement activities. The Trust's current governance framework has further strengthened the contribution that clinical audit makes to providing internal assurance and the reliability and quality of the clinical auditing processes. The Quality Committee also has a separate and distinct role in considering clinical audit reporting alongside the Audit Committee.

The Audit Committee also plays an active part in overseeing the effectiveness of the development of the clinical audit plan for the year through the receipt of an annual clinical audit effectiveness review.

Internal Audit

During the reporting period, the Trust's internal audit contract was provided by MIAA during 2020/21 as part of a three year contract awarded in April 2015. This was subsequently extended for a further two years following a review of effectiveness which was commissioned by the Committee. A 12 month extension to the current Internal Audit contract was awarded in October 2019 and another 12 month contract awarded in January 2021 to cover 2021/22. In 2021/22 the Trust will commence the process for appointing the new internal audit function.

Throughout the course of the year, the Audit Committee is assisted in its work by the internal audit function which undertakes detailed scrutiny of the Trust's assurance framework. The key findings of the audits are reported to Audit Committee including comments on the appropriateness of key controls in relation to the risks, the strength of the assurances provided for each risk as well as the suitability of the proposed additional risk mitigating actions. Audit Committee members receive the outcome of all internal audit reviews, with findings and recommendations scrutinised by the committee with the relevant senior management staff in attendance to support discussions. The Audit Committee pays particular scrutiny to limited assurance internal audit reports and the appropriate executive lead is requested to attend the committee for the purpose of these limited assurance reports to enable this scrutiny.

The internal audit plan is reviewed on a six month basis, of which the outcome is reported back to the Audit Committee for consideration. The committee approves the annual internal audit programme following contribution to the content during the year. An annual report on the effectiveness of the internal audit function is provided to the committee alongside a review of the internal audit service, cost and resource allocated to the function. Additionally, during 2019/20 the Trust undertook an internal review of effectiveness of the internal auditors, led by the Company Secretary Team and Audit Committee members. Whilst there was significant areas of good practice identified, the review identified several recommendations for improvement for the remainder of the contract term. During 2020/21, several amendments were made to the plan to increase the Trust's assurance in significant areas that required focus. These included:

- The introduction of a review of the Trust's response to the CQC enforcement letter (to replace the staff engagement review)
- The introduction of the policy framework review (to replace the risk management review)
- The introduction of the risk relapse management plan (to replace the prioritisation of patients review)

All changes were presented to and agreed by the Audit Committee.

Information about the work of internal audit is detailed in the Audit Committee Annual Report which is presented to the Council of Governors by the Chair of Audit Committee.

External Audit

The Trust's external audit contract was provided by KPMG LLP during 2020/21 as part of a three year contract awarded in August 2015. On the recommendation of the Audit Committee, an extension to that contract for a further two years was approved by the Council of Governors in January 2018. During 2019/20, the Trust commenced the tender process for the appointment of the new external audit contract, however this was delayed as a result of Covid-19 and the external auditors were re-appointed for a further two years. This process is due to re-commence in 2021/22, alongside the tender process for the internal audit function.

There are clear policy guidelines in place for the provision of non-audit services by the external auditor. Safeguards are in place which ensures the Audit Committee is kept informed of the scope and value of additional work commissioned from the external auditors. The additional non-audit work undertaken during 2020/21 has been reported to the Audit Committee and is included in the external auditor's year-end ISA 260 report, amounting to a total of £0 (2019/20: £12,250).

The external auditor attends the Council of Governors' meeting following the production of the Annual Report and financial statements to ensure governors are assured by the process undertaken to audit the accounts. They also attend the Annual Members' Meeting to share the audit opinion with Trust members and are available to offer advice to governors when selecting the locally chosen indicator within the Quality Account.

The Audit Committee has reviewed the work of external audit and is satisfied that the external audit service is of a sufficiently high standard and that fees are appropriate and reasonable. The external audit fee for 2020/21 was £81,500 (2019/20: £70,750) plus VAT.

Anti-Fraud Service

The Trust has an Anti-Fraud, bribery and corruption policy to provide direction and help to individuals who may identify suspected fraud. It includes contact details of the national NHS Counter Fraud Agency and the Trust's local Anti-Fraud Service, as provided by Mersey Internal Audit Agency (MIAA).

The role of the anti-fraud service assists in creating an anti-fraud culture within the Trust to protect staff and resources from activities that would otherwise undermine their effectiveness and their ability to meet the needs of patients and professionals.

The Audit Committee is required to satisfy itself that the organisation has adequate arrangements in place to counter fraud, corruption and bribery, to review the outcomes of the anti-fraud work and the performance and effectiveness of the Trust's anti-fraud service.

The Audit Committee receives regular progress reports from the anti-fraud service during the course of the year and also receives an annual report.

6.2 The Council of Governors

Overview

The Council of Governors (CoG) is a statutory part of an NHS Foundation Trust governance structure, whose role it is to hold the Non-Executive Directors of the Board to account for the performance of the Trust Board and to represent the interests and views of the Trust's members and partner organisations in the governance of the Trust. The Trust is accountable to members via the Council of Governors.

Members of the Trust are able to take part in governor elections and nominate themselves to stand as a governor candidate in order to be elected onto the council. The Council of Governors also comprises appointed representatives from key partner organisations and stakeholders from the local area. Elections during the reporting period saw seven new governors elected onto the council.

Recognising the complexity of the role, the governor induction programme is designed to assist new governors to incrementally develop the comprehensive knowledge required over time. During 2020/21, the Governor Induction programme was enhanced and a rolling induction programme was developed to be delivered throughout the course of the year. Each element of the induction programme aimed to focus on in-depth review of how Governors discharge each of their duties.

Further detailed information of individual governors for all constituencies can be found on the Trust's website.

The Trust has demonstrated a long-standing commitment to supporting its governors and robust structures and processes have been put in place to good effect. The governors canvass the opinion of the Trust members and the public and these views are communicated to the Trust during the development of the Trust's strategy, vision, strategic priorities and other important matters. LSCft has placed significant energy into co-production and during 2020/21 has ensured that the governors, and the public, have the opportunity to be involved in and feed into the development of Trust strategies, through Executive attendance at Council of Governors meetings and through Trust-wide engagement events.

During 2020/21, a number of new Governors were welcomed to the organisation as part of the annual elections process. A refresh of the Trust's Council of Governors induction programme was undertaken to ensure that the programme was effective and robust in inducting new Governors to the council and to the organisation. A series of induction sessions were scheduled across the course of the year, each focusing on a specific element of the Governors statutory duties, and each attended by an Executive Director to provide insight into their key priorities for the year.

In addition, the Council of Governors training and development programme was refreshed during the year, ensuring it is reflective of the Board development programme so that Governors are receiving strategic development plans as discussions are underway to enable their contribution.

Council of Governors Effectiveness Review

During 2020/21, a Council of Governors effectiveness review was commissioned to be undertaken by external company AQuA.

The aim of the effectiveness review was to undertake a full review of the Council of Governors arrangements, to include a review of:

- The current Council governance structure including sub-committees to consider the purpose, frequency of meetings, membership and attendance;
- The reporting arrangements and flow of information including the range, content and timing of information that is provided to the Council;
- Mechanisms established to support Governors fulfil their responsibilities such as premeetings;
- How the Service User & Carer Council will work with the Council of Governors;
- The current Council composition;
- Training and development programmes and the Governor induction programme;
- Networking and engagement opportunities particularly with Non-Executive Directors;
- Engagement with members utilising the alignment to ICPs both Governors and Board members; and
- Communication and engagement with members.

The findings of the review were based on interviews with Governors and the Chair, feedback from a facilitated workshop with Governors, Governor and NED questionnaire(s), a review of Trust documentation and observation of meetings.

The outcome of the effectiveness review was presented to the Council in March 2021, with key areas for development outlined as:

- Mechanisms for holding the NEDs individually and collectively to account
- Representing the views of public and members (including finalisation of a membership strategy)
- Operation of the CoG, including meeting arrangements, communications and engagement

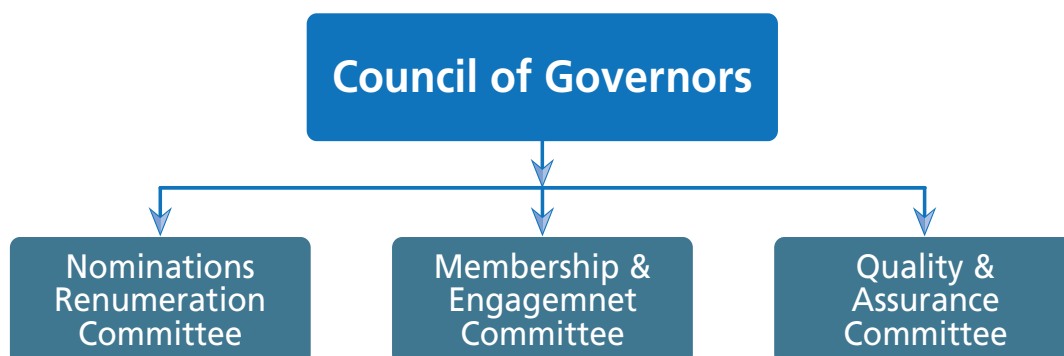
Following the review, an improvement was developed for implementation during 2021/22. The improvement plan will deliver a revised meeting structure for the Council of Governors which aims to maintain contact and engagement across each quarter whilst also providing exposure for Non-Executive Directors throughout the year. The meeting structure will consist of quarterly formal Council meetings, quarterly Governor briefings on operational and performance issues and quarterly Non-Executive Director engagement sessions.

Sub-Committees of the Council of Governors

The governance structure for the Council of Governors that was applicable during 2020/21 includes three Committees that each formally report into the Council of Governors following the meeting. Governors are asked to express their areas of interest and expertise and membership to the committees is approved by the full council. Governors periodically rotate committee membership as part of their continued development.

Committees enable the Council of Governors to delegate specific tasks to the Committees for more detailed review where required. This focused approach allows the sub-committees to receive assurance on behalf of the Council of Governors and, if required, make recommendations to the full council after more detailed consideration of specific issues.

As a result of Covid-19, and in line with national guidance, the Trust stood down all non-essential business which included the temporary stand-down of the Council of Governors Sub-Committee meetings. The full Council of Governors continued to meet on a monthly basis in order to receive virtual Covid-19 related briefings with regards to the Trust's position and response to the pandemic. The Committee structure for the Council of Governors for 2020/21 is set out below:



The remit of the Quality & Assurance Committee is to retain a focus on patient experience whilst providing a more rounded view of Trust performance in terms of achieving its strategic priorities. The remit of the Membership & Governance Committee is to concentrate on supporting the Council of Governors in fulfilling its duty to engage with and represent Trust members, including staff and the public.

The remit of the Nomination Remuneration Committee is to make recommendations for ratification to the Council of Governors for the appointment, removal and remuneration, allowances and other terms of office of the Trust Chair and Non-Executive Directors of the Trust.

Each committee is made up of public, appointed and staff governors, and is chaired by either a public or appointed governor to ensure independent scrutiny of reports and information. The Nomination Remuneration Committee is chaired by the Trust Chair. Each sub-committee reports directly to the full Council of Governors through a chair's report presented by each sub-committee chair.

Key to this structure is ensuring that there are effective information flows between the Board of Directors, the Council of Governors and sub-committees. The Council of Governors effectiveness review undertook a review which specifically included a review of the reporting arrangements and flow of information including the range, content and timing of information that is provided to the Council. As part of the effectiveness review action plan, the new governance arrangements for the Council will be implemented during 2021/22.

Council of Governors Meeting

Over the reporting period, the Council of Governors met formally via Microsoft Teams virtually seven times, with the attendance of the Trust's Board of Directors as required to facilitate meaningful engagement.

A forward plan detailing the cycle of business for the Council of Governors is prepared in line with the Board of Director's business and development programme to ensure consistency of reporting and to enable Governors to input into the development of Trust Strategies. The decisions and matters undertaken by the Council of Governors include business such as the appointment of the external auditors, appointment of Non-Executive Directors and formal receipt of the Annual Report and Accounts. The Trust also maintains a formal policy for the resolution of disagreements between the Council of Governors and Board of Directors.

Members of the Board are able to attend the council meetings to facilitate networking with the governors which supports the appraisal process for Non-Executive Directors. Executive Directors regularly attend formal meetings to present briefings, updates and developments. Board attendance at Council of Governors meetings can be viewed on page 130. Governors are also able to observe non-executive directors at Board of Director meetings and the Board committees which is particularly beneficial in helping governors hold non-executive directors to account.

As a result of the Covid-19 pandemic, in April 2020 formal Council of Governor meetings were stood down in line with national guidance and were replaced with monthly informal briefings focussing on Covid-19. These discussions were led by the Chief Executive and included information around financial support provided to NHS organisations throughout the pandemic and key decisions made. In addition to these virtual briefings, Governors also received a weekly communications briefing which focussed specifically on the Trust's response to Covid-19.

Council of Governors meetings have continued to be held virtually throughout the course of 2020/21, and in March 2021, formal Council meetings were decreased to be held bi-monthly. To ensure continued engagement with Governors on the months that formal meetings do not take place, a refreshed Communications Briefing was developed bringing together key Trust information that Governors should be aware of. Governors are also invited to attend the weekly virtual Director Engagement Visits, engaging with various services across the Trust with a lead Executive and Non-Executive Director.

Governor Training

Governors are supported in discharging their responsibilities through a comprehensive training programme delivered by the Trust, with opportunities for bespoke training in specialist areas such as holding to account, assurance, accountability and challenge, engagement with members, the role of external audit and finance. This has been enhanced during 2020/21, through the development of a rolling Governor Induction Programme, with targeted sessions scheduled across the year for newly appointed Governors, to discuss in detail the role of a Governor and mechanisms in place to support Governors in discharging their duties. Opportunities for external training and networking are also provided to governors through an approved annual training programme. Governors have been integral to embedding informal discussion meetings demonstrating the positive relationship between governors and non-executive directors which focus on holding to account.

Whilst a significant focus during 2020/21 was placed on the Trust's response to the Covid pandemic, several training sessions were delivered to Governors, including a Non-Executive Director recruitment training session and a training session led by NHS Providers on the role of a Governor.

A Governor training and development programme for 2021/22 has been developed, focusing on providing insight to Governors on the key development areas for the Trust and ensuring targeted training to Governors on their role within the Trust.

Governor Handbook and Code of Conduct

The Council of Governors are provided with a governor handbook which provides clear guidance and robust procedures to allow them to discharge their statutory duties. An easy-read version of the handbook is also provided and supports governors through their induction programme and sets out the standards of conduct and behaviour expected of all governors. The code of conduct and confidentiality agreement forms part of the framework designed to promote the highest possible standards of conduct and behaviour within the Foundation Trust. The code applies at all times when governors are representing the Trust at conferences, events and meetings and also when carrying out any Trust business.

Governor Elections

In the 2020 governor elections, the following public governors were re-elected:

- Other: Sallyann Walker (re-elected)
- Corporate: Muhammad Laher
- Admin & Clerical: Mo Manger
- Medical: Andrew Gallagley
- Nursing: Max Oosman and Joanne Taylor

Two new nominated governors have also recently been appointed following resignation from their colleagues:

- Asher Beever, Senior Services Manager (Carers) at NCompass, who replaces her colleague, Paul Howes, Business Development Director, NCompass
- Jez Buffin, Deputy Head of School, UCLan who replaces his colleague, Joanne Keeling, Deputy Head, UCLan

All elected and nominated governors commenced their terms of office on the 01 February 2021. All new governors attended the first of the series of the Trust Governor induction courses during 2020/21, with a series of induction sessions scheduled across the year, each focusing on a different element of the role of a Governor.

Attendance of Governors at Council of Governor and Sub-Committee Meetings from 01 April 2020 to 31 March 2021

Governor	End of Term	Council of Governors	Membership Engagement Committee	Quality & Assurance Committee	Nomination Remuneration Committee
		Attendance (actual/max)			
Chair					
David Eva	31/05/2022	5/7			4/5
Deputy Chair					
Isla Wilson	31/12/2021	4/6			1/1
Senior Independent Director					
Louise Dickinson	31/10/2022	4/6			
Central Lancashire					
Phil Curwen	31/01/2023	4/7	2/2		4/5
Lorena Dumitrache	31/12/2021	1/7			
David Hargreaves	31/01/2023	7/7			
Brian Gumbley	31/01/2023	0/7			
Pennine Lancashire					
Hamad Saleem	31/01/2022	6/7	2/2		
Steph Holmes	31/01/2022	7/7	2/2		
Chris Johnson	31/01/2023	6/7	2/2		4/5
Alan Ravenscroft	*25/02/2021	5/6			
Fylde Coast					
Lesley Davison	*05/01/2021	4/7			
Kate Eggleston-Wirtz	31/01/2022	5/7	2/2		
West Lancashire LDP Area					
Ken Lowe	31/01/2024	7/7			5/5

Governor	End of Term	Council of Governors	Membership Engagement Committee	Quality & Assurance Committee	Nomination Remuneration Committee
		Attendance (actual/max)			

North Lancashire and South Cumbria

Mary Jackson	31/01/2024	4/7	2/2		5/5
John Walden	31/01/2024	7/7			
Val Richards	31/01/2023	4/7			

Staff Governors

Yvonne Guilfoyle	*31/03/2021	6/7			
Helen Scott	*26/06/2020	1/1			
Sallyann Walker	31/01/2024	6/7	2/2		5/5
Judy Laing	31/01/2021	2/6	1/1		
Geraldine Gasson	31/01/2021	5/6			
Max Oosman	31/12/2023	1/1			
Joanne Taylor	31/12/2023	1/1			
Andrew Gallagley	31/12/2023	1/1			
Muhammed Laher	31/12/2023	1/1			
Mo Mangera	31/12/2023	1/1			

Nominated Governor

Vicky Shepherd	NA	5/7			
Shaun Turner	NA	4/7			
Asher Beever	NA	1/1			
Jez Buffin	NA	1/1			

*Resigned

¹Louise Dickinson took over as the Deputy Chair on the 01 April 2021, when Isla Wilson resigned on 31 March 2020.

²David Eva, Isla Wilson and Louise Dickinson are included in the first table, as the Chair, Deputy Chair and Senior Independent Director.

Attendance of the Board of Directors at Council of Governor Meetings

The Trust Chair is responsible for the leadership of the Board of Directors and the Council of Governors. However, the Council of Governors also have responsibility to make the arrangements work and take a lead on inviting Board members to council meetings. As part of the wider review of the council's governance arrangements, the Council agreed that their preference was to attend Board meetings and Board Committees and did not expect Board members to attend full council meetings unless they were required to as part of the agreed cycle of business or development programme. The Trust Chair ensures that there are opportunities for the Board and the Council of Governors to network at various points during the year.

Board Member	Attendance
Non-Executive Directors	
Shazad Sarwar	
Debbie Francis	1/1
Paul Farrimond	
Peter Williams	
Phil Huggon	
Executive Directors	
Caroline Donovan	5/6
Ursula Martin	1/1
Chris Oliver	3/3
Maria Nelligan	1/1
Shelley Wright	2/2
Helen Farrington	3/3
John Glover	2/2
Sam Proffitt	3/3

6.3 Foundation Trust Membership

The Trust's membership comprises public and staff members as well as affiliates or stakeholder groups. To become a public member of the Trust you must be at least 14 years of age. The age limit to become a governor is 16 years of age. This recognises that there would be difficulties to negotiate the time to attend day time meetings for anyone under this age limit. Staff members employed by the Trust are automatically opted into membership when they join as Lancashire & South Cumbria employees. Members are encouraged to engage with Trust activities throughout the year and each member receives a bi-annual e-magazine and invitations to events and conferences. Governors also play a role in engaging with Trust members to discharge their responsibility to represent the views and interests

of members. Governors take opportunities to meet with members face-to-face during elections, conferences and in their local communities as well as attending partnership meetings to engage with the Trust's stakeholders.

Eligibility Requirements

Following a review of the Council of Governors and subsequent recommendations which were accepted at the Trust's Annual Members' Meeting held in October 2017, LSCft's (Lancashire Care at that time) public governor constituencies were re-aligned from boundaries based on Clinical Commissioning Groups to Local Development Plan areas defined by the Lancashire and South Cumbria ICS. A new class of 'staff constituency' has been introduced to ensure that the voice of the Trust's administrative and clerical staff is represented at the Council of Governors. The new arrangements for public and staff governor constituencies are summarised in the tables that follow.

Public Governor Constituencies

Public Constituency	Areas covered by each Public Constituency (comprising the local government electoral wards in the following areas):	Minimum number of Members
Pennine Lancashire	Hyndburn, Ribble Valley, Burnley, Pendle and Rossendale, Blackburn with Darwen	2305
Fylde Coast	Fylde Coast, Blackpool, Fylde and Wyre	1694
Central Lancashire	Preston, Chorley, South Ribble	1994
West Lancashire	West Lancashire, Southport and Formby, St Helens	293
North Lancashire and South	North Lancashire, South Cumbria	996
Out of Area	North of England	445

Staff Governor Constituencies

Staff Constituency	Population (example disciplines/roles)
Class 1 Medical staff	Consultants, locums, SHOs dentists, associate specialists, others
Class 2 Other clinical and social care professionals and clinical support staff	OTs, psychologists, pharmacists, podiatrists, speech and language therapists, physiotherapists, healthcare scientists, social care professionals, others
Class 3 Nursing professions and support staff	All registered and unregistered nursing staff including health visitors and midwives
Class 4 Corporate staff	Senior managers, clerical staff, estates and ancillary staff and non-clinical support workers
Class 5 Administrative and clerical staff	Administrative and clerical staff at pay bands 4 or below

The minimum number of members in each class is to be 20% of the total number of employees who are eligible for membership of that class.

Number of Members

At 31 March 2021, the Trust had 7,742 public and 6,966 staff members registered. The breakdown below indicates the number of members within each constituency eligible to vote in elections to the Council of Governors.

Area	Public Member	Staff Member
Pennine Lancashire	2305	-
Fylde Coast	1694	-
Central Lancashire	1994	-
West Lancashire	293	-
North Lancashire and South	996	-
Out of Area	343	-
Medical Staff	-	206
Nursing Professions & Support Staff	-	3526
Other Clinical & Social Care Professionals and Support Staff	-	1606
Corporate Staff	-	123
Administrative and Clerical Staff	-	1505

Contact Procedure for Members

Members are encouraged to contact the Trust and local governors with enquiries or questions about the running of the Trust, or to request further information on how to get involved in schemes such as volunteering, membership panel surveys, conferences and events. The contact details for queries about Trust membership are publicised on the Trust website with a dedicated inbox for member questions. The electronic application form to become a Trust member can also be found online.

Analysis of Trust Public Membership 2020/21

Gender	Membership 2020/2021	%	Membership 2019/20	%
Male	2721	35.2	2712	35.1
Female	4930	63.6	4924	63.7
Not specified	91	1.2	91	1.2
Total	7742	100	7727	100
Age	Membership 2020/2021	%	Membership 2019/20	%
0 – 16	15	0.2	15	0.2
17 – 21	378	4.8	378	4.9
22+	6838	88.4	6823	88.3
Not provided	511	6.6	511	6.6
Total	7742	100	7727	100
Ethnicity	Membership 2020/2021	%	Membership 2019/20	%
White	6665	86.3	6664	86.3
Mixed	50	0.6	50	0.6
Asian or Asian British	475	6.0	474	6.1
Black or Black British	84	1.1	84	1.1
Chinese	7	0.1	7	0.1
Other	24	0.3	23	0.3
Undefined	326	4.2	314	4.1
Not specified	111	1.4	111	1.4
Total	7742	100	7727	100



7.0

NHS England and NHS Improvement Oversight Framework

Oversight Framework

NHS England and NHS Improvement's Single Oversight Framework is in place for overseeing providers and identifying potential support needs. The framework looks at five themes:

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

In July 2018, minor updates were made to the framework to ensure it was consistent with other recent changes. Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments of 3 or 4 where it has been found to be in breach or suspected breach of its licence.

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

Segmentation

NHS Improvement has assessed the Trust as Segment 2; targeted support. This segmentation information is the Trust's position as at 15 June 2021. Current segmentation information for NHS Trust's and Foundation Trust's is published on NHS Improvement website. Please refer to the Annual Governance Statement for further detail of actions the Trust is taking.

Use of Resources

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

The UoR Ratings are scored 1 to 4, with 1 being the lowest level of risk and 4 the most serious risk. The tables below summarise performance over the last two years.

During the year the Trust continued to monitor its performance extrapolating risk ratings and comparing against plans submitted under Covid 19. The overall risk rating was 2 in line with a plan of 2, with Performance on some of the individual ratings was improved:

2020/21	UoR	UoR	UoR	UoR	UoR
UoR – under Single Operating Framework	Q1 2020/21	Q2 2020/21	Q3 2020/21	Q4 2020/21	Annual Plan 2020/21
Capital Service Cover	2	3	2	2	3
Liquidity	1	1	1	1	1
I&E Margin Rating	2	2	2	2	3
Variance from Plan Rating	1	1	1	1	1
Agency*	3	3	3	3	3
Use of resources Rating	2	2	2	2	2

*note that the Use of Resources Rating for 2020/21 is an extrapolated figure and not currently reportable or collected centrally.

2019/20	UoR	UoR	UoR	UoR	UoR
UoR – under Single Operating Framework	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20	Annual Plan 2019/20
Capital Service Cover	4	4	3	3	3
Liquidity	1	1	1	1	1
I&E Margin Rating	4	4	3	2	2
Variance from Plan Rating	1	1	2	1	1
Agency*	2	3	3	3	2
Use of resources Rating	3	3	2	2	2

*note that agency figures include the acquisition of Cumbria which was not incorporated into 2019/20 targets.

8.0

Statement of Accounting Officer's Responsibilities

Statement of the Chief Executive's Responsibilities as the Accounting Officer of
Lancashire & South Cumbria NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Lancashire and South Cumbria NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Lancashire and South Cumbria NHS foundation trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year. In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- Observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- 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 foundation trust's performance, business model and strategy and
- Prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern

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

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.



Caroline Donovan - Chief Executive
14 June 2021

9.0

Annual Governance Statement 2020/21

9.1 Scope of Responsibility

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

9.2 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Lancashire and South Cumbria NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lancashire and South Cumbria NHS Foundation Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

9.3 Capacity to Handle Risk

9.3.1 Leadership

The Board of Directors has overall responsibility for ensuring that the organisation has appropriate risk management systems and processes in place. On behalf of the Board, the Audit Committee reviews the effectiveness of the Trust's risk management systems and processes and the effectiveness of the management of the organisation's strategic risks.

As Chief Executive, I have overall responsibility for risk across the Trust and chair the monthly Senior Leadership Team meeting which reviews and scrutinises risks scored 12 and above. The Chief Improvement and Compliance Officer has delegated operational responsibility for the risk agenda and chairs the monthly Risk Management Group which reports into the Senior Leadership Team meeting.

The Trust continues on its improvement journey in regard to risk management, which has been supported by the strengthening of leadership within the organisation; including the continued embedding of the Executive team and the introduction of the locality triumvirates across the localities. The Chief Improvement and Compliance Officer has led key activity to address the recommendations from an external risk review commissioned in 2020. External support has also been provided from risk management specialists, Kirby House who supported the development of a Risk Management Strategy which was approved by the Board of Directors in October 2020. Further to this, a Head of Risk was appointed to strengthen the leadership around the risk management agenda.

As outlined above the Risk Management Group was established during 2020 to oversee the delivery of the improvements identified from the external review and to provide a developmental approach

to networks and support services risk register reviews. The Risk Management Group reports directly into the Senior Leadership Team meeting, which is chaired by the Chief Executive. In addition to risk registers being scrutinised at Risk Management Group, all risks above a score of 12 are reported and discussed at Senior Leadership Team meeting.

In July 2020, the Board of Directors approved its Board Assurance Framework for 2020/21, which clearly described the controls, assurances and gaps, provided target risk scores, and detailed updates on progress actions taken to mitigate the strategic risks, which are detailed on the table below:

Strategic Priority	Board Assurance Framework Risks 2020/21	Exec Owner	Assurance Committee	Risk Score	Target Risk Score
Service Users	1.0 Failure to engage effectively with service users and carers caused by a lack of meaningful service user and carer engagement and collaboration within the organisation, may impact on the Trust's ability to provide high level quality care	Chief Nurse & Quality Officer	Quality & Assurance	16	12
Staff	2.0 Failure to recruit, develop and retain a diverse and talented workforce, due to a national workforce shortage and reputational factors, may impact on the quality of care	Chief People Officer	People & Culture	16	12
Safe	3.0 Failure to learn and improve as an organisation underpinned by ineffective systems and a lack of an open and transparent culture, may impact on delivering safe care	Chief Improvement & Compliance Officer	Quality & Assurance	15	9
Standards	4.0 Failure to deliver the highest quality of care across all of our services caused by a lack of person centred care may impact on quality of care and could incur regulatory action	Chief Nurse & Quality Officer	Quality & Assurance	16	12
Standards	5.0 Failure to respond effectively following the Covid-19 pandemic, due to ineffective recovery planning and the availability of appropriate resources to meet demand which may impact on the quality and wellbeing of service users	Chief Operating Officer	Strategy Development	15	10
System	6.0 Failure to actively collaborate through the ICS, ICPs and wider partners due to a lack of capacity and capability within the organisation may result in fragmented services and reputational damage	Chief Finance Officer	Strategy Development	12	9
Sustainable	7.0 Failure to deliver the Trust's annual financial plan caused by lack of robust cost improvements and an inability to attract appropriate investment to meet demand may impact on the Trust's ability to deliver high quality care	Chief Finance Officer	Finance & Resource	15	10
Sustainable	8.0 Failure to strategically plan and maximise the use of the Trust's digital and estate resources underpinned by a reduction in capital and lack of timely implementation of a digital strategy resulting in poor service user, carer and staff experience	Chief Digital Officer	Finance & Resource	15	8

The Board Assurance Framework was reported to the Board on a quarterly basis and through to the aligned Board Committee, as detailed in the table above. The Board Committees have the authority to commission additional assurance where it is felt this is required and provides a further opportunity to draw assurance through the organisation, improving the effectiveness of the control environment. Committee Chairs' reports to the Board are reported from a risk escalation and assurance perspective.

In addition to reporting through the aligned Board Committees, a deep dive process has been introduced into the remit of the Audit Committee. This process involves a detailed review into strategic risks to allow Committee members to test the controls in place, the assurance provided and actions being taken to address identified gaps.

As part of the Trust's response to the Covid-19 pandemic, additional controls and governance were put in place. This included the establishment of a Gold Command meeting, which was initially attended by all Executive Directors and chaired by the Chief Executive, to oversee key performance data relating to the impact of Covid-19 on the organisation. In line with national guidance, all non-essential meetings were stood down, including some Boards Committee and Executive level meetings, with the Board of Directors and Quality & Assurance Committee remaining in place, with a streamlined agenda to focus on Covid-19 information and other key agenda items relating to quality.

In July 2020, the Board Committees were reinstated as part of the Trust's governance recovery plan with terms of reference and cycles of business developed to support the effective flow of assurance through the structure. Those documents have been reviewed and strengthened in readiness for 2021/22.

Gold Command oversaw the process put in place to record and respond to all national guidance received to ensure appropriate action was taken and also the process to approve changes to service delivery, to ensure there was a full impact assessment undertaken on quality of care. Other key control changes included changes to the Trust's Constitution to ensure rapid decision making was co-ordinated virtually. A review of the Standards of Business Conduct Policy was also undertaken to ensure gifts and hospitality received during Covid-19, recognising the number of gifts received, were appropriately recorded.

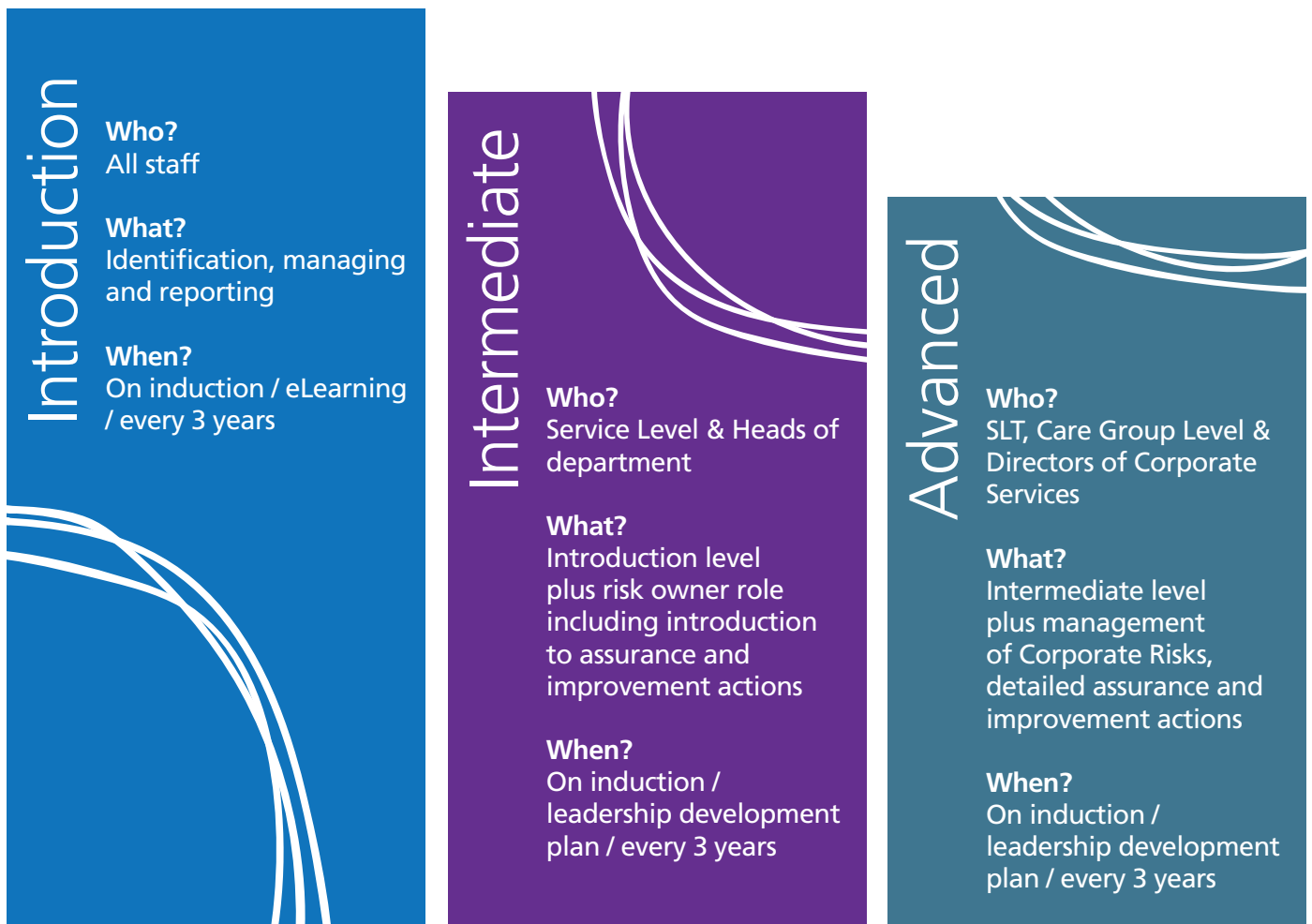
The frequency of communications out to staff and stakeholders was increased to daily and weekly to ensure key decisions or requirements such as PPE compliance were clear and timely. An integrated performance report specifically from a Covid-19 perspective, including metrics on outbreaks, staff sickness and access times for patients, was produced, and continues to be, daily.

At the end of 2020/21, the Covid-19 global pandemic continues to impact the operations of the Trust. Following Government advice and guidance, the Trust has ensured the continuation of sustainable services, supporting and protecting staff, and concentrated organisational efforts to the front-line. NHS England and Improvement guidance (2020) 'Reducing burden and releasing capacity at NHS providers and commissioners to manage the Covid-19 pandemic' continues to be applied. Some of the changes have been significant, and the impact for the operational year 2020/21 is reported in full in the Annual Report and Accounts for the year.

9.3.2 Training and Support

Risk Management training has been delivered across the Trust during 2020/21 in the form of targeted and requested face to face training sessions to support staff in developing their risk and assurance knowledge and capabilities. A key focus on the training during the year has been to support the transition to the Trust's new risk management module on the Datix-DCIQ system.

To support the embedding of the Risk Management Strategy, the risk management training packages have been reviewed and refreshed. This has ensured integration across the clinical risk function, aligned to the new risk management system and provides clear reporting and escalation through the newly implemented locality structures. The revised training modules are outlined in the figure below and will continue to be delivered throughout 2021/22.




9.4 The Risk and Control Framework

The Risk Management Strategy was approved by the Board of Directors in October 2020. The aim of the strategy is to ensure that the Trust has robust arrangements in place to support informed decision making through a good understanding of risk. To achieve this, the following objectives are outlined in the Strategy:



The Strategy clearly outlines the systematic approach to the identification, assessment and management of the risks facing the Trust. Focused on preventing harm to service users and staff and providing a safe environment and improved quality of care. Risk Management is an important part of the Trust's overall quality, governance and performance management processes. All staff have a role in considering risk and helping to ensure it does not prevent the delivery of high quality care. The Trust uses a risk grading matrix to quantify likelihood and consequence using 1 to 5 scores for each risk as per the risk scoring matrix below:

Likelihood	Consequence				
	Negligible	Minor	Moderate	Major	Catastrophic
Almost Certain	● 5	● 10	● 15	● 20	● 25
Likely	● 4	● 8	● 12	● 16	● 20
Possible	● 3	● 6	● 9	● 12	● 15
Unlikely	● 2	● 4	● 6	● 8	● 10
Rare	● 1	● 2	● 3	● 4	● 5



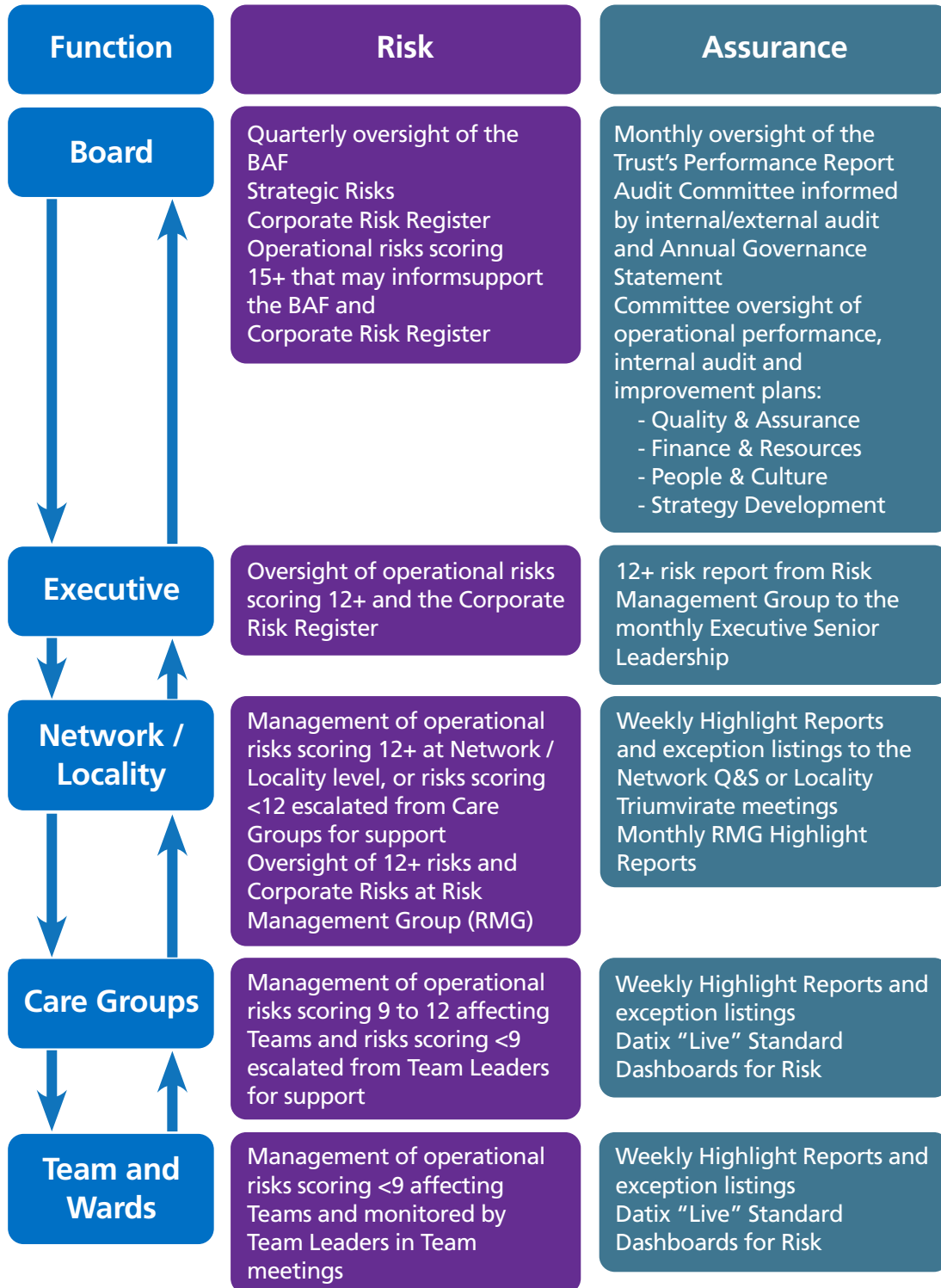
The Board of Directors, with the support of its assurance Committees, has a key role in ensuring a robust risk management system is effectively maintained and to lead on a culture, whereby risk management is embedded across the Trust through its policies, procedures, plans, and development of strategic ambitions and priorities in respect of risk management, when delivering a safe, high quality service.

Ensuring that there is a demonstrated commitment to best practice risk management systems and processes is a key element of the Care Quality Commission's (CQC's) Well Led Framework. This includes ensuring that these systems and processes are regularly reviewed and ensuring that staff at all levels have the skills and knowledge to use those systems and processes appropriately. The outcome is a strong and effective system of internal control that in turn ensures that problems are identified and addressed quickly and openly.

Following the identified gaps in the risk management systems and processes found by the CQC, there has been significant progress to respond to the findings. The delivery of the action plan following the external review of risk management continues to support the Risk Management Strategy to embed a strong risk culture, process and system, and works in conjunction with the Trust's journey of improvement.

9.4.1 Risk Management

The Trust records where and how it receives assurance that each risk is being managed and where it receives the confidence that the action being taken is working. This record is reported throughout the Trust governance structure as detailed below.



9.4.2 Risk Appetite

The Trust has an existing Risk Appetite Statement that has remained in place since 2018/19 whilst the Trust has developed a new strategic framework and associated risks. A review of the Trust's strategic priorities was undertaken by the Board in 2020/21 and the Trust is now due to review its risk appetite in June 2021, aligning to the development of the Trust's Strategy, Clinical Strategy, Quality Strategy and enabling strategies.

The Risk Management Strategy outlines five categories by which risk appetite can be defined.

Hungry	This would mean the Trust is willing to take risks such as being innovative or using new technologies
Open	Open is when the Trust is willing to consider all potential options and recognises that there will be risk exposure
Cautious	Preference of cautious is to always be safe but the Trust accepts there may be some risk exposure
Minimal	Minimal is when the Trust will accept the safest options only
Averse	The Trust will avoid all risk exposure and cease activity

The Trust has a flexible approach to its risk appetite whereby it would be 'hungry' or willing to take risks to drive innovation and transformation throughout the organisation but would be 'averse' when taking risks that could potentially result in patient harm.

9.4.3 Quality Governance

As part of the Trust's continued journey of improvement, a number of external reviews were commissioned during the year, which identified a number of gaps in the robustness of the Trust's quality governance systems and processes. To address those gaps, policies and procedures have been revised for complaints, serious incidents, duty of candour and mortality reviews. These have been supported by the development of associated training programmes.

In the last year, the Trust has moved from the DatixWeb risk management system to the Datix Cloud IQ version of the system, which allows for more intelligent management of risk, aligned to incidents, complaints and lessons learned. In terms of reporting through the governance structure, this information will be brought together via a Quality Governance Dashboard. A Learning from Experience report has been introduced to bring together this intelligence together with themes identified from concerns raised by staff through the Freedom to Speak Up route or via the 'Dear Caroline' process. This report is provided to the Quality & Assurance Committee and Board of Directors on a quarterly basis.

Following the move to a new locality model structure on 1 April 2021, a review of the locality governance arrangements has been undertaken with a new locality governance structure developed, aligned to the Trust's corporate governance structure. This includes standard terms of reference, agendas and assurance reporting templates. The implementation of the refreshed arrangements will be supported through external training that has been tailored to the requirements of the organisation and will be delivered during Quarter 2 2021.

Following the identification of risks and gaps in control and assurance across the Trust, a process has been developed to ensure appropriate support and oversight of the required improvements through the establishment of Executive led Improvement Management Group (IMG). At the time of reporting, the Trust had three IMGs established within the Trust. When an IMG is established, an improvement plan will be developed and this will be overseen initially on a weekly basis, until the meeting can meet less frequently and eventually be stood down, when the following criteria has been met.

- The improvement plan has been delivered with evidence and assurance that actions are embedded/embedding
- Improved service user/staff and other appropriate stakeholders (e.g. regulators). This may be informed by a service visit with service users/commissioners/HealthWatch or reviewing incidents complaints/PALS etc
- The safety/clinical risks that prompted the formation of the IMG have been mitigated
- There is appropriate follow up and oversight through the Trust governance structures (Locality and a Corporate meeting if appropriate) for an agreed period of time following stand down of the IMG – should the risk escalate, consideration will be given for further Executive intervention

The IMGs currently meeting are South Cumbria Inpatient led by Chief Improvement & Compliance Officer, Eating Disorder Services led by Chief Operating Officer, The Harbour Inpatients led by Chief Nursing & Quality Officer. As well as being reported through to the Improvement Board, these are reported to Quality and Assurance Committee.

9.4.4 Raising Concerns

The Trust is committed to supporting staff speak to out about safety concerns. As well as encouraging staff to speak to their managers, the Trust has an incident management system, where we encourage staff to report incidents and near misses to facilitate learning opportunities across the Trust. The Trust has in place a Freedom to Speak Up Guardian and a developed network of Freedom to Speak Up Ambassadors across our services and localities. In 2020/21, the Trust saw 53 concerns raised this year

compared to 44 in 2019/20, a 23% increase which were reported and addressed through the Trust's Freedom to Speak Up processes.

In addition during the year, the Trust launched the Dear Caroline process, allowing staff to raise concerns directly to the Chief Executive, anonymously if they so wish. A new system was developed to securely record all concerns raised and to enable this data to be triangulated with other quality and safety data. As at the end of March 2021, 48 were reported through this channel.

The Chair of the Quality & Assurance Committee takes the role as non-executive director lead for raising concerns and the Chief Improvement & Compliance Officer takes the executive lead role. In addition to the routes outline above, the Trust has established an Inclusion Council and four staff networks to drive improvements around the inclusion agenda and provide an opportunity to raise concerns and discuss improvement actions.

9.4.5 Compliance with the Care Quality Commission Registration

Following the CQC inspection in 2019 of five of the Trust's core services, the Trust received a rating of 'Requires Improvement'. An action plan was developed, which included urgent actions to address concerns raised in two Warning Notices; one for the Acute Wards and Psychiatric Intensive Care Units (PICUs) and one for the Crisis Services and Health Based Places of Safety. In February 2020, CQC revisited the Trust and as a result of this visit and information provided to them to demonstrate that significant progress had been made against the concerns raised, both Warning Notices were lifted. The Trust remains at a rating of 'Requires Improvement'.

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission.

At the commencement of the Covid-19 pandemic in March 2020, the Trust's priorities were reviewed as a result of the urgent organisational response that was required. This included the CQC Action Plan, which involved a full evaluation of the outstanding actions from a re-prioritisation perspective. The delivery of the CQC Action Plan, responding to specific actions raised in the report from the 2019 inspection, was monitored by the Board of Directors. In November 2020, the action plan was completed and the Board approved the establishment of an Issues Log which would ensure associated transformational programmes of work, either ongoing or planned, would be overseen by the CQC Steering Group.

The CQC Steering Group previously met on monthly basis to review the action plan developed following the 2019 CQC inspection. The Trust has revised the governance processes aligned to improvement and CQC preparedness with the establishment of an Improvement Board chaired by the Chief Executive.

Towards the end of Q3 and into Q4, MIAA have undertaken an internal audit of the Trust's CQC Action Plan and associated monitoring and oversight processes. This report provided an assurance rating of substantial assurance. This followed on from a previous internal audit undertaken in January 2019, followed up in April 2019 regarding progress of delivery of the CQC action plan.

From June 2020, a programme of work was commenced to undertake a full CQC self-assessment of all the Trust's clinical services. To provide a comprehensive oversight on quality, a self-assessment tool was developed which was predicated on the CQC five domains. In each of the domains the CQC Key Lines of Enquiry (KLoEs) were used and in each of these (27 in total) the CQC further prompts were used as a basis of the self-assessment. The outcome of this exercise has helped teams focus on their quality frameworks and where there may be improvements required from good to outstanding practice that can be shared.

9.4.6 Management of Risks to Data Security

The Health Informatics Department has been accredited with ISO270001, which is the internationally recognised standard for information security management. The standard required the Trust to undertake a rigorous external assessment on its Information Security Management System (ISMS).

An ISMS is a framework of policies and procedures that includes all legal, physical, and technical controls involved in an organisation's information risk management processes and also potential 'cyber attacks' on Trust information systems. This accreditation offers significant evidence for the Data Security and Protection Toolkit ('DSPT') and offers high levels of assurance around organisational IT Security. The certification is supported by a planned yearly schedule of audits to assess continued compliance with the standard. The DS&PT challenges the Trust to confirm compliance with a number of 'assertions'. The Trust continues with the implementation of Information Asset Ownership and Administration (IAO/IAA), whereby delegated members of staff at all levels are trained in the secure management of information assets, mapping data flows, and identification and control of risks. We continue to operate an effective governance framework which provides assurance to the SIRO (Chief Digital Officer) and Caldicott Guardian (the Medical Director).

There was a focus upon standardisation of the Information Governance risk control and assurance environment during 2019/20. In addition, the Trust worked to better understand how well the organisation understands and complies with the principles of Data Protection and Information Governance, by undertaking staff surveys and reinforcing knowledge and behaviour where appropriate. The DSPT requires a wider range of services making direct contributions to assurances, requiring closer working with information asset owners and information asset administrators to support their understanding of the assertions, and to provide high quality evidence of compliance.

9.4.7 Significant Risks 2020/21

All strategic risks that make up the Board Assurance Framework are submitted and considered by the Board each quarter and as at year-end, there were eight strategic risks that the Board identified as retaining a score of 15 or higher and therefore ranked as 'Significant' in accordance with the Risk Management Policy. This is with the exception of Risk 6.0, 'Failure to actively collaborate through the ICS, ICPs and wider partners due to a lack of capacity and capability within the organisation may result in fragmented services and reputational damage'.

During 2020/21, the biggest risk managed by the organisation was the response to the global Covid-19 pandemic and in turn, the impact on staff. Recognising the rapid controls put in place and the assurance provided through the additional performance reporting, outlined earlier in the statement,

the Covid-19 risk was scored and remained at 15 throughout the year with the staffing risk remaining at a score of 16. Inevitably, the pandemic has an impact on the Trust services, both in terms of service delivery in responding to national restrictions and also an increased demand on services. From a financial perspective, the impact of the changes to the financial regime was closely monitored by the Finance & Resources Committee, in particular the Covid-19 advanced payment mechanism and the requirements around transformation efficiency delivery. The strategic risk relating to collaborative and partnership working scored at 12, recognised the increased system working through the established Out of Hospital Cell governance structure and regular communication to stakeholders and partners.

In terms of staffing, a process to risk assess staff against the impact of Covid-19 was introduced. Changes to workforce policies and procedures were made, including ensuring a flexible approach to working to support staff shielding and working from home. A Psychological Resilience Hub was established to support individuals who have been affected by Covid-19, including NHS and social care staff, patients and the public. The Trust has also enhanced its workplace trauma support for staff to provide peer support. More information of can be seen within the Trust Annual Report.

9.4.8 Significant Future Risks

At the end of 2020/21, the Trust is preparing for the predicted substantial increase in demand for mental health services and pressure on the Trust and system, as a result of the pandemic and associated anxieties of our service users, the public and staff. The Trust will be focusing on reducing health inequalities and providing sustainable services through the integration of physical, mental health, learning disability and social care needs through continued partnership working.

In terms of staffing, the Trust will continue to prioritise developing an appropriately skilled workforce to deliver safe care to its patients and in turn improve the health and wellbeing of its staff, recognising the significant impact that the Covid-19 pandemic has had. There is substantial investment being planned into mental health services, following on from the pandemic, which whilst delivering a required expansion to services, will open up the risk of workforce being available. In order to mitigate this, the Trust is developing a robust workforce plan, to ensure that we work with partners to develop the workforce models of the future and ensure a robust recruitment, retention and attraction strategy for the transformation of mental health services and to meet the increased demand.

On 26 November, NHS England and NHS Improvement published Integrating care: next steps to building strong and effective integrated care systems across England. The publication sets out the next steps towards integrated care, continuing a journey the NHS has been on for many years and most recently articulated in the NHS Long Term Plan, and, in the light of this updated model for the health and care system, the document also sets out options for legislative change. The impact for the Trust will be assessed going forward, as we put in place transition arrangements for the development of the Lead Provider Collaborative model across the Integrated Care System (ICS) footprint. Whilst this offers significant opportunity to ensure provision of outstanding services for the population that we serve, due diligence will also be undertaken to understand the risk profile of this change. A gap has been identified relating to the Trust's control framework regarding roles and responsibilities for hosted services, in particular the ICS. A review has been initiated to address the gap and will be concluded during quarter two 2021/22.

9.4.9 Well-Led

The NHS Improvement Single Oversight Framework states that NHS Foundation Trusts should carry out an external review of their governance every three years. In accordance with this guidance, and to support development, the Board commissioned a governance Well Led review, supported by Advancing Quality Alliance (AQuA), which was reported to the Trust Board in November 2019 and is supporting the Trust's overall improvement programme which will continue into 2020/21.

Overall, the report concluded that the Trust is continuing to make progress toward developing an organisational environment to meet the well-led requirements, with significant impact having been made in terms of leadership internally and across the health system locally and a clear desire to learn and work in partnership.

Development work resulting from the recommendations of the Well Led report is extensive, with progress being made at pace across a number of areas including a significant review of the Trust's governance structures 'from ward to board', which were implemented during 2020/21. Further detail can be found in the Trust's Annual Report.

The Trust has commissioned the Good Governance Institute to undertake an interim well-led review which will commence during Q1 2021/22.

9.4.10 Compliance with NHS Provider Licence

The Trust completes a Provider Licence schedule of compliance, which is submitted to NHS Improvement on an annual basis.

Throughout the year, the Audit Committee has operated as the key standing committee of the Board, with the responsibility for assuring the Board that effective process and systems are in place across the organisation to ensure effective internal control, governance and risk management that support the achievement of the organization's objectives. Additionally, the Audit Committee assesses the process undertaken across the year, to ensure there has been a robust review of the Provider License conditions, Code of Governance schedule and Corporate Governance Statement, including any NHS Improvement declarations. As such, the Audit Committee then provides assurance on this activity to the Board of Directors and the Council of Governors at the end of each year.

Each of the Board Committees is chaired by a Non-Executive Director and has Executive Director membership to support scrutiny and assurance. After each Committee meeting, the Board receives a chair's report of the Committee, outlining the activity undertaken and any assurance and risks identified during the meeting. The Board also receives a monthly Trust Performance Report (TPR), which collates performance related data and key performance indicators for all domains across the organisation. For more information on each of the committee's portfolios, the reporting arrangements and changes to the Board during the year, please refer to the Annual Report.

The Trust has demonstrated a long-standing commitment to supporting its governors and robust structures and processes have been put in place to good effect. An effectiveness review of the Trust's Council of Governors arrangements was commissioned in 2020/21 by the Trust Chair and undertaken

by AQUA. Following receipt of the final report in April 2021, an improvement plan has been developed and approved by the Council of Governors. The main areas for improvement identified in the report were:

- Mechanisms for holding the NEDs individually and collectively to account
- Representing the views of public and members (including finalisation of a membership strategy)
- Operation of the CoG, including meeting arrangements, communications and engagement

The improvement plan will be monitored by the Council of Governors on a quarterly basis. As key stakeholders and representatives of the organisations members, Governors have been engaged on the development of the Trust's Risk Management Strategy and a session has been scheduled with Governors during 2021/22 to provide them with assurance on the management of the organisations strategic risks.

9.4.11 Additional Controls

The Foundation Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (defined by the Trust as staff banded 8d and above, in the Standards of Business Conduct Policy) within the past twelve months as required by the Managing Conflicts of Interest in the NHS guidance.

www.england.nhs.uk/wp-content/uploads/2017/02/guidance-managing-conflicts-of-interest-nhs.pdf

As outlined earlier in the report, the Standards of Business Conduct Policy was reviewed as part of the Trust's response to Covid-19, recognising the significant number of gifts and thanks given to the NHS. Changes were mapped against a checklist that was produced by the Trust's internal auditors, MIAA. The completed checklist was reviewed by MIAA, alongside key evidence and MIAA were able to confirm that 'the Trust had provided communications to staff on the key areas and the Trust had considered and responded to all the detailed questions and had updated the relevant policy and practice where applicable'.

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.

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

The Trust has undertaken risk assessments and 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.

9.4.12 Developing Workforce Safeguards

Since publication in 2018, the Trust has been working to deliver compliance against the developing workforce safeguards recommendations issued by NHS Improvement. This has remained a key focus across the year with reporting in place to the Trust Board. The Trust is implementing the principles of the NHSI Interim People Plan and has undertaken a gap analysis to embed the principles of the Developing Workforce Safeguards guidance and is on trajectory for continued achievement.

All workforce strategies developed and implemented are in line with the NHSI Developing Workforce Safeguards (October 2018) recommendations, however, the Trust recognises that there is still work to be done and has developed a People, Improvement and Culture strategy, of which a key focus for 2021/22, is to continue the embedding of each of the Developing Workforce Safeguards recommendations. This action has remained an action on the Trust's Board Assurance Framework across 2020/21 and will continue into 2021/22.

Following on from an annual review in 2019 of ward nursing staffing establishments, which focussed on the Adult Acute and PCIU wards, further comprehensive Safer Staffing reviews were undertaken in Secure Services, Older Adults, South Cumbria and Specialist wards. These are outlined further below.

9.4.13 Workforce Strategies

The Trust has developed a new People, Improvement and Culture Strategy following engagement with a wide range of staff and stakeholders. This is a core strand of our overarching strategy.

'STAFF will be attracted to the Trust as our culture makes it an inclusive and supportive place to work.' The current themes within the strategy are:

- Attract recruit and retain our workforce
- Open and transparent culture
- Effective leadership, engagement, talent management and accountability
- Caring for the health and wellbeing of our staff
- Providing high quality, education, learning and development
- Diversity and inclusion

Workforce shortages remains a significant challenge for the Trust, this is in line with the national position for Trusts with mental health, learning disabilities and community responsibilities.

We have reviewed and revised our recruitment processes, adopting a more centralised approach, with a number of one stop shop events which have been successful. In addition we are now working to attract registered nurses to come to the Trust. One area of success has been the Return to Practice scheme for learning disability and mental health nursing. The Trust has also secured funding to increase the number of international nurses recruited over the next 12 months. This has included reviewing and improving incentives but also looking at how to attract people from outside of the UK. More information on this can be found within the Annual Report. The Trust is working in collaboration with NHS Professionals and Health Education England to explore recruitment from other countries that have mental health qualifications such as Nigeria and Hong Kong.

The Trust is recognised as a Disability Confident Employer and retains Gold Standard Accreditation for the quality of our work experience programme, which acknowledges our dedication to providing great quality programmes.

We have continued to work with the Step into Health programme, supporting the Armed Forces, all service leavers, reservists and veterans, to gain employment in the NHS.

We have a large number of NHS apprenticeships, which have increased year on year. This has seen the introduction of new roles and apprenticeship standards. Alongside apprenticeships, we have developed Advanced Clinical Practitioners and peer support workers.

We have introduced fast track to substantive employment for our bank workers, and are exploring a range of recruitment and retention options to support our strategy going forward.

Key Performance Indicators in relation to workforce are reported to the Board of Directors monthly; performance over the last 12 months is outlined within the annual report.

9.4.14 Safer Nurse Staffing Review

Following on from the 2019 annual review of ward nursing staffing establishments, which focussed on the Adult Acute and PCIU wards, further comprehensive Safer Staffing reviews were undertaken in Secure Services, Older Adults, South Cumbria and Specialist wards.

These were led by the Chief Nurse & Quality Officer and completed between February and June 2020, in line with NHS England and National Quality Board (NQB) requirements. A number of recommendations were made following these reviews to ensure that safe staffing is maintained within a sustainable model which supports high quality care, patient safety and serves to ensure that experience is improved as well as staff experience and well-being.

Recommendations include strengthening skill mix by increasing Band 4 Registered Nursing Associates and Band 6 Senior Staff Nurses, whilst reducing hard-to-fill Band 5 Staff Nurse posts, in line with the national shortage of Registered Nurses. These recommendations have been supported by the development of a 'Nursing Career Pathway' from Band 2 entry level through to Consultant Nurse, improving the quality of care and retention within in-patient services.

Additionally, the Trust has commenced a programme of international recruitment of Mental Health RNs. Progress and impact of Safer Staffing Review recommendations is monitored through a monthly Safer Staffing meeting and both Quality & Assurance Committee and Trust Board received monthly Safer Staffing reports.

9.4.15 Workforce Reporting and Monitoring

The Trust has developed a 'Workforce' Board Report providing key performance information and is reported directly to the Board on a regular basis. In addition, a People and Culture Sub-Committee has been established which oversees the implementation and delivery of the People, Improvement and Culture Strategy and the management of the associated transformation projects.

The Trust has deployed Allocate Health Roster across the Trust. Health Roster enables units to publish advance rotas via a roster that is then visible to staff via their mobile device, providing our workforce with clear and timely information about their working pattern.

The Trust meets the national Unify reporting requirements, having a monthly Staffing for Safety and Quality meeting with representation from Nursing and Allied Health Professionals across the networks together with the Chief and Deputy Chief Director of Nursing and Quality. There is monthly reporting via the Quality and Safety Committee upward to the Board of Directors, which receives a monthly safe staffing report.

9.4.16 Staff Engagement

Since the appointment of the Chief Executive in 2019, there has been significant focus on co-production and staff engagement with the aim to improving the organisational culture and to listen to staff concerns. Keen to ensure colleagues were at the centre of the Trust's transformation plans, the Chief Executive launched Listening into Action (LiA), a hugely successful staff engagement programme which has enabled the organisation to listen to staff concerns, ideas and suggestions for key focus areas to support addressing barriers across the organisation.

The Trust held several 'big conversations' engagement sessions led by the Chief Executive, which are linked to the LiA and involve staff of all grades sharing ideas on the Trust's improvement journey, new models of care, service changes and the approach to delivering change.

Further information on the Trust's approach to staff engagement and consultation on Trust matters can be found in the Annual Report.

9.5. Review of Economy, Efficiency and Effectiveness of the Use of Resources

The Trust Board has delegated responsibility for monitoring achievement of economic, efficient and effective use of resources to the Audit Committee and the Finance & Resource Committee. The 2020/21 plan was approved on 14 January 2021. The Covid-19 pandemic had prevented the plan being produced earlier in the year. The plan addresses the five published key lines of enquiry, key elements of the plan were:

- Establish a rehabilitation pathway in order to reduce Out of Area Placements (OAPs)
- Implementation of automatic scheduling software to bring about efficiencies in job planning for peripatetic community services
- Procurement initiatives in respect of contract negotiation and spend.
- Continued roll out of the Wide Area Network to provide faster and more effective clinical systems
- Use of e-rostering
- A review of Corporate Services
- Look to retain efficiencies that have arisen as part of our covid response
- Standardising the use of "Care Hour per Patient Day" as measure of effectiveness
- Increased clarity and standardisation on contracted services
- Implementation testing, training and roll out of Usercost (PLICs) dashboards

- Ensuring benefit realisation from technology deployment
- Effective use of community hospital facilities
- Updating of plans around “Getting it Right First Time (GIRFT)” once released for mental health

Financial governance arrangements are supported by internal and external audit to ensure economic, efficient and effective use of resources.

Locality and support services are responsible for the delivery of financial and other performance targets via a performance management framework, incorporating service reviews with the Executive Team for key areas and compliance with the Trust’s Financial Accountability Framework.

Localities play an active role in ongoing reviews of financial performance including Cost Improvement Requirements/Quality Innovation, Productivity and Prevention (QIPP) delivery.

Assurance is provided by the Trust’s internal and external auditors. The Trust’s external auditors helped develop elements of this year’s plan to ensure it would support their work in providing the audit opinion on the use of resources.

The Trust achieved its planned delivery of Use of Resources Rating (UoR) of 2 (1 being the highest and 4 the lowest ratings).

The Trust is meeting NHSI’s reporting and monitoring requirements on an ongoing basis. The Trust developed and submitted a draft operational plan for 2021/22, however, the national planning process was replaced by the temporary finance regime due to the Covid-19 pandemic. The Trust continues to follow national guidance, as and when it is issued.

The Trust also receives independent review of its Use of Resources (Value for Money) approach from its external auditors, on an annual basis, which supports the development of the annual Use of Resources plan.

The Trust continues to develop systems and processes to help deliver an improvement in the financial performance which includes the following:

- Approval of the operational plan submission by the Board
- Approval of the annual budgets by the Board
- Monthly reporting to the Board on key performance indicators covering finance and activity; quality and safety; and human resource targets
- Regular meetings of the Finance & Resource Committee, whose purpose is to test the robustness of analysis and assurance provided by its feeders and sub-committees to support effective and efficient decision making at Board meetings relating to the operational delivery and performance of the Trust
- The Networks play an active part in ongoing review of financial performance including CIP requirements and Quality, Innovation, Productivity and Prevention (‘QIPP’) delivery

The Trust also relies on the value for money element of the Trust's Internal Audit programme, the outcomes of which provide assurance against the strategic financial risks that the organisation manages. No significant issues have been identified as a result of their work.

9.5.1 Sustainability

As one of the largest employers and purchasers of goods and services in the Lancashire and South Cumbria area, the Trust plays a key role in reducing carbon emissions, improving sustainable outcomes and adapting to the impacts of climate change. LSCFT is actively engaged in actions to reduce carbon emissions and has reduced its associated carbon footprint.

9.5.2 Capital Developments and Environmental Work

During 2020/21, the Trust invested significant capital expenditure on key projects and developments across the organisation, as part of the Trust's Capital Programme, approved by the Board of Directors. This was aligned to statutory requirements and also emerging issues from the Trust's CQC inspection.

The 2020/21 Capital Programme included the following:

- South Cumbria, Dane Garth Inpatient 2Unit: Ward refurbishment including replacement doors with new locking systems, windows, sanitary, security and CCTV systems due to completed June/July 2021
- Ormskirk Latham PICU Unit: Seclusion refurbishment undertaken to provide improvements to the showering and bathroom facilities
- Pendleview: Improvement to Calder Ward to reduce ligature, ceiling, walls and floor replacement
- Pendleview/Hillview: Replacement fire detection and CCTV systems
- Blackburn Mental Health Urgent Assessment Centre (MHUAC): Installation of specialist unit to provide urgent assessment centre adjacent to the Royal Blackburn A&E department
- Blackpool MHUAC: Refurbishment of facility to provide urgent assessment centre adjacent to the Blackpool Victoria A&E department
- Guild Lodge: Installation of new CCTV systems on all wards, replacement fire detection systems, fences and reduced ligature works across a number of wards
- Guild Lodge: New doors across 6 wards to provide compliance including door top alarms and new locking systems
- Lantern Centre training facilities: improvements to the medical training centre including new specialist audio visual equipment
- LED lighting, Building Energy Management Systems and boilers replaced across a number sites to improve the efficiency and reduce the Trust's carbon footprint

In addition the Trust successful bid for national capital monies to ensure dormitory accommodation was eradicated in response to Covid-19 pandemic. Works in Kentmere Unit in Kendal commenced, as well as Hurstwood Ward in Blackburn.

The Capital Programme for 2021/22 is currently in its final stages prior to approval by the Board of Directors.

9.5.3 Energy Management

Trust energy consumption and solar generation has remained constant during 2020/21. Biomass heat generation has increased, due to the improvements made to the fuel pit storage area at The Harbour, allowing the biomass boiler to run with minimal down time.

The Trust have utilised government funding to install LED lighting at nine sites.

The Trust has purchased 100% renewable electricity; this has allowed the Trust to report zero carbon emissions from electricity consumption. Further energy efficiency measures have included the installation and upgrade of Building Energy Management Systems (BEMs) at ten sites. The project was completed in January 2021, and monthly analysis is ongoing with average savings of around 15% for the same period last year.

9.5.4 Water and Waste

Water volume consumption and waste water disposal has fallen during 2020/21. The Trust will be installing SMART water meters during 2021/22, which will provide highly accurate data and allow resources to be deployed to optimise consumption and costs.

There has been an increase in the amount of waste generation and energy recovery during the year. However, several waste reduction, reuse and recycling initiatives have had to be suspended due Covid-19. There has been an increase in the levels of waste being generated due to PPE and other Covid-19 related waste however, this waste will not be reported until the next financial year.

9.5.5 Procurement and Travel

Procurement is the largest contribution to the Trust's carbon footprint and is difficult to control or reduce in terms of carbon emissions. The purchase of goods and services has far reaching global consequences, however due to the global pandemic the NHS has been stretched to secure the equipment and services to treat the symptoms of Covid-19, protect the NHS frontline workers and vaccinate the population. As a result of these unprecedented circumstances, the proportion of the procurement carbon footprint has increased and will increase further in the next financial year. Due to the ongoing crisis, all of the ongoing procurement carbon reduction projects have been suspended.

Due to Covid-19 there has been significant reductions in travel, which has had a positive carbon reduction impact which will continue into the next financial year.

The Trust has invested in Electric Vehicle Charging Points (EVCPs) and now have over 40 EVCPs throughout Lancashire. From 2030, the sale of new petrol and diesel cars and vans will be banned, which will assist the vehicle transition to low and ultra-low emissions vehicles (ULEV). The increase in ULEV will have a health benefit in reducing air pollution, and this benefit will be amplified with the promotion of active travel, walking and cycling to work. It is also predicted that there will be an increase in homeworking and telecommunications post Covid-19 that will reduce vehicle emissions further.

9.6. Information Governance

The Trust continues to operate in accordance with Data Protection Law working in partnership with both clinical and corporate colleagues to ensure compliance. Each year an annual Information Governance (IG) work plan is developed in order to identify activities that will bring about improvements in the working practices of operational services, with a view to achieving increased compliance and assurance. Progress reports have been submitted to the established IG meetings, for example the Clinical Records, IG Group and the Joint SIRO and Caldicott Guardian Steering Group that have convened over the year to ensure that delivery and progress is monitored.

The role of the Trust Data Protection Officer (DPO) has grown during the year, with the organisation recognising the responsibilities of the statutory position and using the role to help guide compliance. Inclusion of the role at a strategic and operational level has increased with the DPO being present at key events requiring consultation and advice. It is recognised that there is still work to be done on education and raising more awareness of the role in the coming year.

There has been a significant decrease in the number of Serious Incidents (SIs) reported to the Information Commissioners Office (ICO) during 2020/21 from the previous year, with three incidents advised. This is a reduction of approximately 62% on the previous year. The incidents were as follows:

- New Starter form was sent to 26 new recruits containing the saved personal and special category data of a previous recruit
- An Outlook meeting invite was sent to 295 BAME staff using personal email addresses and copied to all the invitees
- A clinic spreadsheet containing multiple child and parent / guardian personal data was mistakenly attached to an Attend Anywhere appointment

The Trust also received three complaints from the ICO which is a similar figure to previous years. In all cases the ICO has concluded that the root cause of the incidents has been human error and has taken no enforcement action against the Trust. The ICO also concluded that the Trust dealt with the complaints in a satisfactory manner and all of the referred cases have been closed. The Trust continues to learn from these events and the DPO and the IG team work closely with all services to promote improved understanding of responsibilities and data protection compliance.

LSCFT continues to work in collaboration with partners across Lancashire and South Cumbria using the Lancashire Patient Record Exchange Service (LPRES) and have enabled access to patient information through our key clinical systems. The Rio Electronic Patient Record (EPR) continues to be rolled out across the Trust including the transfer of all mental health services across Lancashire onto the system in November, this was another important step in clinical record consolidation and will enable further digitisation of clinical record keeping and processes.

The Trust has commenced implementation of a hybrid mail system which has enabled the outsourcing of clinical letter production to an off-site printing facility whereby letters can be produced without the need for human intervention. This will, when fully deployed, remove human error from much of the process and give high levels of assurance that correspondence is fully compliant with the Data

Protection Act and Trust policy. Further to this, the Trust now has the capability to communicate with service users and carers via email, which will maintain security and offer significant savings and environmental benefits.

9.7. Data Quality and Governance

The Trust has appointed a Chief Digital Officer, who commenced in post in May 2020, and has the performance and business intelligence functions as part of their portfolio, giving dedicated Executive oversight of Data Quality and Governance.

The Data Quality Policy (IMT018), ratified in May 2020, describes the approach to data quality governance, and will be reviewed in 2021 in order to fully describe recent developments of the move to locality management, new reporting introduced in 2020 and the move to the RiO Clinical Record System.

The reporting of performance has expanded in frequency and scope. The monthly formal assurance report to Trust Board, the Trust Performance Report, has undergone review in terms of both format and content, with additional metrics added during 2020/21, and the alignment of reporting to CQC-defined Core Service Lines. Service waiting times are reported through this process for mandated services, both for Referral to Assessment and Referral to Treatment as appropriate. The process is subject to monthly scrutiny of data for validation purposes by the Performance Team and service leads.

The development of the Trust Performance Report has included a supporting Glossary of Definitions, which details for each metric:

- The responsible Executive Officer
- The external body requiring reporting of the metric (e.g. NHS England, CCGs)
- The reporting source and validation process

Detailed exception reports are included for those measures that have not performed to the required standard for three months or more. Exception reporting uses Statistical Process Control (SPC) methodology where applicable.

Service waiting times are reported through this process for mandated services, both for Referral to Assessment and Referral to Treatment as appropriate.

Reporting of key performance metrics has expanded to include a detailed weekly Performance Report and a focused Daily Sit Rep. Datasets used in the external reporting of operational performance are validated by Operational Managers on a monthly basis. These datasets, along with the Daily and Weekly Performance Reporting, enable operational and clinical teams to identify any data quality concerns.

A Data Quality Maturity Index Dashboard has been established with dedicated dashboard reports for data quality for the Community Services Data Set (CSDS) and Mental Health Services Data Set (MHSDS) national submissions.

The Data Quality Maturity Index scores are reported in the Trust Performance Report monthly, and have been noted, at 91% compliance, to be below the target 95%. This has been a recognised result of the Trust having separate Clinic Records and Patient Administration Systems. The Chief Digital Officer has led the transition in adult and childrens mental health services from use of the Electronic Care Record (ECR, developed in-house by the Trust) clinical system to the RiO system. RiO had previously been used only for its Patient Administration System functionality. A single system for clinical activity recording and patient administration significantly reduces duplicate entries across two systems and also means that there is consistent reporting across the two systems allowing automated matching of activity to referrals, which has previously relied on manual collation, and will facilitate improvement to the required standard for data quality.

9.8. Review of Effectiveness

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

9.8.1 Maintaining Systems of Internal Control

The Board is ultimately responsible for the delivery and quality of care that is delivered across all of the services that the Trust provides, and any risks to those. This is achieved through governance arrangements which are in place delegating responsibility to operational levels of the organisation, in particular the Audit Committee in relation to the monitoring and scrutiny of governance, risk and internal systems of control. The quality governance arrangements support the Board in exercising this responsibility and complement and fully integrate with the wider governance framework in place.

9.8.2 Internal Audit

The organisation has a risk-based approach to planning for internal audit on an annual basis. Audits are reported through to the Audit Committee on a quarterly basis, and the full plan is reviewed half-way through the year to ensure the initial areas identified on the plan remain a priority. A rigorous process is in place that records progress of the audit plan and collates evidence to demonstrate the implementation of audit recommendations.

9.8.3 Head of Internal Audit Opinion

The following information has been taken directly from the Head of Internal Audit Opinion:
The purpose of the Head of Internal Audit Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. The opinion assists the Board in the completion of its Annual Governance Statement, along with considerations of organisational performance, regulatory compliance, the wider operating environment and health and social care transformation. The

opinion is provided in the context that the Trust like other organisations across the NHS have faced unprecedented challenges due to COVID-19.

The basis for the Head of Internal Audit Opinion is;

1. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes
2. An assessment of the range of individual assurances arising from the risk-based internal audit assignments that have been reported throughout 2020/21. This assessment has taken account of the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified
3. An assessment of the Trust's response to Internal Audit recommendations, and the extent to which they have been implemented

We have not completed the specific review of the risk management system as planned. The Trust recognised that its risk management processes required strengthening and as such commissioned an external review. The planned implementation of the Trust's new risk management strategy and framework was originally scheduled for September 2020. This was delayed due to the impact of the pandemic and also a decision to align timing of rolling out of the risk management strategy and training with the new locality structures, which became operational in April 2021. Within this context, our view on risk management during 2020/21 for the Head of Internal Audit Opinion has been informed by:

- Assessment of the assurance framework and the progress made in year
- Consideration of risk management aspects through our individual assignments
- Observation of and participation in risk discussions at the Audit Committee
- Assurance from the external review of risk management presented at the May 2020 Audit Committee and the significance of the areas for improvement identified and accepted by the Trust
- Progress with implementing the action plan the Trust has in place to roll out and embed the new risk management system across the localities following the external review

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.

Overall Opinion for the period 1 April 2020 to 31 March 2021

Moderate assurance can be provided, in that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.

The 2020/21 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year. The impact on the organisation of COVID-19 required us to review your internal audit risk assessment and plan for 2020/21 on a regular basis, in liaison with yourselves. As part of this assessment we took account of the following:

- How the organisation has implemented NHSE/I guidance, issued to support them in responding to COVID-19, whilst still discharging their stewardship responsibilities
- Any revisions to the organisation's strategic priorities as well as liaising with you to review areas for internal audit focus
- Independent assurance requirements on how COVID-19 costs are captured and claimed across a range of areas
- Mandated review requirements and audits which from a professional internal audit perspective are pre-requisite to ensuring sufficient coverage for a robust Head of Internal Audit Opinion

Therefore review coverage has been focused on:

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

Due to the impact of the pandemic, there was limited coverage of the quality areas highlighted in risk assessments. These areas will be considered as part of the 2021/22 risk assessment and planning process. Internal Audit raised 24 recommendations in relation to the finalised reviews undertaken during 2020/21. All recommendations raised were accepted by management. In addition, Internal Auditors continued to undertake follow up reviews during the course of year.

Review	Assurance Opinion	Recommendations raised				
		Critical	High	Mod	Low	Total
1 Assurance Framework	Meets requirements	N/A	N/A	N/A	N/A	N/A
2 South Cumbria Transfer	Moderate	-	1	1	0	2
3 Financial Systems	Substantial	-	-	2	3	5
4 Response to External Review on the Data Breach	Moderate	-	1	1	-	2
5 Risk Relapse Management Plan Follow Up	N/A	N/A	N/A	N/A	N/A	N/A
6 Data Security and Protection Toolkit – Phase One	N/A	N/A	N/A	N/A	N/A	N/A
7 Clinical Contracts Review	Substantial	-	-	4	2	6
8 CQC Action Plan	Substantial	-	-	2	2	4
9 Payroll/ESR	High	-	-	-	-	-
10 Equality, Diversity and Inclusion	Substantial	-	-	4	1	5
Total		0	2	14	8	24

9.8.4 Clinical Audit

The focus on clinical audit has remained a priority for the Trust during 2020/21, using clinical audit as a function to provide assurance against a number of areas. During the pandemic a number of audits were re prioritised to ensure the audit programme was reflective of the organisations requirements at the time. The Trust has participated in a number of national audits from the National Clinical Audit

and Patient Outcomes Programme (NCAPOP). There have been some noted areas of improvement and challenge. Actions plans have been agreed and are progressing to mitigate against these areas. Some national audits were postponed at the start of the pandemic. The end of the financial year saw recruitment to some of these projects lower than previous years. The Clinical Audit Programme is approved by the Audit Committee on an annual basis alongside an effectiveness review. Progress of 2020/21 network priority clinical audit programme and national audit programme has been reported to the Patient Safety & Effectiveness Sub-Committee to provide assurance of the timeliness and expected standards of the processes undertaken, and support the management of the Trust's strategic risks. There is more detailed information contained in the 2020/21 Quality Account relating to clinical audit.

9.8.5 Handling Gaps in Internal Control

Significant risks or gaps in internal control are handled consistently within the Board Assurance Framework. For example, any recommendations arising from internal audit reviews which are acknowledged to pose a risk to the Trust's strategic objectives are recognised in the Board Assurance Framework. Issues arising via other means are assessed and treated likewise, and receive the required focus and resource in order to mitigate risk and close gaps in control.

In addition, the Executive Directors have commissioned independent external reviews on areas that require focus or improvement, to support ensuring that there is appropriate scrutiny, oversight and management of gaps in the control systems. The detail of these independent reviews have been described throughout this report. The Board recognises that focused work is required in 2021/22 in order to embed the progress made in areas where weaknesses and risks have been identified via internal audit activity, CQC inspection and Trust-commissioned external reviews.

9.9. Conclusion

I can confirm that there have been no significant control issues in the Trust in 2020/21. Where control issues have been identified, for example in relation to risks escalated, a process has been developed to establish Improvement Management Groups, which ensure appropriate support and scrutiny to the areas required and robust reporting. There is an acknowledgement that the Trust has continued on its journey of improvement and with strengthened systems and processes being implemented across the Trust. 2021/22 will see the Trust embed those improvements through engagement with staff, the delivery of training and testing of their effectiveness through the assurance mechanisms in place or through independent reviews. This statement has been developed from an evidence based assurance perspective and takes account of the Head of Internal Audit Opinion.

My review confirms that Lancashire and South Cumbria NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives. The Trust continues to identify opportunities to strengthen the internal control environment into 2021/22.

Signed: 

Caroline Donovan
Chief Executive Officer
14 June 2021



10.0

**Statement of the
Modern Slavery Act
2016**

Slavery & Human Trafficking Statement 2021

As an NHS organisation, LSCft does not engage in profit-making activities which could trigger the reporting requirement within the Modern Slavery Act 2015. In recognition of the importance of eliminating modern slavery, the Board of Directors have prepared a voluntary statement in response to the Act.

LSCft is committed to maintaining and improving systems, processes and policies to avoid complicity in human rights violation.

We realise that slavery and human trafficking can occur in many forms, such as forced labour, domestic servitude, sex trafficking and workplace abuse.

The Trust is fully aware of the responsibilities it bears towards patients, employees and the local community and as such, we have a strict set of values that we use as guidance with regard to our activities. We therefore would expect that all suppliers to the Trust adhere to the same principles.

The Trust already exercises due diligence and checks on suppliers in line with both our internal Standing Financial Instructions and in compliance with the Public Contract Regulations and it is a mandatory criteria of selection and indeed exclusion if any supplier is not compliant with the reporting requirements of the Act. Indeed, as the Trust primary supplier of goods and consumables, NHS Supply Chain already uses a Supplier Code of Conduct with every supplier who is approved to sell its products via the NHS catalogue.

The Trust's Procurement Procedures and the NHS standard terms and conditions of contract take into account the Act.

Lancashire and South Cumbria NHS Foundation Trust

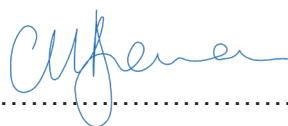
Annual accounts for the year ended 31 March 2021

Foreword to the accounts

Lancashire and South Cumbria NHS Foundation Trust

These accounts, for the year ended 31 March 2021, have been prepared by Lancashire and South Cumbria NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed



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Name Caroline Donovan
Job title Chief Executive
Date 14 June 2021

Consolidated Statement of Comprehensive Income

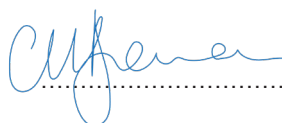
	Note	Group	
		2020/21	2019/20
		£000	£000
Operating income from patient care activities	3	397,218	353,326
Other operating income	4	67,329	25,429
Operating expenses	6, 8	(457,341)	(372,932)
Operating surplus/(deficit) from continuing operations		7,206	5,823
Finance income	11	10	254
Finance expenses	12	(1,703)	(1,712)
PDC dividends payable		(4,409)	(4,829)
Net finance costs		(6,102)	(6,287)
Other gains / (losses)	13	-	835
Gains / (losses) arising from transfers by absorption	42	-	8,434
Surplus / (deficit) for the year		1,104	8,805
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(7,311)	(778)
Revaluations	18	160	9,255
Total comprehensive income / (expense) for the period		(6,047)	17,282
Surplus/ (deficit) for the period attributable to:			
Lancashire and South Cumbria NHS Foundation Trust		1,104	8,805
TOTAL		1,104	8,805
Total comprehensive income/ (expense) for the period attributable to:			
Lancashire and South Cumbria NHS Foundation Trust		(6,047)	17,282
TOTAL		(6,047)	17,282

Statements of Financial Position

	Note	Group		Trust	
		31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Non-current assets					
Intangible assets	15	2,578	2,808	2,578	2,808
Property, plant and equipment	16	227,736	228,491	227,736	228,491
Investments in associates and joint ventures	20	6	47	6	47
Receivables	25	112	125	112	125
Total non-current assets		230,432	231,471	230,432	231,471
Current assets					
Inventories	24	93	97	93	97
Receivables	25	21,988	27,703	21,988	27,703
Non-current assets held for sale	26.1	500	500	500	500
Cash and cash equivalents	27	72,072	31,515	71,272	31,100
Total current assets		94,653	59,815	93,853	59,400
Current liabilities					
Trade and other payables	28	(57,568)	(38,240)	(57,726)	(38,445)
Borrowings	30	(3,006)	(3,013)	(3,006)	(3,013)
Provisions	32	(707)	(1,486)	(707)	(1,486)
Other liabilities	29	(21,975)	(6,382)	(21,975)	(6,382)
Total current liabilities		(83,256)	(49,121)	(83,414)	(49,326)
Total assets less current liabilities		241,829	242,165	240,871	241,545
Non-current liabilities					
Borrowings	30	(43,661)	(46,516)	(43,661)	(46,516)
Provisions	32	(2,110)	(1,277)	(2,110)	(1,277)
Total non-current liabilities		(45,771)	(47,793)	(45,771)	(47,793)
Total assets employed		196,058	194,372	195,100	193,752
Financed by					
Public dividend capital		125,047	117,314	125,047	117,314
Revaluation reserve		64,204	73,125	64,204	73,125
Income and expenditure reserve		6,807	3,933	5,849	3,313
Total taxpayers' equity		196,058	194,372	195,100	193,752

The notes on pages X to X form part of these accounts.

Signed



Name
Position
Date

Caroline Donovan
Chief Executive
14 June 2021

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	117,314	73,125	3,933	194,372
Surplus/(deficit) for the year	-	-	1,104	1,104
Impairments	-	(7,311)	-	(7,311)
Revaluations	-	160	-	160
Public dividend capital received	7,733	-	-	7,733
Other reserve movements	-	(1,770)	1,770	-
Taxpayers' and others' equity at 31 March 2021	125,047	64,204	6,807	196,058

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	112,914	64,702	(4,926)	172,690
Surplus/(deficit) for the year	-	-	8,805	8,805
Transfers by absorption: transfers between reserves	-	1,423	(1,423)	-
Impairments	-	(778)	-	(778)
Revaluations	-	9,255	-	9,255
Public dividend capital received	4,400	-	-	4,400
Other reserve movements	-	(1,477)	1,477	-
Taxpayers' and others' equity at 31 March 2020	117,314	73,125	3,933	194,372

Statement of Changes in Equity for the year ended 31 March 2021

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	117,314	74,602	1,854	193,770
Surplus/(deficit) for the year	-	-	748	748
Impairments	-	(7,311)	-	(7,311)
Revaluations	-	160	-	160
Public dividend capital received	7,733	-	-	7,733
Taxpayers' and others' equity at 31 March 2021	125,047	67,451	2,602	195,100

Statement of Changes in Equity for the year ended 31 March 2020

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	112,914	64,702	(5,144)	172,472
Surplus/(deficit) for the year	-	-	8,421	8,421
Transfers by absorption: transfers between reserves	-	1,423	(1,423)	-
Impairments	-	(778)	-	(778)
Revaluations	-	9,255	-	9,255
Public dividend capital received	4,400	-	-	4,400
Taxpayers' and others' equity at 31 March 2020	117,314	74,602	1,854	193,770

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

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

Statements of Cash Flows

	Note	Group		Trust	
		2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Cash flows from operating activities					
Operating surplus / (deficit)		7,206	5,823	6,850	5,439
Non-cash income and expense:				-	-
Depreciation and amortisation	6.1	10,087	8,849	10,087	8,849
Net impairments	7	1,251	1,366	1,251	1,366
(Increase) / decrease in receivables and other assets		6,319	(1,000)	6,155	266
(Increase) / decrease in inventories		4	(30)	4	(30)
Increase / (decrease) in payables and other liabilities		35,080	(673)	35,215	74
Increase / (decrease) in provisions		74	(160)	74	(160)
Other movements in operating cash flows		(51)	28	(51)	28
Net cash flows from / (used in) operating activities		59,970	14,203	59,585	15,832
Cash flows from investing activities					
Interest received		10	254	10	254
Purchase of intangible assets		(452)	(682)	(452)	(682)
Purchase of PPE and investment property		(17,211)	(9,769)	(17,211)	(9,769)
Sales of PPE and investment property		-	1,875	-	1,875
Cash from acquisitions / disposals of subsidiaries		-	138	-	138
Net cash flows from / (used in) investing activities		(17,653)	(8,184)	(17,653)	(8,184)
Cash flows from financing activities					
Public dividend capital received		7,733	4,400	7,733	4,400
Movement on loans from DHSC		(2,571)	(2,571)	(2,571)	(2,571)
Capital element of PFI, LIFT and other service concession payments		(284)	(335)	(284)	(335)
Interest on loans		(1,425)	(1,534)	(1,425)	(1,534)
Interest paid on PFI, LIFT and other service concession obligations		(213)	(213)	(213)	(213)
PDC dividend (paid) / refunded		(5,000)	(4,595)	(5,000)	(4,595)
Net cash flows from / (used in) financing activities		(1,760)	(4,848)	(1,760)	(4,848)
Increase / (decrease) in cash and cash equivalents		40,557	1,171	40,172	2,800
Cash and cash equivalents at 1 April - brought forward		31,515	30,344	31,100	28,300
Cash and cash equivalents at 31 March	27	72,072	31,515	71,272	31,100

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2020/21 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts

Accounting convention

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

Note 1.2 Going concern

The Public Audit Forum issues guidance to auditors on how auditing standards should be applied in the public sector. Its publication 'Practice Note 10'1 was revised in late 2020. This updated guidance to auditors, approved by the Financial Reporting Council, explains that where the applicable financial reporting framework provides that the anticipated continued provision of services is a sufficient basis for going concern, then this should determine the extent of the auditor's procedures on going concern. This is the case in the NHS, with the DHSC Group Accounting Manual (GAM) and NHS foundation trust annual reporting manual (FT ARM) both based on the HM Treasury Financial Reporting Manual (FReM) where this definition applies. The guidance now says:

"The anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern." "Where an entity ceases to exist, it should consider whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of going concern for the final set of financial statements."

An NHS foundation trust's assessment of whether the going concern basis is appropriate for its accounts should therefore only be based on whether it is anticipated that the services it provides will continue to be provided with the same assets in the public sector. This is expected to be the case for NHS foundation trusts unless exceptional circumstances indicate otherwise; these should be discussed with NHS England and NHS Improvement. Where the continued provision of services in the public sector is anticipated to apply, there will not be any material uncertainties over going concern requiring disclosure.

The Trust has had no notification of discontinuation and based on the guidance, discussions with commissioners, support and direction through Covid 19, and the strategic plans collated by the ICS supported by the MHIS, MHIP and LTP the Trust has concluded that its services will continue to be delivered and will therefore adopt the going concern as a basis for the preparation of its accounts.

After making enquiries, the directors have a reasonable expectation that the services provided by the NHS foundation trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

Note 1.3 Consolidation

NHS Charitable Funds

The Trust is the corporate trustee to Lancashire & South Cumbria NHS Foundation Trust Charity and Other Related Charities. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102.

Under IFRS 10 NHS bodies are required to consolidate their charitable funds with their own statements where they are considered to be under common control, however, consideration is given to the materiality of the funds held. As with prior year the Trust's charitable funds are not considered material and so their results have not been consolidated. The statements of the Trust's charitable fund are available upon request.

Other subsidiaries

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year [except where a subsidiary's financial year end is before 1 January or after 1 July in which case the actual amounts for each month of the trust's financial year are obtained from the subsidiary and consolidated.

Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Subsidiaries which are classified as held for sale are measured at the lower of their carrying amount and 'fair value less costs to sell'.

Joint ventures

Joint ventures are arrangements in which the Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

Joint operations

Joint operations are arrangements in which the Trust has joint control with one or more other parties and has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Trust includes within its financial statements its share of the assets, liabilities, income and expenses.

Note 1.4 Revenue from contracts with customers

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

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the Trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at a [Integrated Care System/Sustainability and Transformation Partnership] level. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019/20)

In the comparative period (2019/20), the Trust's contracts with NHS commissioners included those where the Trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

In 2019/20, the Provider Sustainability Fund and Financial Recovery Fund enabled providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Note 1.5 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Note 1.6 Expenditure on employee benefits**Short-term employee benefits**

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

Pension costs**NHS Pension Scheme**

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Measurement

Valuation

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

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

All land and buildings are revalued using professional valuations in accordance with IFRS every five years. Interim desktop valuations are also carried out in all other years of the valuation cycle to ensure that carrying values are not materially different from those that would be recognised at the statement of financial position date.

An interim valuation exercise was carried out between January and March 2021 with a valuation date of 31 March 2021. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has acknowledged the COVID pandemic has impacted real estate markets, however, at the valuation date property markets have started to function again. As such valuations are not reported as being subject to 'material valuation uncertainty' in the valuation report. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. The valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

IFRS guidance is followed in valuing its assets.

LandStatus

Operational

Non-operational

Valuation methodology

Existing use value

Open market/fair value

BuildingsStatus

Operational

Non-operational but retained for future operational purposes

Surplus

Valuation methodologyDepreciated Replacement Cost
(including Modern Equivalent
Asset consideration)Depreciated Replacement Cost
(including Modern Equivalent
Asset consideration)

Open market/fair value

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

Assets under construction

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

Equipment

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.

Asset lives

As part of their valuation of our buildings the valuers assign useful economic lives to individual properties. The range of lives is 5 - 50 years.

Non property assets are valued using the following asset lives:

	<u>Years</u>
Medical equipment and engineering plant and equipment	5 - 15
Furniture	5 - 10
Mainframe information technology installations	5 - 8
Soft furnishings	7
Office and information technology equipment	5
Set-up costs in new buildings	10
Vehicles	7

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively. Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS foundation trust's professional valuers. Leaseholds are depreciated over the primary lease term. Equipment is depreciated on current cost evenly over the estimated life.

Revaluation gains and losses

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

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

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

Carrying values are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Impairments

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

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

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

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
 - management are committed to a plan to sell the asset
 - an active programme has begun to find a buyer and complete the sale
 - the asset is being actively marketed at a reasonable price
 - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated and grant funded assets

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

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

In 2020/21 this includes assets donated to the Trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

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

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with HM Treasury's *FReM*, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. 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

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

Note 1.10 Intangible assets

Recognition

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

Internally generated intangible assets

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

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

Software

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

Measurement

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

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

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	Max life Years
Information technology	5	5
Development expenditure	5	5
Websites	-	-
Software licences	5	5
Licences & trademarks	-	-
Patents	-	-
Other (purchased)	-	-
Goodwill	-	-

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.12 Cash and cash equivalents

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

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

Note 1.13 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

Financial assets are classified as subsequently measured fair value through income and expenditure.

Financial liabilities classified as subsequently measured at fair value through income and expenditure.

Financial assets and financial liabilities at amortised cost

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

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

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

Financial assets and financial liabilities at fair value through income and expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

The Trust normally recognises no credit losses in relation to NHS assets as all NHS receivables will eventually be settled. For non-NHS receivables the Trust recognises credit losses using a credit risk matrix.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

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

Note 1.14 Leases

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.

The Trust as a lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position 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.

Leases of land and buildings

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 a lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Operating leases

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.

Note 1.15 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2021:

		Nominal rate
Short-term	Up to 5 years	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.18%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation rate
Year 1	1.20%
Year 2	1.60%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 35 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 36 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 36, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

Note 1.17 Public dividend capital

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

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

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

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

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

Note 1.18 Value added tax

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

Note 1.19 Corporation tax

The Trust is a Health Service Body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is a power for the Treasury to disapply the exemption in relation to specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly the Trust is within the scope of corporation tax in respect of activities that are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000 per annum.

However the Trust has determined that it has no corporation tax liability as all activities are either ancillary to healthcare or below the de minimus level of profit at which tax is payable.

Note 1.20 Climate change levy

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

Note 1.21 Foreign exchange

The functional and presentational currency of the trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.22 Third party assets

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

Note 1.23 Losses and special payments

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

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

Note 1.24 Gifts

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

Note 1.25 Transfers of functions [to / from] [other NHS bodies / local government bodies]

For functions that have been transferred to the Trust from another NHS / local government body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain corresponding to the net assets/ liabilities transferred is recognised within income, but not within operating activities.

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

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

Note 1.26 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2020/21.

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

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Note 1.28 Critical judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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:

- Leases

The Trust followed IFRS guidance to decide on the most appropriate method of disclosing its leases. It decided that all current leases fall to be treated as operating leases. The Trust will review how it classes and discloses lease information in the light of the introduction of the new leasing standard, IFRS 16, in 2021/22

- PFI asset recognition

The Trust followed IFRS guidance to assess how to disclose its PFI assets. It decided that on-SOFP disclosure was the most appropriate method of disclosure and are presented as such in these accounts.

- Accruals

As with previous years the Trust prepares these accounts using the accruals accounting concept. This includes: the recognition of deferred income where appropriate, and following the new revenue recognition standard, IFRS 15, in the timing of income recognition.

- Provisions

The Trust has provided for expected liabilities in line with accounting guidance and on the most reliable evidence available at the year end. The Trust has estimated the provision for pensions relating to former staff using estimates provided by the NHS Pension Agency that are updated on an annual basis. Details of the provisions can be found in note 35 of these accounts.

- Impairments

Carrying values of assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Decreases in asset values and impairments 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.

- Asset valuations

In compliance with IFRS guidance the Trust has embedded an Estate Valuation Assurance process. This includes :

- internal reviews of the estate, and
- a regular independent professional valuation of the estate

The internal reviews identified changes that should be transacted through our financial statements. These may be disposals, transfers, or impairments of the estate.

The annual professional valuation of the estate ensures the appropriateness of our asset carrying values taking into consideration including: asset lives, decisions around future use and extant market conditions.

During 2020/21 the results of both processes have been transacted through the asset register and manifest themselves in our financial statements.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the asset recorded in note 17.

Note 2 Operating Segments

The Trust's Chief Operating Decision Maker as defined by IFRS 8 Operating Segments is the Board. It has determined that the Trust operates only one material business segment, that being the provision of healthcare services. The operating results of this segment are regularly reviewed by the Board.

Note 3.1 to the accounts analyses income from healthcare activities by type and also by source with the majority of our income coming from CCG and NHS England commissioners.

Note 4 to the accounts analyses other operating income the Trust received during the year. This is largely in relation to non-patient care services to other bodies, medical education and training monies and healthcare research and development funding.

Note 3 Operating income from patient care activities (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	2020/21	2019/20
	£000	£000
Mental health services		
Block contract / system envelope income*	282,987	242,132
Clinical partnerships providing mandatory services (including S75 agreements)	407	1,840
Other clinical income from mandatory services	557	83
Community services		
Block contract / system envelope income*	89,647	87,665
Income from other sources (e.g. local authorities)	8,497	9,332
All services		
Additional pension contribution central funding**	12,408	11,169
Other clinical income	2,715	1,105
Total income from activities	397,218	353,326

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

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

Note 3.2 Income from patient care activities (by source)

Note 3.2 Income from patient care activities (by source)	2020/21	2019/20
	£000	£000
Income from patient care activities received from:		
NHS England	62,666	58,497
Clinical commissioning groups	325,003	283,911
Other NHS providers	550	566
Local authorities	8,714	9,483
Non NHS: other	285	869
Total income from activities	397,218	353,326
Of which:		
Related to continuing operations	397,218	353,326

Note 4 Other operating income (Group)

	2020/21			2019/20		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,269	-	1,269	1,280	-	1,280
Education and training	12,562	-	12,562	10,115	-	10,115
Non-patient care services to other bodies	10	-	10	6,096	-	6,096
Provider sustainability fund (2019/20 only)	-	-	-	2,495	-	2,495
Financial recovery fund (2019/20 only)	-	-	-	165	-	165
Reimbursement and top up funding	33,251	-	33,251	-	-	-
Charitable and other contributions to expenditure	-	3,150	3,150	-	-	-
Rental revenue from operating leases	-	776	776	-	590	590
Other income	16,311	-	16,311	4,688	-	4,688
Total other operating income	63,403	3,926	67,329	24,839	590	25,429
Of which:						
Related to continuing operations			67,329			25,429

Other income includes balances for the Lancashire & South Cumbria Integrated Care System hosted by Lancashire & South Cumbria NHS FT.

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

	2020/21	2019/20
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	3,707	5,061

Note 5.2 Transaction price allocated to remaining performance obligations

	31 March	31 March
	2021	2020
	£000	£000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
within one year		
after one year, not later than five years		
after five years		
Total revenue allocated to remaining performance obligations	<u> -</u>	<u> -</u>

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

Note 6.1 Operating expenses (Group)

	2020/21	2019/20
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	10,606	3,971
Purchase of healthcare from non-NHS and non-DHSC bodies	35,721	23,504
Staff and executive directors costs	317,235	278,159
Remuneration of non-executive directors	247	159
Supplies and services - clinical (excluding drugs costs)	5,477	3,049
Supplies and services - general	1,320	819
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	5,574	5,420
Inventories written down (consumables donated from DHSC bodies as part of COVID response)	3,150	-
Professional support, consultancy & advice	4,129	3,537
Establishment	5,062	7,042
Premises	33,149	21,314
Transport (including patient travel)	850	911
Depreciation on property, plant and equipment	9,405	7,874
Amortisation on intangible assets	682	975
Net impairments	1,251	1,366
Movement in credit loss allowance: contract receivables / contract assets	1,564	(467)
Increase/(decrease) in other provisions	312	114
Change in provisions discount rate(s)	91	154
Audit fees payable to the external auditor		
audit services- statutory audit	82	84
other auditor remuneration (external auditor only)	-	15
Internal audit costs	143	116
Clinical negligence	1,152	741
Legal fees	438	506
Insurance	868	834
Education and training	2,409	905
Rentals under operating leases	10,023	7,548
Early retirements	153	136
Redundancy	397	322
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,129	1,073
Losses, ex gratia & special payments	65	58
Other	4,657	2,693
Total	457,341	372,932
Of which:		
Related to continuing operations	457,341	372,932

Reported expenditure includes balances for the Lancashire & South Cumbria Integrated Care System hosted by Lancashire & South Cumbria NHS FT.

Note 6.2 Other auditor remuneration (Group)

	2020/21 £000	2019/20 £000
Other auditor remuneration paid to the external auditor:		
1. Audit-related assurance services	-	15
Total	-	15

Note 6.4 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £1 million (2019/20: £1 million).

Note 7 Impairment of assets (Group)

	2020/21 £000	2019/20 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price*	1,251	1,179
Other	-	187
Total net impairments charged to operating surplus / deficit	1,251	1,366
Impairments charged to the revaluation reserve	7,311	778
Total net impairments	8,562	2,144

*Impairment recognised arose from the Annual Revaluation Exercise of Trust land and buildings.

Note 8 Employee benefits (Group)

	2020/21	2019/20
	Total	Total
	£000	£000
Salaries and wages	243,572	212,682
Social security costs	21,533	19,215
Apprenticeship levy	1,135	1,020
Employer's contributions to NHS pensions	40,922	36,993
Temporary staff (including agency)	10,470	8,571
Total staff costs	<u>317,632</u>	<u>278,481</u>
Of which		
Costs capitalised as part of assets	-	-

Note 8.1 Retirements due to ill-health (Group)

During 2020/21 there were 3 early retirements from the Trust agreed on the grounds of ill-health (6 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £115k (£402k in 2019/20).

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

Note 8.2 Directors' remuneration and other benefits

Details of the Trust's Directors' remuneration and other benefits can be found in the Trust's Annual Report.

Note 9 Pension costs

NHS Pension Scheme

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 and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 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

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 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

Note 10 Operating leases (Group)**Note 10.1 Lancashire and South Cumbria NHS Foundation Trust as a lessor**

This note discloses income generated in operating lease agreements where Lancashire and South Cumbria NHS Foundation Trust is the lessor.

	2020/21 £000	2019/20 £000
Operating lease revenue		
Minimum lease receipts	776	590
Total	<u>776</u>	<u>590</u>
	31 March 2021 £000	31 March 2020 £000
Future minimum lease receipts due:		
- not later than one year;	776	590
- later than one year and not later than five years;	3,104	2,360
- later than five years.	-	-
Total	<u>3,880</u>	<u>2,950</u>

Note 10.2 Lancashire and South Cumbria NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Lancashire and South Cumbria NHS Foundation Trust is the lessee.

	2020/21 £000	2019/20 £000
Operating lease expense		
Minimum lease payments	10,799	8,138
Less sublease payments received	(776)	(590)
Total	<u>10,023</u>	<u>7,548</u>
	31 March 2021 £000	31 March 2020 £000
Future minimum lease payments due:		
- not later than one year;	9,863	8,479
- later than one year and not later than five years;	8,895	5,724
- later than five years.	3,292	3,625
Total	<u>22,050</u>	<u>17,828</u>
Future minimum sublease payments to be received	-	-

Note 11 Finance income (Group)

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

	2020/21	2019/20
	£000	£000
Interest on bank accounts	10	254
Total finance income	10	254

Note 12.1 Finance expenditure (Group)

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

	2020/21	2019/20
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	1,419	1,498
Main finance costs on PFI and LIFT schemes obligations	214	214
Total interest expense	1,633	1,712
Unwinding of discount on provisions	(20)	-
Other finance costs	90	-
Total finance costs	1,703	1,712

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)

	2020/21	2019/20
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 13 Other gains / (losses) (Group)

	2020/21	2019/20
	£000	£000
Gains on disposal of assets	-	835
Total other gains / (losses)	-	835

Note 14 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the Trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The Trust's surplus for the period was £0.8 million (2019/20: £8.4 million). The Trust's total comprehensive income/(expense) for the period was -£6.2 million (2019/20: £16.9 million).

Note 15.1 Intangible assets - 2020/21

Group & Trust	Software licences £000	Internally generated information technology £000	Development expenditure £000	Total £000
Valuation / gross cost at 1 April 2020 - brought forward	3,645	1,490	824	5,959
Transfers by absorption	-	-	-	-
Additions	236	-	216	452
Impairments	-	-	-	-
Reclassifications	-	930	(930)	-
Disposals / derecognition	(1,026)	-	-	(1,026)
Valuation / gross cost at 31 March 2021	2,855	2,420	110	5,385
Amortisation at 1 April 2020 - brought forward	2,928	223	-	3,151
Transfers by absorption	-	-	-	-
Provided during the year	337	345	-	682
Impairments	-	-	-	-
Reclassifications	-	-	-	-
Disposals / derecognition	(1,026)	-	-	(1,026)
Amortisation at 31 March 2021	2,239	568	-	2,807
Net book value at 31 March 2021	616	1,852	110	2,578
Net book value at 1 April 2020	717	1,267	824	2,808

Note 15.2 Intangible assets - 2019/20

Group & Trust	Software licences £000	Internally generated information technology £000	Development expenditure £000	Total £000
Valuation / gross cost at 1 April 2019 - as previously stated	3,904	-	1,289	5,193
Prior period adjustments	(472)	-	472	-
Valuation / gross cost at 1 April 2019 - restated	3,432	-	1,761	5,193
Transfers by absorption	271	-	-	271
Additions	129	-	553	682
Impairments	(187)	-	-	(187)
Reclassifications	-	1,490	(1,490)	-
Disposals / derecognition	-	-	-	-
Valuation / gross cost at 31 March 2020	3,645	1,490	824	5,959
Amortisation at 1 April 2019 - as previously stated	2,092	-	-	2,092
Prior period adjustments	-	-	-	-
Amortisation at 1 April 2019 - restated	2,092	-	-	2,092
Transfers by absorption	84	-	-	84
Provided during the year	752	223	-	975
Impairments	-	-	-	-
Reclassifications	-	-	-	-
Disposals / derecognition	-	-	-	-
Amortisation at 31 March 2020	2,928	223	-	3,151
Net book value at 31 March 2020	717	1,267	824	2,808
Net book value at 1 April 2019	1,340	-	1,761	3,101

Note 16.1 Property, plant and equipment - 2020/21

Group & Trust	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2020 - brought forward	14,656	221,226	204	1,027	40	11,087	1,162	249,402
Transfers by absorption	-	-	-	-	-	-	-	-
Additions	-	10,341	3,646	-	-	3,065	-	17,052
Impairments	-	(8,562)	-	-	-	-	-	(8,562)
Revaluations	8	152	-	-	-	-	-	160
Disposals / derecognition	-	(7,149)	-	-	-	(576)	-	(7,725)
Valuation/gross cost at 31 March 2021	14,664	216,008	3,850	1,027	40	13,576	1,162	250,327
Accumulated depreciation at 1 April 2020 - brought forward	-	15,199	-	901	40	3,662	1,109	20,911
Transfers by absorption	-	-	-	-	-	-	-	-
Provided during the year	-	6,865	-	-	-	2,540	-	9,405
Impairments	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
Disposals / derecognition	-	(7,149)	-	-	-	(576)	-	(7,725)
Accumulated depreciation at 31 March 2021	-	14,915	-	901	40	5,626	1,109	22,591
Net book value at 31 March 2021	14,664	201,093	3,850	126	-	7,950	53	227,736
Net book value at 1 April 2020	14,656	206,027	204	126	-	7,425	53	228,491

Note 16.2 Property, plant and equipment - 2019/20

Group & Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	14,017	203,311	23	827	40	5,423	954	224,595
Transfers by absorption	483	7,046	-	200	-	1,149	208	9,086
Additions	-	8,367	181	-	-	4,901	-	13,449
Impairments	(15)	(1,556)	-	-	-	(386)	-	(1,957)
Revaluations	171	4,058	-	-	-	-	-	4,229
Disposals / derecognition	-	-	-	-	-	-	-	-
Valuation/gross cost at 31 March 2020	14,656	221,226	204	1,027	40	11,087	1,162	249,402
Accumulated depreciation at 1 April 2019 - as previously stated	-	13,854	-	816	40	1,574	940	17,224
Transfers by absorption	-	80	-	85	-	505	169	839
Provided during the year	-	6,291	-	-	-	1,583	-	7,874
Impairments	-	-	-	-	-	-	-	-
Revaluations	-	(5,026)	-	-	-	-	-	(5,026)
Disposals / derecognition	-	-	-	-	-	-	-	-
Accumulated depreciation at 31 March 2020	-	15,199	-	901	40	3,662	1,109	20,911
Net book value at 31 March 2020	14,656	206,027	204	126	-	7,425	53	228,491
Net book value at 1 April 2019	14,017	189,457	23	11	-	3,849	14	207,371

Note 16.3 Property, plant and equipment financing - 2020/21

Group & Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021								
Owned - purchased	14,664	200,202	3,850	126	-	7,950	53	226,845
On-SoFP PFI contracts and other service concession arrangements	-	891	-	-	-	-	-	891
NBV total at 31 March 2021	14,664	201,093	3,850	126	-	7,950	53	227,736

Note 16.4 Property, plant and equipment financing - 2019/20

Group & Trust	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020								
Owned - purchased	14,656	204,838	204	126	-	7,425	53	227,302
On-SoFP PFI contracts and other service concession arrangements	-	1,189	-	-	-	-	-	1,189
NBV total at 31 March 2020	14,656	206,027	204	126	-	7,425	53	228,491

Note 17 Donations of property, plant and equipment

The Trust has received no material donations of property, plant or equipment from DHSC as part of the Coronavirus pandemic response during 2020/21.

Note 18 Revaluations of property, plant and equipment**Land & Building Asset Assurance Valuation Process**

The Trust conducts regular reviews of its estate to ensure the appropriate carrying value of its land and building assets. Internal reviews are supplemented by valuations are carried out by professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. These are conducted on a regular basis, being a full valuation exercise every 5 years with an interim valuation of the estate in all other years of the valuation cycle.

An interim valuation exercise was carried out between January and March 2021 with a valuation date of 31 March 2021. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has acknowledged the COVID pandemic has impacted real estate markets, however, at the valuation date property markets have started to function again. As such valuations are not reported as being subject to 'material valuation uncertainty' in the valuation report. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. The valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

IFRS guidance is followed in valuing its assets.

LandStatus

Operational

Non-operational

Valuation methodology

Existing use value

Open market/fair value

BuildingsStatus

Operational

Valuation methodology

Depreciated Replacement Cost (including Modern Equivalent Asset consideration)

Non-operational but retained for future operational purposes

Depreciated Replacement Cost (including Modern Equivalent Asset consideration)

Surplus

Open market/fair value

Assets Under Construction

Are valued at cost and are assessed by professional valuers as part of the annual valuation or when they are brought into use.

Equipment

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

Results of the 2020/21 assurance process

The Trust has followed NHS guidance in the valuation strategy of its estate. As such the Trust employed an independent professional valuer to conduct a revaluation exercise of its estate as at 31 March 2021.

The results of these valuations can be summarised as follows:

PPE changes

Net decrease in asset value	-£8.4m
Increase in asset value	£0.2m
Decrease in asset value:	-£8.6m
- of which charged to	
Revaluation Reserve	-£7.2
SOCl as impairments	-£1.2

Note 19.1 Investment Property

The Trust has no investment property to disclose.

Note 20 Investments in associates and joint ventures

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Carrying value at 1 April - brought forward	47	187	47	187
Disbursements / dividends received	(41)	(140)	(41)	(140)
Carrying value at 31 March	6	47	6	47

Note 21 Other investments / financial assets (non-current)

The Trust has no investment property to disclose.

Note 22 Disclosure of interests in other entities

These accounts disclose the consolidated results of the Trust and its sole subsidiary, Healthcare Support and Infrastructure Services LLP, as well as its interest in Red Rose Corporate Services, a joint venture the Trust has a 50% stake in.

Note 23 Analysis of charitable fund reserves

The Trust is a corporate trustee of the Lancashire & South Cumbria NHS Foundation Trust Charity and Other Related Charities. The Trust has received monies from the charity in respect of its management of the charity to the value of £18k (£18k to 31 March 2020). The charity is registered with the charities commission (Charity Number 1099568) and produces its own annual report and accounts.

Under IFRS 10 NHS bodies are required to consolidate their charitable funds with their own statements where they are considered to be under common control, however, consideration is given to the materiality of the funds held. As with prior year the Trust's charitable funds are not considered material and so their results have not been consolidated. The statements of the Trust's charitable fund are available upon request.

Note 24 Inventories

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Consumables	39	39	39	39
Energy	4	4	4	4
Other	50	54	50	54
Total inventories	93	97	93	97

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £3,150k of items purchased by DHSC.

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in note 6.1.

Note 25.1 Receivables

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Contract receivables	18,942	22,396	18,942	22,396
Allowance for impaired contract receivables / assets	(2,674)	(1,135)	(2,674)	(1,135)
Prepayments (non-PFI)	2,960	1,989	2,960	1,989
PDC dividend receivable	792	201	792	201
VAT receivable	1,968	929	1,968	929
Other receivables	-	3,323	-	3,323
Total current receivables	21,988	27,703	21,988	27,703
Non-current				
Other receivables	112	125	112	125
Total non-current receivables	112	125	112	125
Of which receivable from NHS and DHSC group bodies:				
Current	17,937	21,347	17,937	21,347
Non-current	-	-	-	-

Note 25.2 Allowances for credit losses - 2020/21

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2020 - brought forward	1,135	-	1,135	-
New allowances arising	2,648	-	2,648	-
Reversals of allowances	(1,084)	-	(1,084)	-
Utilisation of allowances (write offs)	(25)	-	(25)	-
Allowances as at 31 Mar 2021	2,674	-	2,674	-

Note 25.3 Allowances for credit losses - 2019/20

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2019 - as previously stated	1,615	-	1,615	-
New allowances arising	257	-	257	-
Reversals of allowances	(724)	-	(724)	-
Utilisation of allowances (write offs)	(13)	-	(13)	-
Allowances as at 31 Mar 2020	1,135	-	1,135	-

Note 26.1 Non-current assets held for sale and assets in disposal groups

	Group		Trust	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
NBV of non-current assets for sale and assets in disposal groups at 1 April	500	1,540	500	1,540
Assets sold in year	-	(1,040)	-	(1,040)
NBV of non-current assets for sale and assets in disposal groups at 31 March	500	500	500	500

Assets held for sale as at 31 March 2021 are: Carrying Value
 - Ridge Lea Hospital £500k

The site has been identified as being surplus to Trust requirements and satisfies the criteria for recognition as an asset held for sale at the balance sheet date. Sale is forecast for 2021/22.

Note 27.1 Cash and cash equivalents movements

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

	Group		Trust	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
At 1 April	31,515	30,344	31,515	30,344
Net change in year	40,557	1,171	39,757	1,171
At 31 March	72,072	31,515	71,272	31,515
Broken down into:				
Cash at commercial banks and in hand	37	32	37	32
Cash with the Government Banking Service	72,035	31,483	71,235	31,068
Total cash and cash equivalents as in SoCF	72,072	31,515	71,272	31,100

Note 27.2 Third party assets held by the Trust

Lancashire and South Cumbria NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Bank balances	296	215
Total third party assets	296	215

Note 28.1 Trade and other payables

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Trade payables	15,372	10,271	15,372	10,271
Capital payables	5,913	6,072	5,913	6,072
Accruals	29,102	13,683	29,102	13,683
Social security costs	3,345	3,142	3,345	3,142
Other taxes payable	2,440	2,161	2,440	2,161
Other payables	1,396	2,911	1,531	3,116
Total current trade and other payables	57,568	38,240	57,703	38,445
Of which payables from NHS and DHSC group bodies:				
Current	11,273	6,615	11,273	6,615
Non-current	-	-	-	-

Payables include £3,838k outstanding superannuation and pensions provision contributions as at 31 March 2021 (£3.605k 31 March 2020) that were paid in April 2021.

Note 29 Other liabilities

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Deferred income: contract liabilities	21,975	6,382	21,975	6,382
Total other current liabilities	21,975	6,382	21,975	6,382

Deferred income balances refer to income received in year for which performance will not be actioned until 2021/22.

Note 30 Borrowings

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Loans from DHSC	2,682	2,689	2,682	2,689
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	324	324	324	324
Total current borrowings	3,006	3,013	3,006	3,013
Non-current				
Loans from DHSC	42,372	44,943	42,372	44,943
Obligations under PFI, LIFT or other service concession contracts	1,289	1,573	1,289	1,573
Total non-current borrowings	43,661	46,516	43,661	46,516

Note 30.1 Reconciliation of liabilities arising from financing activities (Group)

Group & Trust - 2020/21	Loans from DHSC £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2020	47,632	1,897	49,529
Cash movements:			
Financing cash flows - payments and receipts of principal	(2,571)	(284)	(2,855)
Financing cash flows - payments of interest	(1,425)	(214)	(1,639)
Non-cash movements:			
Application of effective interest rate	1,418	214	1,632
Carrying value at 31 March 2021	45,054	1,613	46,667

Group & Trust - 2019/20	Loans from DHSC £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2019	50,212	2,232	52,444
Cash movements:			
Financing cash flows - payments and receipts of principal	(2,571)	(335)	(2,906)
Financing cash flows - payments of interest	(1,534)	(214)	(1,748)
Non-cash movements:			
Application of effective interest rate	1,525	214	1,739
Carrying value at 31 March 2020	47,632	1,897	49,529

Note 31 Finance leases

The Trust has not entered into any finance lease arrangements.

Note 32.1 Provisions for liabilities and charges analysis (Group & Trust)

Group & Trust	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Redundancy	Total
	£000	£000	£000	£000	£000
At 1 April 2020	1,231	1,031	369	132	2,763
Change in the discount rate	34	57	-	-	91
Arising during the year	82	35	195	-	312
Utilised during the year	(126)	(44)	(159)	-	(329)
Unwinding of discount	(11)	(9)	-	-	(20)
At 31 March 2021	1,210	1,070	405	132	2,817
Expected timing of cash flows:					
- not later than one year;	126	44	405	132	707
- later than one year and not later than five years;	680	253	-	-	933
- later than five years.	404	773	-	-	1,177
Total	1,210	1,070	405	132	2,817

Pensions: early departure costs

Pensions: injury benefits

Legal claims

Redundancy

These are ongoing costs payable over the life on the individuals concerned.

This provision is held following advice provided by NHS Resolution and the Trust's own solicitors.

This provision relates to known redundancies at the balance sheet date that will be paid during 2021/22.

Note 32.2 Clinical negligence liabilities

At 31 March 2021, £7,788k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Lancashire and South Cumbria NHS Foundation Trust (31 March 2020: £9,343k).

Note 33 Contingent assets and liabilities

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Value of contingent liabilities				
NHS Resolution legal claims	(111)	(132)	(111)	(132)
Net value of contingent liabilities	(111)	(132)	(111)	(132)
Net value of contingent assets	-	-	-	-

Note 34 Contractual capital commitments

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	8,957	699	8,957	699
Total	8,957	699	8,957	699

Note 35 Other financial commitments

The Group / Trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made.

Note 36 On-SoFP PFI, LIFT or other service concession arrangements

Note 36.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

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

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Gross PFI, LIFT or other service concession liabilities	1,899	2,475	1,899	2,475
Of which liabilities are due				
- not later than one year;	650	631	650	631
- later than one year and not later than five years;	1,249	1,844	1,249	1,844
- later than five years.	-	-	-	-
Finance charges allocated to future periods	(286)	(578)	(286)	(578)
Net PFI, LIFT or other service concession arrangement obligation	1,613	1,897	1,613	1,897
- not later than one year;	324	324	324	324
- later than one year and not later than five years;	1,289	1,573	1,289	1,573
- later than five years.	-	-	-	-

Note 36.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

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

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	4,750	6,371	4,750	6,371
Of which payments are due:				
- not later than one year;	1,627	1,625	1,627	1,625
- later than one year and not later than five years;	3,123	4,746	3,123	4,746
- later than five years.	-	-	-	-

Note 36.3 Analysis of amounts payable to service concession operator

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

	Group		Trust	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Unitary payment payable to service concession operator	1,628	1,625	1,628	1,625
Consisting of:				
- Interest charge	214	214	214	214
- Repayment of balance sheet obligation	284	338	284	338
- Service element and other charges to operating expenditure	817	782	817	782
- Revenue lifecycle maintenance	313	291	313	291
Total amount paid to service concession operator	1,628	1,625	1,628	1,625

Note 37 Off-SoFP PFI, LIFT and other service concession arrangements

Lancashire & South Cumbria NHS Foundaton Trust has no Off-Statement of Financial Position PFI and LIFT arrangements.

Note 38 Financial instruments

Note 38.1 Financial risk management

The Trust does not have any listed capital instruments and is not a financial institution.

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Foundation Trust. Credit risk arises from deposits with banks as well as credit exposures to the Foundation Trust's commissioners and other debtors. The bulk of the Trust's commissioners are NHS, which minimises the credit risk from these customers. Non-NHS customers do not represent a large proportion of income and the majority of these relate to bodies which are considered low risk - e.g. universities, local councils, insurance companies, etc...

An analysis of the ageing of debtors and provision for impairment can be found at Note 28 "Receivables".

Surplus operating cash is only invested with the Government Banking System.

Liquidity Risk

The Trust's net operating costs are incurred under service agreements with commissioners of healthcare, which are financed from resources voted annually by Parliament. The Trust largely finances capital expenditure through internally generated funds and from loans that can be taken out up to an agreed borrowing limit. The borrowing is based upon a risk rating determined by Monitor, the Independent Regulator for Foundation Trusts and takes account of the Trust's liquidity. The Trust is therefore not exposed to significant liquidity risk.

Market Risk

All of the Trust's financial liabilities carry nil or fixed rates of interest. In addition the only element of the Trust's financial assets that is currently subject to a variable rate is cash held in the Trust's main bank account and therefore the Trust is not exposed to significant interest-rate risk.

Treasury Management Risk

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Note 38.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2021	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	16,336	16,336
Other investments / financial assets	6	6
Cash and cash equivalents	72,072	72,072
Total at 31 March 2021	88,414	88,414

Carrying values of financial assets as at 31 March 2020	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	24,609	24,609
Other investments / financial assets	47	47
Cash and cash equivalents	31,515	31,515
Total at 31 March 2020	56,171	56,171

Note 38.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2021	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	16,336	16,336
Other investments / financial assets	6	6
Cash and cash equivalents	71,272	71,272
Total at 31 March 2021	87,614	87,614

Carrying values of financial assets as at 31 March 2020	Held at amortised cost £000	Total book value £000
Trade and other receivables excluding non financial assets	24,609	24,609
Other investments / financial assets	47	47
Cash and cash equivalents	31,100	31,100
Total at 31 March 2020	55,756	55,756

Note 38.4 Carrying values of financial liabilities (Group)

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2021		
Loans from the Department of Health and Social Care	45,054	45,054
Obligations under PFI, LIFT and other service concessions	1,613	1,613
Trade and other payables excluding non financial liabilities	47,945	47,945
Provisions under contract	2,817	2,817
Total at 31 March 2021	97,429	97,429

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2020		
Loans from the Department of Health and Social Care	47,632	47,632
Obligations under PFI, LIFT and other service concessions	1,897	1,897
Trade and other payables excluding non financial liabilities	29,313	29,313
Provisions under contract	2,763	2,763
Total at 31 March 2020	81,605	81,605

Note 38.5 Carrying values of financial liabilities (Trust)

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2021		
Loans from the Department of Health and Social Care	45,054	45,054
Obligations under PFI, LIFT and other service concessions	1,613	1,613
Trade and other payables excluding non financial liabilities	48,080	48,080
Provisions under contract	2,817	2,817
Total at 31 March 2021	97,564	97,564

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2020		
Loans from the Department of Health and Social Care	47,632	47,632
Obligations under PFI, LIFT and other service concessions	1,897	1,897
Trade and other payables excluding non financial liabilities	29,517	29,517
Provisions under contract	2,763	2,763
Total at 31 March 2020	81,809	81,809

Note 38.6 Fair values of financial assets and liabilities

The Trust considers book value (carrying value) to be a reasonable approximation of fair value.

All assets and liabilities are denominated in sterling.

Note 38.7 Maturity of financial liabilities

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

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
In one year or less	51,984	34,119	52,119	34,323
In more than one year but not more than five years	2,182	2,400	2,182	2,400
In more than five years	46,231	48,353	46,231	48,353
Total	100,397	84,872	100,532	85,076

Note 39 Losses and special payments

Group and trust	2020/21		2019/20	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	16	7	26	13
Fruitless payments and constructive losses	1	-	1	-
Bad debts and claims abandoned	15	24	13	6
Total losses	32	31	40	19
Special payments				
Compensation under court order or legally binding arbitration award	2	25	2	28
Ex-gratia payments	39	9	41	11
Total special payments	41	34	43	39
Total losses and special payments	73	65	83	58
Compensation payments received		-		-

Note 40 Gifts

There are no gifts to disclose for the year ended 31 March 2021.

Note 41 Related parties

Lancashire & South Cumbria NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the board members or parties related to them has undertaken any material transactions with the Trust

Note 41.1 Department of Health and Social Care

The Trust has had a significant number of material transactions with entities for which the Department of Health and Social Care is regarded as the parent Department. These entities are:

	2020/21 Debtor £000	2020/21 Creditor £000	2020/21 Income £000	2020/21 Expenditure £000
NHS Blackburn With Darwen CCG	561	50	42,510	0
NHS Blackpool CCG	1,048	32	46,434	0
NHS Chorley And South Ribble CCG	2,593	23	44,597	0
NHS East Lancashire CCG	387	5	56,999	0
NHS Fylde & Wyre CCG	447	33	25,934	0
NHS Greater Preston CCG	615	0	48,985	0
NHS Morecambe Bay CCG	1,276	20	45,251	0
NHS Southport and Formby CCG	411	0	13,126	0
NHS West Lancashire CCG	746	17	16,180	0
NHS England	4,091	153	82,907	1,742
Health Education England	1,268	8	10,792	17
Lancashire Teaching Hospitals NHS FT	1,354	2,313	1,268	5,453
East Lancashire Hospitals NHS FT	316	2,313	313	2,130
NHS Property Services	247	1,841	33	4,631
Community Health Partnerships	0	452	0	4,040
Blackpool Teaching Hospitals NHS Foundation Trust	537	1,569	1,636	1,644
Liverpool Heart and Chest Hospital NHS Foundation Trust	23	19	23	645
University Hospitals of Morecambe Bay NHS Foundation Trust	144	970	308	2,105
Wrightington, Wigan and Leigh NHS Foundation Trust	0	99	0	384
Southport And Ormskirk Hospital NHS Trust	23	448	20	481
Salford Royal NHS Foundation Trust	5	0	0	773
Other DoH bodies *	1,053	908	2,441	2,994
Sub-total	17,145	11,273	439,757	27,039

* represents transactions with a number of healthcare commissioners

Note 41.2 Other Healthcare Commissioners

The Trust has also had a significant number of material transactions with other entities who have commissioned our healthcare services. These entities are:

	2020/21 Debtor £000	2020/21 Creditor £000	2020/21 Income £000	2020/21 Expenditure £000
Lancashire County Council	1,359	248	4,349	425
Blackpool Borough Council	-	13	-	619
Blackburn with Darwen Borough Council	238	-	5,268	367
Burnley Borough Council	-	-	-	64
Lancaster City Council	-	-	-	157
Preston City Council	-	-	-	408
South Ribble Borough Council	-	-	-	205
Other commissioners *	200	0	446	562
Sub-total	1,797	261	10,063	2,807

* represents immaterial transactions with a number of healthcare commissioners

All income was received as income to commission healthcare services, and all expenditure relates to the associated operating expenses.

All transactions were conducted during the normal course of business in delivering healthcare.

Note 41.3 Other Central Government

	2020/21 £000	2020/21 £000	2020/21 £000	2020/21 £000
	Debtor	Creditor	Income	Expenditure
NHS Pension Scheme	-	3,838	-	40,922
National Insurance Fund	-	5,785	-	22,668
Other Central Government*	1,968	-	291	32
Sub-total	1,968	9,623	291	63,622

* represents immaterial transactions with a number of Central Government bodies

Note 41.4 Other Related Parties

The Trust previously established a wholly owned subsidiary, Healthcare Support and Infrastructure Services LLP (HSIS). HSIS took over provision of estate management services to the Trust on 1 April 2018. Being wholly owned the Trust has prepared its financial statements on a Group basis consolidating the results of HSIS.

Note 42 Charity

The Trust is a corporate trustee of the Lancashire & South Cumbria NHS Foundation Trust Charity and Other Related Charities. The Trust has received monies from the charity in respect of its management of the charity to the value of £18k (£18k to 31 March 2020). The charity is registered with the charities commission (Charity Number 1099568) and produces its own annual report and accounts.

Under IFRS 10 NHS bodies are required to consolidate their charitable funds with their own statements where they are considered to be under common control, however, consideration is given to the materiality of the funds held. As with prior year the Trust's charitable funds are not considered material and so their results have not been consolidated. The statements of the Trust's charitable fund are available upon request.

Note 43 Transfers by absorption

There were no transfers by absorption to disclose for the year ended 31 March 2021.

Note 44 Events after the reporting date

There are no material events after the reporting period.



Lancashire &
South Cumbria
NHS Foundation Trust

We are
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Auditor's Annual Report 2020/21

Lancashire and South Cumbria NHS
Foundation Trust

11 June 2021

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This report is addressed to Lancashire and South Cumbria NHS Foundation Trust (the Trust) and has been prepared for the sole use of the Trust. We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Summary

Introduction

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2020-21 audit of Lancashire and South Cumbria NHS Foundation Trust (the 'Trust'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:

- **Accounts** - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).
- **Annual report** - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.
- **Value for money** - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.
- **Other reporting** - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

Accounts	<p>We issued an unqualified opinion on the Trust's accounts on 14 June 2021. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust.</p> <p>We have provided further details of the key risks we identified and our response on page 4.</p>
Annual report	<p>We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust.</p> <p>We confirmed that the Governance Statement had been prepared in line with the DHSC requirements.</p>
Value for money	<p>We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money.</p> <p>We have nothing to report in this regard.</p>
Other reporting	<p>We did not consider it necessary to issue any other reports in the public interest.</p>

Accounts audit

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Findings
<p>Valuation of land and buildings</p> <p>Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. There is a risk the assumptions used to determine the valuation are not accurate.</p>	<p>We did not identify any material misstatements relating to this risk.</p> <p>We raised a recommendation relating to management review of valuer assumptions.</p> <p>We considered the estimate to be balanced based on the procedures performed due to overall limited movement in the value of the estate from the prior year.</p>
<p>Fraudulent expenditure recognition</p> <p>The Trust was set a forecast deficit target for the year, however at the year end, the Trust's performance showed an improvement on the agreed deficit position. We considered there to be a risk over existence and accuracy of non-pay expenditure at the year-end, as there is greater incentive for management to overstate expenditure in 2020-21 by bringing forward expenditure from 2021-22, to mitigate financial pressures in that period.</p>	<p>We did not identify any material misstatements relating to this risk.</p>
<p>Management override of controls</p> <p>We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<p>We did not identify any material misstatements relating to this risk.</p>

Value for money

Introduction

We consider whether there are sufficient arrangements in place for the Trust for each of the elements that make up value for money. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

Further details of our value for money responsibilities can be found in the Audit Code of Practice at [Code of Audit Practice \(nao.org.uk\)](http://nao.org.uk)

Matters that informed our risk assessment

The table below provides a summary of the external sources of evidence that were utilised in forming our risk assessment as to whether there were significant risks that value for money was not being achieved:

Care Quality Commission rating	Requires Improvement (May 2019).
NHS Single Oversight Framework segmentation	2 - Providers Offered Targeted Support
Governance statement	There were no significant control deficiencies identified in the governance statement.
Head of Internal Audit opinion	Substantial Assurance (unqualified opinion).

Commentary on arrangements

We have set out on the following pages commentary on how the arrangements in place at the Trust compared to the expected systems that would be in place in the sector.

Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	One significant risk identified	No significant weaknesses identified
Governance	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness	No significant risks identified	No significant weaknesses identified

Financial sustainability	
Description	Commentary on arrangements
<p>This relates to ensuring that the Trust has sufficient arrangements in place to be able to continue to provide its services within the resources available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> How the Trust sets its financial plans to ensure services can continue to be delivered; How financial performance is monitored and actions identified where it is behind plan; and How financial risks are identified and actions to manage risks implemented. 	<p>The Covid-19 pandemic has had a major impact on the NHS and this has resulted in changes to the financial planning regime. On 17 March 2020 normal contractual arrangements with NHS providers were suspended and the NHS moved to block contract payments on account. The value of these was determined centrally, rather than being agreed between the CCG and the providers. NHS organisations were also reimbursed with additional funding as required in order to reflect the additional costs incurred as a result of Covid-19. For months 7-12 of NHSE/I provided allocations for each provider to cover additional cost pressures due to Covid-19 and the provision of services.</p> <p>The initial draft budgets for 20-21 were constructed based on appropriate local and national planning assumptions and we saw evidence of appropriate review and sign off by the relevant budget holders, before proposed sign off by the Board of Directors. Risks and mitigations are included in the Trust plan. Financial risks are triangulated when the financial plan is put together as part of the planning process and the risk register is consulted by the team when compiling the plan for the year.</p> <p>We found that the budget monitoring and control processes were able to identify pressures into the financial plan to ensure it was achievable and realistic. Similarly, we found through our review of relevant Board and sub-Committee (Finance and Resources) meeting minutes that finance and operational performance is appropriately scrutinised.</p> <p>Following the onset of the Covid-19 pandemic, NHSI/E requested all NHS entities halt the development and formal reporting of cost improvement plans (CIPs) as part of the wider financial planning suspension for 2020/21. Further to this, the Lancashire and South Cumbria ICS actively took the decision to stand down any form of CIP monitoring or reporting in light of the pressures faced as a result of the Covid pandemic. However, we have seen evidence at other trusts nationally that CIPs continued to be monitored throughout the year demonstrating the arrangements suggested in the Code of Audit Practice (the Code). This specifically requires auditors to assess how trusts plan to identify achievable savings and support the sustainable delivery of services during the year. During our risk assessment we identified an absence of in-year CIP monitoring and whilst this is in line with the decision taken locally, this does highlight a potential risk of significant weakness in line with the Code.</p> <p>We do acknowledge the Trust has been able to demonstrate its ability to manage its resources within the confines of the funding regime and presented evidence that CIP planning for the next financial year (2021/22) had been undertaken since Autumn 2020, including the establishment of a CIP Steering Group in January 2021. We reviewed evidence of high level CIP plans and updates presented to Finance and Resources Committee in November 2020 and March 2021. In addition, there was some local consideration of corporate service savings through effective Covid procurement processes which ensured that the absence of formal CIP monitoring did not expose the body to significant financial loss (continued overleaf).</p>

Value for money

Financial sustainability	
Description	Commentary on arrangements
<p>This relates to ensuring that the Trust has sufficient arrangements in place to be able to continue to provide its services within the resources available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> How the Trust sets its financial plans to ensure services can continue to be delivered; How financial performance is monitored and actions identified where it is behind plan; and How financial risks are identified and actions to manage risks implemented. 	<p>For the 2021/22 financial year, NHS England/Improvement has continued the arrangements from the second half of 2020/21 in recognition of the continued pressure felt by NHS organisations from the Covid-19 pandemic. The Trust is in the process of developing a financial plan alongside partners in the wider Lancashire and South Cumbria Integrated Care System (ICS) which achieves financial balance at the system level.</p> <p>In the period to 31 March 2021, the Trust has kept the Board and its sub-committees informed of the funding arrangements in place and the wider pressures faced by both the Trust itself and the wider ICS. We have reviewed various papers presented at Finance and Resources Committee as well as the monthly finance report highlighting the current financial position. In addition, we have seen evidence of the initial budget setting process that has been undertaken by the Trust to identify cost pressures and what further investments are needed for FY22</p> <p>For the 2021/22 financial year, NHS England/Improvement has continued the arrangements from the second half of 2020/21 in recognition of the continued pressure felt by NHS organisations from the Covid-19 pandemic. The Trust is in the process of developing a financial plan alongside partners in the wider Lancashire and South Cumbria Integrated Care System (ICS) which achieves financial balance at the system level.</p> <p>From a system-wide perspective, ahead of the first formal submission, there was a shortfall of £30m across the Lancashire and South Cumbria ICS for the first six months of 2021/22. The Trust itself has been set a requirement to break-even against an expected deficit predicated on £4.5m Top up funding and £9.3m COVID funding from the ICS envelope as expected.</p> <p>The balanced position also includes a CIP requirement of £2.0m. Plans are underway to identify these proposed savings, but this process falls outside FY21. We have included one recommendation in response to findings this year.</p> <p>Conclusion</p> <p>Whilst in a normal year the Trust has had adequate cost improvement and associated governance processes in place, there are understandable reasons why this is not the case this year. When considering this in the context of operating the organisations in a pandemic, we consider it reasonable that no significant cost improvement planning or execution was carried out in clinical services. This is supported by guidance from the regulator, local consideration of corporate service savings through effective procurement and the emergency funding arrangements in place which ensured that the absence of formal CIP monitoring did not create a risk of significant financial loss. We have raised a recommendation to management to improve financial governance around CIP but do not believe this constitutes a significant weakness in the period of audit.</p>

Governance	
Description	Commentary on arrangements
<p>This relates to the arrangements in place for overseeing the Trust's performance, identifying risks to achievement of its objectives and taking key decisions.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> Processes for the identification and management of strategic risks; Decision making framework for assessing strategic decisions; Processes for ensuring compliance with laws and regulations; How controls in key areas are monitored to ensure they are working effectively. 	<ul style="list-style-type: none"> The key element of the risk management process at the highest level of the Trust is embodied in the Board Assurance Framework (BAF). Through correspondence with different departments, a comprehensive analysis of all of the risks faced by the Trust is carried out. Each risk is assigned to an appropriate director, who then takes responsibility for the management of it. The BAF has recently been reviewed and updated and was ratified in the last 12 months. Through our inspection of Board papers and discussions with management we have seen evidence of the significant amount of work that has been undertaken to refresh the risk management processes at the Trust. A revised Risk Management Strategy was ratified by Board in October 2020 and Corporate Risk Register is under construction. We have reviewed Board and Finance and Resources Committee (FRC) minutes and are satisfied that the detail provided in the attached papers is sufficient for committee/Board members to make informed decisions. There is evidence that detailed discussions occur over the financial risks reported and recommendations made to mitigate these. The finance report sent to the Board consistently captures the Use of Resources (UoR) risk rating and identifies pressures and positions of multiple factors such as cash and liquidity, capital and financing, Covid-19, etc. In our report to the Audit Committee in June 2020, we reported that of the 211 actions within the CQC action plan, 98 were completed as at 19 March 2020. The Executive Team reviewed all outstanding actions, following the outbreak of the Covid-19 pandemic and classified them into three categories: Priority, Delay, Paused. As at May 2020, 26 (of the original 37) 'Must do' actions were reported as not implemented. At the November 2020 Board meeting, the Trust reported that all 211 actions were now complete, 27 of which were awaiting Director sign off. The Trust's internal auditors have undertaken a review of the systems and processes in place to manage the CQC action plan over the past 12 months including validation of 88 actions. The review has received an indicative significant assurance rating which supports the Trust's assessment of the improvements made in response to CQC governance. We have also reviewed minutes of the CQC Steering Group evidencing scrutiny over the CQC action plans and the established Issue log which has been developed for transition to CQC preparedness, further supporting that there are appropriate arrangements in place. Following the outcome of the inspection, the Trust also commissioned an independent review of its well-led arrangements, which was undertaken by an external company, AQuA. The review identified a number of development themes under each of the eight Key Lines of Enquiry (KLoE). Actions to address each of the areas for improvement were identified and an action plan was agreed by the Board in October 2020. The Audit Committee is expected to receive assurances on the Trust's well-led arrangements in July 2021 (continued overleaf).

Value for money

Governance	
Description	Commentary on arrangements
<p>This relates to the arrangements in place for overseeing the Trust's performance, identifying risks to achievement of its objectives and taking key decisions.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> ▪ Processes for the identification and management of strategic risks; ▪ Decision making framework for assessing strategic decisions; ▪ Processes for ensuring compliance with laws and regulations; ▪ How controls in key areas are monitored to ensure they are working effectively. 	<p>Reviews of compliance with laws & regulations, staff code of conduct and the Trust's constitution is completed through Board meetings, Risk and Audit Committee and other governance structures as identified through our testing. No observations have been made to date but this part of risk assessment is ongoing</p> <p>Conclusion</p> <p>We are satisfied there are appropriate governance processes in place at the Trust</p>

Improving economy, efficiency and effectiveness	
Description	Commentary on arrangements
<p>This relates to how the Trust seeks to improve its systems so that it can deliver more for the resources that are available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> ▪ The use of benchmarking information to identify areas where services could be delivered more effectively; ▪ Monitoring of non-financial performance to assess whether objectives are being achieved; and ▪ Management of partners and subcontractors. 	<p>Non-financial performance is formally reported and scrutinised via the Trust Performance Report to the Board on a monthly basis. An additional report is presented to the Board by the Chief Operating Officer to address areas of particular importance or concern. Failing metrics are presented using Statistical Process Control analysis to understand and monitor the impact of recovery plans.</p> <p>We have reviewed examples and evidence of how information is evaluated using both internal and external comparisons and consider these to be appropriate.</p> <p>Variation in Trust performance is reported at locality level within the Trust Performance Report, meaning that areas of non-compliance are identified even when a metric is compliant at aggregated Trust-level. Performance is monitored by both month and by quarter, to evaluate improvement or deterioration.</p> <p>NHS Benchmarking Network data is used within Trust Performance Report where targets are not based on (for example) NHSI. This benchmarking data is also used within the Chief Operating Officer's report to understand metrics such as comparative admission rates and Length of Stay.</p> <p>Different Executives feed back to the Board based on partnerships which relate to their role within the Trust. At a Trust level, the need to continue to develop partnership working arrangements is now a central element to the Trust's emerging strategy refresh. The Trust is also engaging widely with all stakeholders, including commissioners and other statutory / non-statutory providers as evidenced through the Strategy Engagement Plan presented during the audit.</p> <p>The Trust CEO is a member of the ICS Board, along with a Trust NED who also sat as a NED on the ICS Board until 31 March 2021, each providing regular updates to the Trust Board, which we have seen evidence of through our minute review. Governance arrangements across the ICS are continually evolving and the recent move to a locality structure at the Trust from 1 April 2021 is intended to mirror the Integrated Care Partnerships (ICPs) working across the ICS.</p> <p>Conclusion</p> <p>We have seen evidence of wider partnership working across the ICS and we are satisfied there are appropriate arrangements in place for improving economy, efficiency and effectiveness at the Trust.</p>



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INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF LANCASHIRE AND SOUTH CUMBRIA NHS FOUNDATION TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lancashire and South Cumbria NHS Foundation Trust ("the Trust") for the year ended 31 March 2021 which comprise the Group and Trust Statement of Comprehensive Income, Group and Trust Statements of Financial Position, Group and Trust Statements of Changes in Taxpayers Equity and Group and Trust Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Trust's affairs as at 31 March 2021 and of the Group's and Trust's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 and the Department of Health and Social Care Group Accounting Manual 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of, the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Group and Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Trust's business model and analysed how those risks might affect the Group's and Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Trust's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and Trust will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit Committee and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance as a result of the need to meet external expectations.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any usual or unexpected relationships.
- Reviewing the Group’s accounting policies.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet financial improvement trajectory targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as asset valuations and impairments. On this audit we do not believe there is a fraud risk related to revenue recognition due to the temporary NHS funding arrangements that have been in place throughout the financial year and, due to their non-variable nature, we don’t believe there to be an incentive to manipulate other operating income streams that are material.

In line with the guidance set out in Practice Note 10 Audit of Financial Statements of Public Sector Bodies in the United Kingdom we recognised a fraud risk related to expenditure recognition, particularly in relation to year-end accruals.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Trust-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries made to unrelated accounts linked to the recognition of expenditure and other unusual journal characteristics.
- Assessing significant estimates for bias.
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements.
- Assessing the existence and accuracy of recorded expenditure through specific testing over year-end accruals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the directors and other management (as required by auditing standards), and

discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020/21. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2020/21.

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 156, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 Group and Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

Under Section 62(1) and paragraph 1(d) of Schedule 10 of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if:

- any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006.
- any matters have been reported in the public interest under paragraph 3 of Schedule 10 of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Lancashire and South Cumbria NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.



Timothy Cutler
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square,
Manchester
M2 3AE

23 June 2021

Trust Account Consolidation (TAC) Summarisation Schedules for Lancashire & South Cumbria NHS Foundation Trust

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2020/21 have been completed and this certificate accompanies them.

Finance Director Certificate

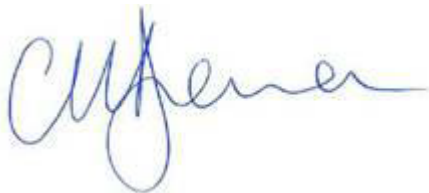
1. I certify that the attached TAC schedules have been compiled and are in accordance with:
 - The financial records maintained by the NHS foundation trust
 - accounting standards and policies which comply with the Department of Health and Social Care's Group Accounting Manual and
 - the template accounting policies for NHS foundation trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.
2. I certify that the FTC schedules are internally consistent and that there are no validation errors.
3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Foundation Trust.



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Dominic McKenna
Acting Chief Financial Officer
14 June 2021

Chief Executive Certificate

1. I acknowledge the accompanying TAC schedules, which have been prepared and certified by the Finance Director, as the TAC schedules which the Foundation Trust is required to submit to NHS Improvement.
2. I have reviewed the schedules and agree the statements made by the Director of Finance above.



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Caroline Donovan
Chief Executive
14 June 2021

