



Lancashire Care  
NHS Foundation Trust

TEAMWORK

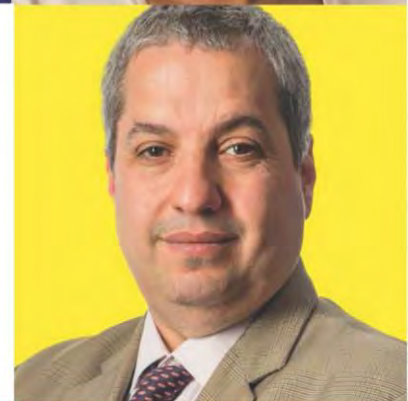


COMPASSION



RESPECT

# ANNUAL REPORT AND ACCOUNTS 2018/19



ACCOUNTABILITY



EXCELLENCE



INTEGRITY



PEOPLE AT THE HEART



**LANCASHIRE CARE NHS  
FOUNDATION TRUST**

**ANNUAL REPORT AND ACCOUNTS  
2018/19**

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



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## Introduction

The Trust confirms that the annual report has been prepared on the same 'group' basis as the accounts, including narrative.

## The Chair and Chief Executive Foreword

We are pleased to present the 2018/19 Annual Report to provide an overview of our performance and delivery across the year.

The NHS system performs in a dynamic and challenging environment, with growing demand for services and national financial constraints. In response to system-wide pressures, the Trust and its partners are working together to develop collaborative solutions and sustainable services to meet the health needs of the economy.

Lancashire Care works collectively with partners as part of the Integrated Care System (ICS) for Lancashire and South Cumbria and the related Integrated Care Partnerships (ICPs) in the localities to shape the future delivery of health care and respond to current challenges.

Demand for mental health support continues to be a system-wide challenge, with presentations for urgent care mental health services increasing each year. The Trust works collaboratively with partners, local organisations and authorities to develop joint solutions to improve health care, which are collated into a system-wide mental health improvement plan. The Trust has participated in an independent system review conducted by Northumberland Tyne and Wear NHS Foundation Trust (NTW) to inform further actions and improve delivery of services.

The Trust has delivered several significant developments in-year across its clinical networks. Within mental health services this includes a programme of work to improve inpatient accommodation and the development of a brand new perinatal service for new mothers. The Trust has led developments within the Community Wellbeing and Children and Young People's services including the de-mobilisation and mobilisation of new services. The Trust has successfully mobilised an integrated musculoskeletal service in Central Lancashire to provide a partnership offer to the public to support pain management and maintaining health. Full details of all tender activity and contracts can be found on page 32.

A key priority during 2018/19 has been supporting the organisation's workforce to ensure we employ and retain our people, and the hard work and dedication of Lancashire Care's 7000 strong workforce ensured the delivery of recent developments.

The organisation has worked hard across the year to gain and listen to feedback from employees to improve the Trust's employment offer and ensure that staff are motivated. The staff survey results for this year demonstrate that much more work is required to address staffing pressures and support them further. This will be made possible through the refreshed focus on engagement led by our new Chief Executive. Focus in year has been to adopt the principles of a 'Just and Learning' culture.

The current pressures have continued to cause financial challenge as delivery of high quality services to patients remains the Trust's priority. Despite this, the Trust has been able to achieve its control total.

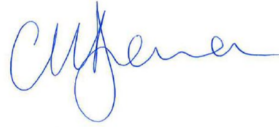
In year, the Trust responded to commissioning intentions from Morecambe Bay CCG which stated the need for one provider of mental health services for the Lancashire and South Cumbria Integrated Care System. The Trust has been working with Cumbria Partnership Foundation Trust and partners on the process of due diligence and the development of business cases to enable the transfer of services to Lancashire Care from the 01 October 2019. The Trust will continue to work in partnership to ensure a smooth transition for service users and employees.

From a leadership perspective, 2018/19 was led by Heather Tierney-Moore. Caroline Donovan formally joined the organisation on 1 April 2019. Caroline looks forward to building on the strengths of the organisation to support the delivery of a refreshed strategy and associated key priorities during 2019/20.

With best wishes



**David Eva**  
Chair  
23 May 2019



**Caroline Donovan**  
Chief Executive  
23 May 2019

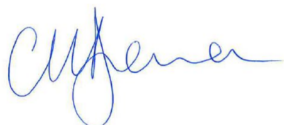


## 1.0 Performance Report

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 2018/19 (FT ARM).

Further details of the areas included in this statement can be found on the Trust's website: [www.lancashirecare.nhs.uk](http://www.lancashirecare.nhs.uk)



**Caroline Donovan**  
Chief Executive  
23 May 2019



## 1.1 Overview of Performance

This section aims to provide a short summary of the organisation, 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 2018/19

2018/19 has seen an unprecedented demand across our mental health urgent care pathway, resulting in high numbers of patients being treated out of area and patients waiting long hours for inpatient admission which is not acceptable. The increase in demand has also had a significant impact on the wider health system. To address these challenges, a System-Wide Mental Health Improvement Plan has been developed which includes a number of actions to improve A&E breaches, inpatient flow and integrated discharges and focuses on addressing extended lengths of stay. Separately, the Lancashire & South Cumbria Integrated Care System (ICS) commissioned an external review of the Lancashire mental health urgent care pathway. The report is scheduled to be published at the end of May 2019. The review has been undertaken by Northumberland, Tyne & Wear with whom the Trust has since established a strategic partnership arrangement so that we can continue to benefit from their expertise.

Following the Trust's last CQC Well-Led inspection in 2018, an action plan was approved and monitored by the Board of Directors in response to an overall rating of 'requires improvement'. The Plan was developed with operational and clinical leaders and managers from across the organisation and details the improvement work and initiatives to address the issues highlighted by the CQC. More information on this can be found in the Quality Account. The Trust is currently preparing for its next Well-Led Inspection in June 2019.

Compliance with the mandatory training and appraisal target of 80% has been achieved during the year following a significant amount of work to engage with staff around the importance of training and having good quality appraisal conversation. Clinical supervision has also been much improved during 2018/19 with two out of three networks now above the 80% target. There is a refreshed policy and new centralised reporting system alongside a training programme that recognises the importance of supervision to support staff welfare. Improvements in these areas will continue to be a focus during 2019/20.

Substantial work has been undertaken within the Trust's clinical networks to review ward nursing arrangements to improve staff experience whilst addressing the capacity and flow issues outlined above. As an example, the Trust has recently recruited its third cohort of Nursing Associate Apprentices.

The People Plan continues to drive the improvements identified in the Staff Survey and describes how we develop and support our staff to deliver high quality care. The Trust will be embarking on Listening into Action during 2019/20 to further enhance this work.

The Trust has made considerable progress with digital developments and has introduced innovative systems to support collaborative working with GPs and other health care organisations. Furthermore, the Trust has been accepted onto the Global Digital Exemplar (GDE) programme and secured £3m funding to support further technological enhancements. Further information on the GDE Programme can be found on page 19.

Financially, the Trust met its control total; a financial target set by NHS Improvement, and ended the year with a £0.9m surplus. This was a significant achievement for the Trust recognising the strain of financial challenges, largely due to the demand for mental health services throughout the year.

## Trust History and Statutory Background

Lancashire Care NHS Foundation Trust was established in April 2002 as a mental health 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. Lancashire Care 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 6,000 staff members.

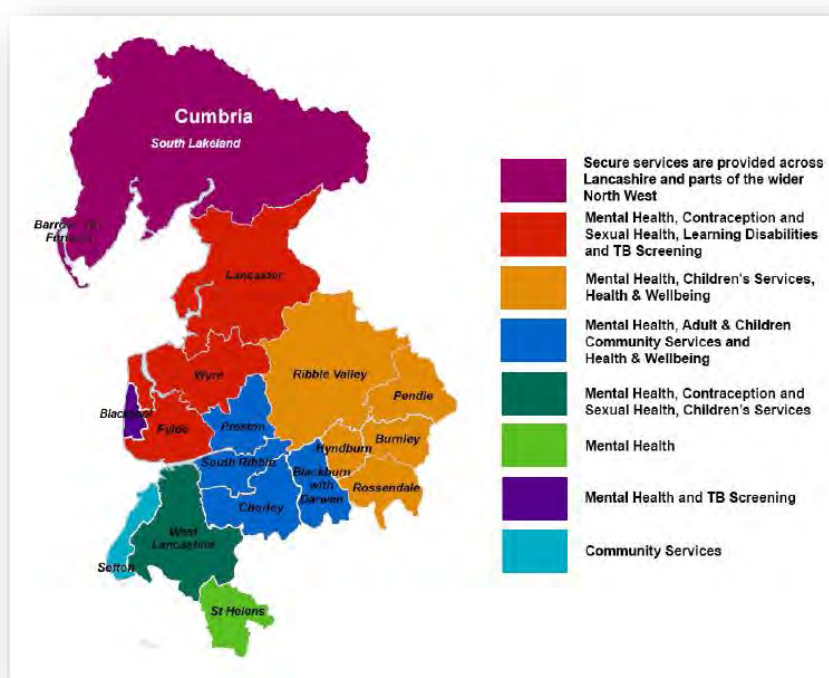
## Purpose and Activities of the Trust

The Trust provides health and wellbeing services for a population of around 1.5 million people. The services provided include community nursing, health visiting and a range of therapy services including physiotherapy, podiatry and speech and language therapy. Wellbeing services provided include smoking cessation and healthy lifestyle services. The Trust specialises in secure, inpatient and community mental health services. Lancashire Care NHS Foundation Trust covers the whole of the county and employs around 7,000 members of staff across more than 400 sites, working with a multitude of partners.

Our main hospital sites are:

- The Harbour, Blackpool
- The Orchard, Lancaster
- Hillview/Pendleview at the Royal Blackburn Hospital
- Chorley inpatient service and Ribblesmere perinatal facility at Chorley Hospital
- Scarisbrick Unit, Ormskirk Hospital
- The Cove, Heysham
- Guild Lodge, Preston
- Longridge Community Hospital, Longridge

The graphic below outlines the footprint covered by the Trust.



## **Business Model and Structure**

The Trust's services are delivered through three networks:

**The Mental Health network** provides services for adults aged 18 and over, including the provision of specialist secure services and specialist perinatal care.

**The Community and Wellbeing network** provides community/specialist nursing and therapies, learning disability services, intermediate care service, rheumatology and dentistry services as well as Improving Access to Psychological Therapies (IAPT) services.

**The Children and Families Wellbeing network** provides mental health and wellbeing services for children and young people and public health services.

The networks are supported by corporate support services including; finance, workforce and organisational development, nursing and quality, transformation, communications and engagement, strategy and business planning, risk management and clinical audit.

### **Wholly Owned Subsidiary Company**

Healthcare Support and Infrastructure Services LLP (HSIS) was formed as a wholly owned subsidiary of LCFT on 1 April 2018 following the Trust's termination of the Property Services Management Agreement with Red Rose Corporate Services LLP, which was a joint venture between the Trust and Ryhurst Ltd.

The Trust's property services are now provided by HSIS who provide the management of all Trust property assets, hard and soft facilities management services and ensures all our buildings comply with estates' statutory compliance, for example fire safety and asbestos. HSIS also delivers the required efficiencies against the Lord Carter metrics through the management of the Trust's Space Efficiency Programme (SEP).

Within Lancashire there are eight clinical commissioning groups (CCGs) and three local authorities. The Trust has established long-standing relationships with the CCGs, local authorities and wider partners both in Lancashire and in those areas outside of the county 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.

More than half of the Trust's income from commissioners is spent on the delivery of community and specialist services. The lead commissioner for community services is Chorley and South Ribble CCG and for mental health it is Blackburn with Darwen CCG. Additionally, the Trust receives income from NHS England to fund specialist services such as forensic care and mental health services for children and young people and from local authorities for public health services.

### **Trust's Strategy, Vision and Priorities**

In 2018, the Trust reviewed its strategy in preparation for a detailed strategy refresh which will be undertaken during 2019/20. This will ensure the strategy remains flexible and emergent in response to national policy as well as local changes affecting health and social care.

As an organisation, the focus on quality remains, together with the Trust's current vision and values.

Developed with the input of staff and the people who use our services, the vision directs the Trust's strategy, business plans and objectives.

As part of our strategy we have described six strategic priorities, the delivery of which are critical in order to assist us to achieve our vision. Our strategic priority in relation to quality is illustrated as the overarching priority and the consistent theme running throughout all our strategic priorities.

Our vision, values and quality led strategic priorities set the standards of behaviour for all our employees, and consequently the delivery of high quality care to the people who use our services.

We recognise that changes in the local health and social care economy in respect of place-based planning continues to underpin our planning, and the role of the Trust within the context of the vision for the local Integrated Care System has been reflected in our strategic intent shown below.

**STRATEGIC INTENT**

Within our Strategic Plan 2017-22 we defined the direction of the organisation over the next five years, re-affirming our commitment to integration and collaboration, so that we can ensure that services remain sustainable for the people who need them, regardless of who provides them. In relation to our footprint, increasingly we, along with partners, recognise that our focus should be on the Lancashire and South Cumbria ICS, and our Board intends to undertake a refresh of our strategy, which will likely reflect this position.



**Key Achievements against Strategic Priorities**

The key achievements made against each strategic priority during 2018/19 can be seen overleaf. The Trust’s vision is key to delivering on the priorities and acts as an organisational compass, directing our strategic plan.

To provide high quality services	To deliver sustainable services that meet the needs of local people	To become recognised for excellence
<ul style="list-style-type: none"> <li>• We have developed a new Quality Plan covering the next three years and setting out our aspirations for our ongoing focus on safety, improving patient experience, and clinical effectiveness</li> <li>• We have embarked on a programme to develop a recovery based approach across all our services, moving beyond just treating of symptoms and empowering people to take more control of their own health and wellbeing</li> <li>• We are delivering an improvement plan for our mental health services to address the challenges we have experienced due to increased demand for these services</li> <li>• We have re-organised a number of our back office support services so that they can work more closely in order to support the continuous improvement of our clinical services</li> <li>• We continue to invest in senior clinical staff to lead our services</li> <li>• We are working with NHS Improvement on a number of areas of national development, aimed at enhancing our services to people with mental health problems</li> <li>• Our clinical Networks have engaged in a range of quality initiatives to support the Trust's improvement journey</li> <li>• We continue to develop new roles across our workforce in order to better meet the needs of our patients</li> <li>• We are delivering improvements in the quality of our services based on feedback from the people who use them</li> <li>• We have further improved safety and quality in the delivery of care by reducing our reliance on temporary staff</li> </ul>	<ul style="list-style-type: none"> <li>• We continue to work with system partners to provide sustainable mental health services in Lancashire and South Cumbria</li> <li>• We have commenced delivery of a new integrated musculoskeletal service in Central Lancashire in collaboration with partners, with a focus on prevention and early intervention for people with rheumatic and musculoskeletal disorders</li> <li>• We were successful in our bid to acquire Liaison and Diversion Services across Lancashire, supporting vulnerable people early to help improve health and criminal justice outcomes</li> <li>• We opened our specialist perinatal Mother and Baby Unit in November, providing a safe place for women with severe mental health problems to be supported and treated alongside their babies</li> <li>• Community perinatal services commenced delivering care alongside our perinatal inpatient facilities</li> <li>• We have opened a new inpatient facility in Central Lancashire and consolidated our mental health inpatient services in Pennine Lancashire, providing improved environments for patient care and recovery</li> <li>• The Trust continues to influence the transformation of services across Lancashire, working with a range of other providers in order to deliver better care to patients</li> </ul>	<ul style="list-style-type: none"> <li>• Our Stakeholder Engagement Plan explains how we identify other organisations who we will be able to work with most effectively to deliver the best services</li> <li>• We have dedicated staff who continue to act as a single point of contact with the Trust for GPs, increasing the quality of care provided to patients</li> <li>• The Trust has, for the third year in a row, been listed as one of the UK's Top 50 Employers for our work in demonstrating a diverse and inclusive workplace</li> <li>• We have been recognised by a range of national bodies, including the NHS England and the <i>Health Service Journal</i>, recognising the quality of our services, and the work we have undertaken in collaboration with partners. Examples include</li> <li>• a nurse receiving the prestigious 'Queen's Nurse' title for making a huge difference to patients and staff in the delivery of patient-centred community care</li> <li>• the Serious Incident Investigation Team won the 'Improving the value of NHS support services'</li> <li>• our Diabetes Service won an NHS England award for diabetes care, following the introduction of a new model for diabetes care</li> </ul>



To employ the best people	To provide financially sustainable services	To innovate and exploit technology to transform care
<ul style="list-style-type: none"> <li>• We have used staff survey results to inform our updated <i>People Plan</i>, describing how we develop and support our staff to deliver high quality care</li> <li>• We provide strong leadership on joint work in the Sustainability and Transformation Partnership workforce workstream</li> <li>• We continue to underline our commitment to staff health and wellbeing through a Health and Wellbeing Project Lead</li> <li>• We have continued our international recruitment to appoint to 'hard to fill' posts</li> <li>• We have commenced work around creating a 'just culture' ensuring we treat staff involved in a patient safety incident in a consistent, constructive and fair way</li> <li>• We are committed to developing apprenticeships and have developed links with the Lancashire Young Chamber to build connections with local schools and colleges</li> <li>• We continue to recognise staff achievements through a range of initiatives</li> <li>• Our values based recruitment approach, ensures that prospective employee's personal values are aligned to the values we have developed as a Trust</li> <li>• We maintain strong links with universities to help train people to undertake newly developing roles, as well as supporting our recruitment to more traditional careers</li> <li>• We have developed a dedicated online resource for our staff, allowing easier access to updates, including staff support, benefits, wellbeing activities and learning and development opportunities</li> <li>• We have appointed a Freedom to Speak Up Guardian, allowing staff to raise concerns they may have without fear of reprisal</li> </ul>	<ul style="list-style-type: none"> <li>• We have achieved our financial objectives for 2018/19, delivering the target set by our regulator</li> <li>• We have achieved the Control Total ending the year with a surplus of £0.9m</li> <li>• We have substantially reduced our spending on temporary staff</li> <li>• We continue to explore more efficient ways of working with other health and care organisations so that we can all continue to deliver those services needed by the people of Lancashire</li> <li>• Our Space Efficiency Programme continues to make sure that our environments are clinically appropriate to providing high quality care and that we are making best use of the space available in our buildings</li> </ul>	<ul style="list-style-type: none"> <li>• We have increased use of digital technology to support people to better care for themselves</li> <li>• We are continuing to rollout our new Electronic Patient Record, which aims to support our staff to provide an even better service to patients</li> <li>• We continue to trial the use of technology to support older people better to manage long-term conditions</li> <li>• We continue to partner with Lancashire Teaching Hospitals around clinical research</li> <li>• We have appointed an Innovation Manager to lead the development of ideas and solutions to meet many of the challenges we currently face</li> <li>• We have been successful in achieving Global Digital Exemplar (GDE) status, bringing funding of up to £3m to progress our digital agenda</li> <li>• The Trust has been externally accredited in relation to the security of our IT systems</li> <li>• We are rolling out the use of an electronic prescribing system to our community teams, which will improve patient safety by reducing medication errors</li> </ul>

### Principal Strategic 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 our Board Assurance Framework. The Trust's principal risks are set out within the Annual Governance Statement.

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

The Annual Report contains information about important events since the end of the financial year. As reported in 2017/18, Heather Tierney-Moore, the Chief Executive, stepped down from the role at the end of the year with the incoming Chief Executive, Caroline Donovan, joining the organisation on the 01 April 2019.

### Details of any Overseas Operations

The Trust does not undertake any overseas operations.

## 1.2 Performance Analysis

### Quality and Performance Report

The Trust measures and monitors performance against operational indicators, quality and safety, workforce and finance which are collated each month into a Quality and Performance Report. Detailed exception reports are included for those measures that have not performed to the required standard for three months or more. The report is produced in collaboration with the Trust's three clinical networks and is scrutinised through the Trust's management and governance structure. The Board of Directors receives the report on a monthly basis to allow Board members to be appraised of the detail pertaining to Trust performance. A detailed narrative of key themes and trends is provided within the report. In addition, a covering paper provides the Board with an overarching summary which brings together and cross references all four domains of the Trust performance.

An annual review of the content of the Quality Performance Report was undertaken at the beginning of 2018/19 and the measures contained in the report were reviewed for continued relevance.

### Developments in Data and Forecasting

The Trust presents monthly performance within the context of data for the last rolling 12 months. It is standard practice in the Trust to reflect back on previous year's data trends when current performance is being analysed. Seasonal activity planning across community services was implemented during 2017/18, which has enabled a greater depth of understanding of changes in activity trends. This in turn, has facilitated earlier action to be taken by the services in relation to potential issues to service delivery and has also enabled more accurate end of year forecasting.

During 2019/20, the Trust will be developing the information analysis and reporting through the introduction of the Statistical Process Control (SPC) methodology. The Performance team are working closely with the NHS Improvement team on developing an implementation plan. The introduction of SPC will enhance our ability to identify trends in performance and improvements resulting from change initiatives, thus maturing our approach and understanding in respect of performance monitoring.

## Performance during 2018/19

### NHS Improvement Indicators

The Trust has achieved compliance against all NHSI improvement indicators, with the exception of the inappropriate Out of Area Placements (OAPs). Whilst the Trust met the 2 week wait for Early Intervention into Psychosis (EIS) target for two out of the four quarters in the year and overall, there are still improvements required in this area. Details of both OAPs and EIS can be seen below.



NHS Improvement		Lancashire Care NHS Foundation Trust				
Indicator	Target	Q 1 18-19	Q 2 18-19	Q3 18-19	Q4 18-19	YTD
MR 01 - 7 Day Follow Up	95%	97.7%	95.9%	95.2%	95.9%	96.22%
MR 03 - Delayed Transfers of Care	≤ 7.5%	1.42%	1.44%	1.26%	0.63%	1.17%
MR 06 - RTT - Consultant Led (Incomplete Pathway)	92%	99.3%	99.4%	98.5%	97.9%	98.33%
MR 13 - 2 week wait for Treatment for EIP Programme	53%	56.6%	51.4%	50.5%	55.2%	53.33%
MR 14 - RTT - IAPT 6 Weeks	75%	94.2%	95.0%	95.9%	96.0%	95.34%
MR 15 - RTT - IAPT 18 Weeks	95%	99.4%	99.3%	99.2%	99.4%	99.31%
MR 16 - Inappropriate AMH OAPS (monthly target)	475	2845	3617	5125	5514	17101
MR 17 - DQMI Dataset Score (Self-assessments: monthly reporting)	95%	98.4%	98.5%	98.4%	98.4%	98.41%
MR 17 - DQMI Dataset Score (NHS Digital: quarterly reporting)	95%	98.3%	97.6%	-	-	-

### Out of Area Placements

Inappropriate use of OAPs was a measure introduced in 2017/18 requiring the Trust to achieve compliance against a downward trajectory each year, with the aim of achieving zero OAPs by the end of March 2021. The last 12 months has been the most challenging period for the Trust and has seen unprecedented demand within its urgent care services. This has led to high numbers of patients requiring treatment and hospital admission causing significant pressures across all our mental health services and affecting the wider health system. As a result of the pressures, the Trust has seen an increase in out of area placements and waiting times for inpatient admissions. In 2018/19, the average number of OAPs each month was 46.92, with a total of 17,101 bed days used across the year. This is a 95.13% increase on the position from 2017/18. Therefore the Trust has failed to meet the required OAPs trajectory for 2018/19.

Following two risk summits a system-wide improvement plan was developed and the Trust has continued to work with all system partners to develop a robust urgent care pathway. Alongside the improvement plan, the Lancashire and South Cumbria Integrated Care System commissioned Northumberland, Tyne and Wear NHS Foundation Trust (NTW) to review the current adult mental health urgent care pathway across Lancashire. The Trust has been working closely with service users and carers and system partners to share information and contribute views as to how improvements could be made. The outcome of the review will be available at the end of May 2019. Additional improvements identified from the report will be developed in partnership with NTW and will shape the future model of care for the urgent care pathway across Lancashire and South Cumbria.

A refresh of the bed modelling previously conducted in 2016/17 was conducted in-year. This confirmed that the Trust had sufficient treatment beds for the population served however identified gaps in provision of suitable inpatient facilities for patients requiring rehabilitation and for patients with a learning disability requiring inpatient care due to a crisis. To meet this demand the Trust has sourced out of area placements in order to ensure that patients access the care they need in a timely way. The Trust pro-actively entered into a contractual arrangement to source additional capacity within Lancashire to minimise the number of people being placed out of area. Discussions are underway with NHS Improvement around the implications on reporting of inappropriate OAPs for 2019/20.

### Early Intervention Services

The target for Early Intervention Services increased by 3% in 2018/19, with a requirement to treat 53% of service users (who are identified with a first episode psychosis) within two weeks of referral. This proved challenging for teams to achieve and in quarter two and three of 2018/19 the service underperformed against the target. During quarter three and four, the Trust engaged with the NHSI team to review the processes within the service and identify improvements for achieving consistent timely access for service users with a first episode psychosis to the specialist clinicians within Early Intervention in Psychosis service.

The outcome of this work has resulted in a number of improvements that will enable the service to meet the target in 2019/20 and achieve level three compliance with the NICE standards related to treatment during 2019/20. The performance achieved in quarter four was sufficient to recover the performance for the full year to above 53%.

### Contract Activity Baseline Monitoring

Each year the Trust agrees an activity plan for each service line in collaboration with the CCGs. The Trust monitors performance against this plan on a monthly basis and reports the position for each contract to the Commissioners.

For the community contract, which covers the provision of physical health services for adults and the Children's Integrated Therapy and Nursing service (CITNs), the activity is 3% below plan for 2018/19, which is within the 10% tolerance agreed with CCGs. The children's service element performed in accordance with the expected plan, with some variance at individual service level (both above and below baselines) that triggered individual exception reports to CCGs. The adult physical health services performed below plan by 3% which represents some areas of under-performance and some areas of over-performance. Most notable areas of over-performance were in phlebotomy, community respiratory and domiciliary physiotherapy services.

For the mental health contract, covering inpatient and community mental health services, the activity did not achieve plan (-9.93%), however the position was within the 10% tolerance agreed with CCGs.

### Mandatory Training

The Trust has continued to work hard during the year to increase the levels of mandatory training compliance with a compliance rate at 31 March 2019 of 83.79%. This improvement recognises the work the Trust has undertaken to move to e-learning modules and the investment made into a portal that provides live data on mandatory training compliance.

### Appraisals and Personal Development Reviews

Improving the compliance and quality of appraisal conversations has been a key priority for the Trust during 2018/19. The Trust's compliance rating for completion of appraisals and personal development reviews as at the 31 March 2019 was 86.74%.

The portal has supported access to live compliance data. During 2019/20, a key focus will be to improve the quality of appraisals and personal development reviews.

### Supervision

Following the Trust's Well-Led CQC inspection in 2018 a key priority was to raise awareness and engage with staff around the importance of clinical supervision, whilst also improving compliance. A Trust-wide monitoring tool was developed alongside a refreshed clinical supervision policy. Clinical staff have been engaged throughout to raise awareness of best practice and the importance of staff

welfare as part of supervision discussions. Training has been introduced to enhance the skills of supervisors and cascade learning into practice. The Trusts overall position is 76%, which continues to improve as the new system and processes embed, with two of the three networks currently achieving over the Trust target of 80%.

#### Care Quality Commission Inspection and Monitoring Improvements in Quality of Care

The Care Quality Commission (CQC) inspected the Trust in January and February 2018 and received an overall rating of 'Requires improvement'. The CQC inspected five 'core services' as part of their continual inspection process. The five core services inspected were:

- Acute wards for adults and psychiatric intensive care units
- Forensic inpatient and secure wards
- Child and adolescent mental health wards
- Mental health crisis services and health based places of safety
- Community health inpatient services

The Trust does not have any conditions placed on its registration. However, it should be noted that, on the basis that not all actions relating to the Requirement Notice have been fully completed at the time of this statement, the trust is not fully compliant with the registration requirements of the Care Quality Commission.

#### South Cumbria Transfer

In April 2017, a change to the boundaries for North Lancashire CCG and Cumbria CCG came into effect with the creation of Morecambe Bay CCG who have responsibility for commissioning services across South Cumbria and North Lancashire. Morecambe Bay CCGs commissioning intentions stated that they wanted one provider of mental health services across the North Lancashire & South Cumbria footprint.

LCFT is currently the provider of mental services in North Lancashire and Cumbria Partnership NHS Foundation Trust (CPFT) provide mental health services in North and South Cumbria. The Trust has been working collaboratively with CPFT and NTW, and CCGs throughout 2018/19 to reach a formal decision. A formal decision has now been made that South Cumbria mental health services will transfer to LCFT in October 2019. North Cumbria mental services will transfer to Northumberland, Tyne & Wear NHS FT (NTW).

LCFT Board of Directors have received and approved both the high-level due diligence report and the outline business case with the full business case presented in May 2019.

The process of engaging with employees has commenced. An extranet has also been launched to provide in-coming colleagues with access to information and continued dialogue via a dedicated email account. A follow up session was held with a smaller group of CPFT colleagues to inform the development of a communications and engagement plan so that any planned activity is co-produced, co-ordinated and meets the needs of employees and wider stakeholders.

#### Commissioning for Quality and Innovation (CQUIN)

CQUIN indicators are intended to drive quality and service improvements for patients.

The 2018/19 CQUIN indicators are below:

NHS Staff Health and Wellbeing
Preventing ill health by risk behaviours – alcohol and tobacco
Children and Young Person mental health transition
Wound care
Physical health for people with severe mental illness
Improving services for people with mental health needs who present to A&E
Personalised care and support planning

Detailed information on the CQUIN performance can be found in the Quality Account.

### Global Digital Exemplar (GDE)

The Trust is delighted to have been accepted onto the national Global Digital Exemplar (GDE) programme working alongside Berkshire Healthcare NHS Foundation Trust. The programme rewards technologically advanced organisations such as Lancashire Care to further accelerate its digital health plans in order to provide high quality care.

A GDE is an internationally recognised NHS provider delivering exceptional care, efficiently, through the use of world-class digital technology and information.

The programme serves to enable the sharing of learning and will run over the next 2-3 years. The work streams are as follows:

- Digitally Enabled Care
- EPR Acceleration & Interoperability
- Digitally Enabled Workforce

The Trust will receive £3m of central funding over a three year period (£0.6m in 2018/19, £1.9m in 2019/20, £0.5m in 2020/21) to support transforming clinical services using technology. This will enable us to roll-out the RiO EPR system more rapidly, to gain the benefits of a modern, integrated clinical system including record sharing with partners across the Lancashire and South Cumbria region.

Some of the other exciting projects that the funding will support include:

- Digital dictation and speech recognition
- Virtual reality psychotherapies
- Online Consultations
- Secure medicines cabinets with biometric authentication and automated stock control
- Bedside and community mobility solutions
- A patient portal with the ability for service users to contribute and interact with their healthcare record to support self-management
- An Apps library with clinically approved Apps for patients

Additionally, some of the funding will be used to improve current IT systems to ensure that staff can use systems in a way that will reduce workload and release additional time to care for patients.

## Financial Performance

The financial statements for 2018/19 show a year end deficit of -£14.0m, but after adjusting for impairments of £14.8m this leaves the Trust reporting a small surplus of c£0.9m (2017/18 showed a deficit of £3.4m, including £1.5m of impairments, leaving a surplus of £1.9m).

The outturn is driven by expenditure to deal with demand in mental health, OAPs and associated mitigations (discharge to assess beds and MHDU costs) and supported by additional commissioner funding and clinical underspends. Delivery of the control total allowed the Trust to claim core PSF of £2.2m and attracted PSF bonus monies of £2.5m taking it to the surplus before impairments of £0.9m.

### Performance against Revenue Control Total (RCT)

After adjusting for impairments and PSF monies, the remaining deficit of -£1.6m compares favourably against the revenue control total of -£1.7m showing a surplus over the control total of £0.1m.

### Year on Year Income and Expenditure

Operating Income totalled £352.2m against a comparative of £345.9m for 2017/18. Year on year this represents an increase of c2%.

Patient care remains the Trust's main activity, generating over 92% of the Trust's income (2017/18 92%). The remainder is classed as other operating income, split between income received 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.

Operating expenditure totalled £359.8m (£344.9m after Impairments), compared with £336.4m (£334.8m after impairments) for 2017/18. Year on year, after adjusting for impairments, this represents an overall increase of £10m (c3%). Given the pressures from OAPs and associated mitigations pressures contained within the respective positions this would indicate that otherwise the trust has managed within both the imposed efficiency targets and its inflationary pressures.

### Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA is used as an identifier of an organisation's underlying profitability. The Trust has achieved an EBITDA of £16.5m (2017/18 £19.5m) against a plan of £15.0m (2017/18 £17.7m) showing an improvement of £1.5m over plan (2017/18 £1.8m).

### Efficiencies

As with previous years, expenditure was greatly influenced by the need to achieve national targets and implement efficiencies. The Board recognises the importance of delivering recurrent savings and kept the overall programme under close review throughout the year. In 2018/19 the Trust achieved productivity and efficiency savings through its cost improvement programmes (CIPs) of £11.9m exceeding the plan of £11.4m by £0.5m (2017/18 £16.0m against a plan of £15.1m).

### Capital Expenditure

Capital spend in 2018/19 was £16.0m and in total broadly in line with the revised plan of £15.8m. In addition to estates and Infrastructure schemes of £3.5m and IT schemes of £2.9m there has been considerable focus on strategic schemes around Inpatient and Perinatal developments, accounting for £9.7m of overall expenditure. This was funded through a combination of internal funding (£8.5m) and external PDC funding successfully obtained for strategic capital (£6.7m) and IT schemes (£0.8m). These are summarised below:

### *Inpatient developments*

The inpatient programme continued with the replacement of existing dormitory accommodation at Burnley with modernised single bedroom en suite facilities at Blackburn and Chorley for a total capital cost of circa £1.7m and £8.5m respectively (includes the £5.7m STP funding in 2018/19). The units opened in autumn 2018.

### *Perinatal development*

The Perinatal Scheme was supported by NHSE for DH capital funding of £3.5m (£2.5m in 17/18, £1.0m 2018/19) to create a new 8-bed mental health inpatient mother and baby facility to serve Lancashire and Cumbria. The unit opened in autumn 2018.

### *Revaluations and Impairments*

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.

Falls in carrying values are described as impairments, being technical non-cash impacting accounting adjustments.

Impairments recognised within the 2018/19 financial statements total £21.9m. These impairments manifest as a charge to operating expenses of £14.8m with the balance of £7.1m being charged to revaluation reserves.

The impairments have been subject to management and audit scrutiny and are considered appropriate, being a product of valuation methodology and not considered a value for money issue.

On the Statement of Comprehensive Income the Trust shows a deficit of £14m, removing the impairment expense delivers a surplus of £0.9m.

### *Cash and Liquidity*

Strong balance sheet control is considered essential and liquidity in particular is vital to Foundation Trusts, ensuring both 'going concern' and assisting with the delivery of financial targets.

The Trust maintained a strong cash position throughout 2018/19. Capital plans to diminish this position and consequently reduce Use of Resources liquidity were offset with cash generated from PSF gains, asset disposals and external capital funding. As a result of this underlying cash remained intact but gains of £9.3m manifested through working capital, and consequently the cash and liquidity position finished ahead of plan by c£11.5m, at £30.3m with a Use of Resources liquidity rating of 1 (against a plan of 1) and is considered strong and sufficient to meet planned commitments for 2019/20.

Whilst the opening cash position for next year remains strong, the Trust must still address any underlying performance issues if it is to remain sustainable and achieve its long term goals. Detailed information on the Trust's financial performance can be found in the annual accounts.

### *The Private Patient Income Cap (PPI Cap)*

The Health and Social Care Act 2012 obliges Foundation Trusts to make sure that the income they receive from providing goods and services for the NHS (their principal purpose) is greater than their income from other sources.

The Trust had no Private Patient Income during the year to 31 March 2019.



## Sustainability/Going Concern Statement

The Trust has achieved its planned out-turn for 2018/19 and has a credible plan to achieve its control total in 2019/20. Sustainability will be managed through the Mental Health Investment Standard and Sustainability and Transformation Plans in line with overall Five Year Forward View for the NHS and the long term plan for the NHS. The Directors therefore have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

## Risk Ratings

NHSI regulates NHS foundation trusts based on the risks they face and how well the risks are managed. Each foundation trust board is required to submit a monthly report to NHSI and performance is monitored against this to identify where potential and actual problems may arise. NHSI's overall measurement of risk is set out in the Single Oversight Framework and for the finance theme establishes a Use of Resources rating to provide oversight of a provider's financial efficiency and progress in meeting its financial control totals. This UoR rating is an aggregate rating initially comprising Liquidity Capital Service Cover, Income and Expenditure Margin, Variance from Plan and Agency ratings but allows for the future inclusion of other measures.

- Liquidity - the ability to fund short term obligations and commitments and;
- Capital service Cover - the degree to which generated income covers financing obligations.
- Income and Expenditure (I&E) margin: the degree to which the organisation is operating at a surplus/deficit
- Variance from Plan in relation to I&E margin: variance between a providers planned I&E margin in its annual forward plan and its actual I&E margin within the year.
- Agency Spend – distance from the provider agency cap

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.

The Trust achieved its planned outturn for 2018/19 with a rating of 2:

2018/19 Use of Resources under SoF	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	Annual Plan 2018/19
Capital service Cover	4	4	3	3	3
Liquidity	1	1	1	1	1
I&E Margin Rating	4	4	3	2	3
Variance from Plan Rating	1	1	1	1	1
Agency*	2	2	2	2	2
Use of Resources Rating	3	3	2	2	2

\*note that agency targets were revised for the removal of prisons and the acquisition of Southport, the base agency ceiling was reduced to £6.4m

2017/18 Use of Resources under SoF	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	Annual Plan 2018/19
Capital service Cover	3	4	3	2	2
Liquidity	1	1	1	1	2
I&E Margin Rating	4	4	3	1	2
Variance from Plan Rating	3	3	2	1	1
Agency*	2	2	2	2	1
Use of Resources Rating	3	3	2	1	2



### 1.3 Environmental Impact and Sustainability

The Trust has provided resources to expand the knowledge and understanding of sustainable development to all its employees and included a sustainability presentation in the induction process. The Trust will continue to reduce building energy demands, improve access to sustainable transport, minimise waste generation and increase recycling rates whilst working in partnership with all departments to embed sustainability throughout our organisation.

The Trust has been given the opportunity to play a key leadership role in the transition to a sustainable healthcare society and aims to improve health and wellbeing for the current and future generations by taking direct actions.

#### Sustainable Development Unit (SDU) Carbon Submission

Following an update in the SDU submission software and data issues in the Trust’s historic submissions following the SDU system update, all 2016/17 data was resubmitted, allowing for a transparent picture of progression. Through working in partnership with the SDU, the Trust has provided quality and accurate data and has been awarded a certificate of excellence for sustainable reporting 2016/17.

The latest submission for 2017/18 identifies the Trust’s position as 2% behind the projected target. The Trust is conducting several projects that will support the further carbon reductions, if funding is secured.

Carbon Reduction Emission Progress						
	2013/14 (Baseline)	2014/15	2015/16	2016/17	2017/18	2018/19
Confirmed figures by SDU	71,140	73,415	64,542	61,172	59,245	*
% Change (confirmed by SDU)		3%	-9.3%	-14%	-17%	*
Confirmed figures by LCFT		67,583	64,269	61,180	57,624	54,066
% Target (set by LCFT)		-5%	-10%	-14%	-19%	-24%

\*Confirmed figures from SDU are not released until October 2019

#### Carbon and Energy Management

The Trust has three carbon and energy management aims:

- To reduce energy consumption where possible;
- To optimise the use of energy through energy efficiency measures and
- To supply energy using low carbon and renewable energy sources

To achieve these aims, the Trust has invested in TEAM energy management software and has been actively updating all energy meters to SMART. SMART meters allow energy consumption data to be analysed at half hourly intervals providing the most accurate consumption data achievable. Having access to this data allows for consumption patterns to be monitored and targeted whilst eliminating estimated bills.

Further actions include the successful submission of a funding bid to NHSI for £850,000 for the replacement of 5,800 luminaires with an annual electrical consumption saving of £1.1 million kWh,

411 tco2e and a combined electricity and maintenance financial saving of over £228,000 per annum.

As a mental health provider, the Trust has incorporated contractor escort requirements, anti-ligature, emergency lighting, absence detection and remote dimming controls to ensure that lighting options are the most efficient, adaptable and future proof. The installation of the LED luminaires will result in approximately 40% of the Trust's lighting being upgraded to LED. The experience and knowledge gained from this project and further internal projects will be utilised to improve energy efficiency.

The Trust has renewable energy equipment installed at three sites: the Harbour Biomass Boiler, Guild Park and Sceptre Point Solar Panels. The Trust had encountered some issues with the design of the bio mass fuel pit at the Harbour, however, these issues have now been resolved and the fuel pit will be improved thus reducing the risk of blockage. HSIS will seek to recover the lost Renewable Heat Incentive revenue and increased gas costs as a result of the fuel pit issues. The Trust has engaged with several companies to increase the amounts of renewable energy generation equipment available in its portfolio.

Annual Energy Consumption / Generation					
	2013/14	2014/15	2015/16	2016/17	2017/18
Electricity (kwh)	6,839,784	6,992,934	7,467,274	7,040,941	10,576,098
Gas (kwh)	13,222,006	15,022,234	15,132,069	10,354,387	18,285,186
Bio Mass (kwh)		308,000	751,267	778,886	473,800
Solar (kwh)	3,493	3,551	3,563	3,469	44,811

The increase in levels of reporting for 2017/18 has been outlined below:

- Electricity – Following the transfer of community services in 2012, the Trust received a standard fee across the properties that were transferred. The Trust has since been working with the various landlords to gain a breakdown of usage. This work was finalised in 2017 and has seen no increased costs but more accurate data is now available.
- Gas/Biomass – Increase in gas usage at The Harbour due to defect within the Biomass System. Downtime increased the reliance on the gas boiler backup system. The defect will be addressed by July 2019.
- Solar – This relates to the installation of solar panels at the Trust's headquarters.

## Water

The Trust closely monitors water consumption to identify irregular consumption patterns and potential leaks whilst also investing in low water usage technologies such as low flush WCs, reduced flow showers and sensor taps. Further actions to reduce water consumption will replicate the energy supply with the upgrade of meters to SMART and the data will be included in the energy management database.

Water Data					
	2013/14	2014/15	2015/16	2016/17	2017/18
Water Consumption (m3)	108,800	84,515	135,524	111,388	105,499
Waste Water Disposal (m3)	87,040	88,256	91,802	89,110	84,399

## Waste

The Trust has increased its recycling facilities throughout the organisation with actions assigned to collect and recycle batteries, toner cartridges and office furniture to support waste efficiency. The Trust expects these to be further expanded in 2019.

Waste Disposal and Recycling (tonnes)			
	2015/16	2016/17	2017/18
Total Waste	644	1,051	2,776
Recycled	258	63	1,917
Energy Recovery	30	0	28
Landfill	32	609	296

## Procurement

Procurement is the largest contribution to the Trust's carbon footprint and is the most difficult to control or reduce in terms of carbon emissions. The Trust has been working in partnership to implement the SDU's Procurement for Carbon Reduction (P4CR) and progress has been made to identify procurement carbon hotspots where it is expected that alternatives to current purchases with a lower carbon footprint will be made available. The majority of the Trust's procurement arises through the NHS Supply Chain who are accredited to the ISO 14001 Environmental Management System, which ensures commitment to continual environmental improvements with a strong focus on sustainable procurement.

The Procurement Department are members of the Chartered Institute of Procurement and Supply (CIPS) and part of their membership involves the completion of training focusing on sustainability within supply chains. The tendering process for Trust projects requests specific information on sustainability and the environmental and procurement departments are working on a series of projects to reduce carbon emissions from key procurement areas.

## Travel

The provision of service in such a large geographical area has resulted in travel accounting for 23% of the Trust's carbon footprint. In 2019 the Trust will be working in partnership with the Energy Saving Trust to carry out analysis of the grey fleet to design, develop and implement a Sustainable Travel Plan. The Trust now has over 40 electric vehicle charging points at 13 building locations throughout Lancashire and the lease car scheme incentivises staff to choose lower emission vehicles. The roll out of Skype software across the organisation has resulted in increased virtual meetings and has reduced the reliance on business travel. Additionally, cycle storage facilities and the cycle to work scheme is expected to be updated further as part of the travel plan work.

	Travel Data		
	Carbon Emissions from Staff Commute, Patient & Visitor Travel		
	2015/16	2016/17	2017/18
Staff Commute (tCo2e)	2,112	2,305	2,275
Patient & Visitor Travel (tCO2e)	6,903	7,177	7,076

## Environmental Engagement

During 2018 the internal Sustainable Champions Group was re-invigorated with colleagues from a range of key strategic departments invited to join and contribute to reducing carbon emissions while expanding sustainability across the Trust. The group meets three times per year to exchange knowledge and understanding on the most efficient ways to progress the sustainable agenda using existing networks, policies and procedures. From January 2019 the sustainability share-point page will be live and will be the host page for sustainable information and internal, national and international sustainable events.

## 1.4 Social, Community and Human Rights

### Equality, Diversity & Inclusion

The Trust is committed to providing inclusive healthcare and employment, and recognises that this often means making adjustments to ensure that opportunities are accessible to all. The Trust's Equality and Diversity Statement of Intent 2015-20 has been in place for four years and outlines the Trust's commitment and approach to diversity and inclusion. The statement takes account of the Human Rights Act and the FREDA principles (fairness, respect, equality, dignity and autonomy).

Equality and diversity training is mandatory for all staff, provided on induction and then every three years, either online or face to face.

The Trust has an Equality and Diversity team which provides strategic and operational guidance at organisational, team and individual levels and is supported by over 120 equality and diversity champions who work in a range of roles across all networks.

External engagement is critical to effective inclusion and the Trust is represented at many events organised by local stakeholders.

The Trust is in the top 20 of the 'Excellence in Diversity Top 50 Inclusive Employers' list, retained Disability Confident and Mindful Employer accreditations, won a Community Impact award from the Employers Network for Equality and Inclusion and has been shortlisted for a number of other national diversity and inclusion awards.

### Recruitment

The Trust recognises that encouraging applicants from the widest possible pool enables the recruitment of the best possible talent and that a diverse workforce is proven to be more effective, flexible, creative and productive. The Employment Services team conducts regular equality impact assessments of its activity. Over the past year they have worked with a number of groups which are not always well supported such as ex-servicemen, those with poor mental health and learning disabilities and young people.

### Recognising Success

The Trust monitors success against the aims outlined in the Equality and Diversity Statement of Intent and one of the methods it uses to do that is NHS England's Equality Delivery System (EDS2). Lancashire Care prioritises one of the EDS2 goals each year and in this reporting year the area of focus was Goal 3 – A Represented and Supported Workforce.

Progress against this goal is measured through regular involvement of key stakeholders in internal and external scrutiny events, including the Trust's annual Equality and Diversity Conference which brings together service users, staff, community members and partner agencies.

The Trust was pleased to receive an overall EDS2 rating of 'achieving' with improvements shown in all of the outcomes which were last measured in 2014 when the Trust was awarded a rating of 'developing'. In spite of this success, the Trust still recognises a need to make further improvements to evaluating training uptake.

### [Workforce Race Equality Standards \(WRES\)](#)

The Trust has devoted specific time to understanding the experiences of black, Asian and minority ethnic (BAME) staff. Whilst the WRES focus is on staff experience, the Trust is careful to also consider the impact of racism and discrimination on patients and works closely with a range of stakeholders to gain a deeper insight into the needs of local communities.

BAME representation in the Trust workforce has improved year on year since the WRES reporting began in 2015 and is positive (8.2%) when compared with the working age BAME population of Lancashire (5.3%, 2011 census).

A strong focus on ensuring diversity of applicants for executive posts has led to shortlists with over 50% BAME applicants and the recruitment of a Non-Executive Director from a BAME background. BAME employees have also been involved in the recruitment processes for the Trust Chief Executive Officer position and candidates to these posts were asked a range of inclusion specific questions by a variety of stakeholders from different backgrounds.

The Trust recognises that the numbers of staff dealing with violence and abuse on a daily basis is too high and the Trust is taking a number of actions to support BAME employees, including:

- Inclusion as part of leadership training
- Coaching and reverse mentoring programmes and
- Workshops on how to understand team diversity

[At Guild Lodge, the Trust is piloting 'Hate Doesn't Belong Here'](#), a hate crime project designed to increase the reporting of hate crimes which happen in the workplace. A strategy document has been developed which will form the basis of a Trust-wide policy and Lancashire Police are working closely with the Trust to ensure that hate incidents and crimes are investigated properly and action is taken swiftly.

### [Accessible Information Standards \(AIS\)](#)

The Accessible Information Standards are designed to ensure that people can understand and make informed decisions about their healthcare regardless of the communication needs they may have. The Trust intends that all individuals have access to information in a format that is understandable and be provided with any communication support they need.

### [Anti-Bribery](#)

The Trust has a clear Ant-Fraud, Bribery and Corruption Policy which is available to all staff on the Trust intranet site. The policy was ratified in September 2017 and is scheduled for review in September 2019. The policy is completed in conjunction with MIAA, the Trust's internal auditors. No issues have been identified as occurring at the Trust.

### [Social Value](#)

In 2018/19, the Trust has refreshed its approach to measuring social value and a decision has been made to adopt the Sustainable Development Unit framework as a means to defining or categorising where the Trust adds or can add value. This is shown below:

Where the Trust adds or can add value	
Economic Value	<p><b>Corporate</b></p> <ul style="list-style-type: none"> <li>• An increase in substantive post holders and a reduction in temporary staffing</li> <li>• The Trust's Organisational Change Policy is in place to ensure that change is compliant with employment legislation, best practice and Trust values</li> <li>• Minimising compulsory redundancies</li> <li>• Ensuring services remain financially sustainable</li> </ul>
Social and Cultural Value	<p><b>Corporate</b></p> <ul style="list-style-type: none"> <li>• Equality and Diversity Statement of Intent 2015-20</li> <li>• Staff Health and Wellbeing Programme</li> <li>• Defence Employer Recognition Scheme</li> <li>• Apprenticeship opportunities</li> </ul> <p><b>Clinical Services</b> Measures of social value in relation to interventions ; examples include, people supported to gain/retain employment, support with education, training or volunteering, support to gain/maintain housing tenancies.</p>
Political Value	<p><b>Corporate</b></p> <ul style="list-style-type: none"> <li>• Refresh of the Trust's corporate strategy</li> <li>• Trust planning</li> </ul> <p><b>Clinical Services</b> Service user involvement in service transformations and continuous improvement</p>
Ecological Value	<p><b>Corporate</b></p> <ul style="list-style-type: none"> <li>• Carbon emission reduction progression</li> <li>• Energy management</li> <li>• Travel reduction</li> </ul>

During 2018/19, the Trust began to work on a more coordinated approach to identifying, reporting and recording the range of interventions that deliver social value currently delivered by clinical services. Our aim is to evolve the maturity of measuring and reporting in order to increase the assurance we are providing in relation to our contribution in delivering social value to our communities.

An initial set of measures has been developed for reporting in 2019/20, based on services currently known to be 'delivering' social value, where the social value impact is primarily attributable to the involvement of a Trust service or team. These initial set of measures are:

- People supported:
  - in to new paid employment
  - to retain existing employment
  - to acquire new housing tenancy
  - to maintain existing housing tenancy
  - to undertake volunteering roles
  - to commence education or training courses
  - to become more socially included (not covered by above definitions)
- Number of user-led organisations or networks supported / number of people supported by user-led organisations or networks
- For people with mental health problems and in contact with the criminal justice system, no further offences committed within 12 months

Examples of services known to be achieving some of these measures include the Criminal Justice Liaison Service and Community Restart Service. We will continue to develop our dashboard of measures in relation to social value throughout the forthcoming year.

### **EU Exit**

To ensure appropriate Board of Directors oversight of the Trust's position in relation to the EU Exit, a Senior Responsible Officer has been appointed who is a member of the Board. They provide regular updates on the EU Exit position and where appropriate ensure Board sign off of assurance statement requests. Regular reports are also scrutinised through the Trust's governance structure.



## 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



**Caroline Donovan**

Chief Executive

23 May 2019

### 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 2018/19 (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.lancashirecare.nhs.uk](http://www.lancashirecare.nhs.uk)

#### Foundation Trust Directors

The names of individuals who were Directors of the Trust during the financial year can be found on page 35 onwards, alongside the name of the Trust Chair, Deputy Chair and Chief Executive. Further information about the Board of Directors can be found from page 61.

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

The Trust has a Standards of Business Conduct procedure in place which was reviewed in 2017 and updated in line with national guidance. This requires all staff, 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.

#### 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 2018/19 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:

<i>BPPC</i>	<i>Non-NHS</i>	<i>NHS</i>
<i>Number</i>	95%	86%
<i>Value</i>	95%	97%

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 2018/19.

### 3.1 Patient Care

Details of how the Trust has used service users, carers, stakeholders and regulators' feedback to make necessary improvements to its services can be found in the Quality Account.

#### Development Bids

There were a number of business development bids submitted during 2018/19 that have enhanced the Trust's existing services to continually improve the outcomes for service users and carers.

#### Services Acquired and Lost

The table below outlines the services that the Trust has acquired in year.

Contract Awarded	Value	Date Awarded	Effective from
iMSK	£7 - £7.2m pa	March 2018	June 2018
Community Perinatal Mental Health Services	£2,247,745 (including CQUIN)	April 2018	November 2019
Liaison and Diversion Cumbria and Lancashire	£2,302,000pa	December 2018	April 2019

The table below outlines the services that the Trust has lost in year.

Contract	Value	Date lost
Lancashire and South Cumbria Public HealthCare – Emotional and Mental Health in Schools and Colleges Support services	£158k	03 May 18
LCC Universal Services 0 -19 Public Health Nursing	£20.8m	17 October 2018

Following the outcome of the Universal Services tender on the 27 November 2017 the Trust, together with Blackpool Teaching Hospitals, issued legal proceedings against the decision. The joint challenge was upheld; however, the procurement decision was to award the Universal Services contract to Virgin Care. The service was transferred on 1 April 2019.

### 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. As the only health and wellbeing provider for the whole of Lancashire, 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.

During 2018/19 three partnerships were shortlisted in the HSJ Partnership Awards alongside various other awards that include Positive Practice in Mental Health 2018, the Good Help awards and the DESMOND annual awards programme for 2018.

A key partnership for the Trust as we move into 2019/20 is developing a strategic partnership with Northumberland, Tyne & Wear NHS Foundation Trust (NTW). The Trust and NTW have worked together on a number of projects over the last year including the review carried out by NTW of the Lancashire & South Cumbria mental health system and working toward transacting the move of all Cumbria mental health services to NTW and LCFT. Both Trusts agree that there is potential benefits for both organisations in working more closely on specific projects and initiatives and a formal Partnership Agreement has been established to facilitate the partnership with the aim of enabling improved access and delivery of Mental Health services.

### 3.3 NHS Improvements Well-Led Framework

The Trust's Annual Governance Statement 2018/19 outlines how the Trust has regard to NHS Improvements Well-Led framework in arriving at its overall evaluation of the organisation's performance, internal control and Board assurance.

The CQC undertook a Well-Led inspection in 2018 and found the Trust to be 'Requires Improvement' overall.

Information relating to the Trust's patient care activities is outlined throughout this Annual Report, including in the Quality Report, Performance Report and Annual Governance Statement.

There are no material inconsistencies identified between the Annual Governance Statement, the annual and quarterly Board statements, the Corporate Governance Statement, the Quality Report and Annual Report, or reports arising from Care Quality Commission reviews of the Trust and subsequent action plans.

### 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; and
- 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  
23 May 2019



**Caroline Donovan**  
Chief Executive  
23 May 2019

### 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 c93% of the Trust's income. The remainder is all classed as operating income, split between income received 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.

### 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:



**David Eva**  
Chair  
23 May 2019



**Caroline Donovan**  
Chief Executive  
23 May 2019

## 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 8<sup>12</sup> 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 (SI2013/1981)



**Caroline Donovan**

Chief Executive

23 May 2019

## 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. During 2018/19, the Nomination & Remuneration Committee considered the outcome of the appraisal process and approved the 1% cost of living increase with effect from 1 April 2018 for those Executive Directors that met the criteria set out in the recommendation letter from NHS Improvement.

For 2018/19, 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 Managers Remuneration Policy. During the year, an additional Workforce Remuneration Policy was developed that provided guidance on the annual individual salary and performance review for senior managers and external benchmarking.

During the year, the Nomination & Remuneration Committee approved the appointment of a Director of Nursing & Quality and the interim arrangements for Medical Director post.

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 a Senior Manager 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 only apply to voting directors. During 2018/19, the Trust introduced a Workforce Remuneration Policy which applies to all members of the Board.

## Future Policy Table

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 and operational plan. 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> <p>The maximum remuneration which could be paid in respect of this component is the full salary as agreed by the Board of Directors Nomination Remuneration Committee.</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 provide Annual Performance Related Bonuses.</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 38.</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> <p>Senior managers are entitled to join or continue as a member of the NHS</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 through 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 37. 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 Directors 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 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.

## 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. 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 as follows;

Board Member	Attendance (actual/max)
David Eva (Chair)	11/11
Gwynne Furlong	6/8
Louise Dickinson	11/11
David Curtis	10/11
Isla Wilson	11/11
Julia Possener	10/11
Mohammed Sarwar	3/3
Deborah Francis	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 on pages 35 and 37. 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 2018/19

Reporting Group	2018/19			2017/18		
	Total Number in group	Number in receipt of expenses	Travel expense	Total Number in group	Number in receipt of expenses	Travel expense
			£'00			£'00
Executive Directors	9	8	34	5	5	34
Chair & Non-Executive Directors	8	6	145	7	7	113
Council of Governors	31	8	23	17	7	17

## Salary Entitlements: Executive Directors

(The tables below have been subject to audit review)

Employee Name and Title	Period 1 April 2018 - 31 March 2019						Period 1 April 2017 - 31 March 2018					
	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)	All Pension Related Benefits Increase^ (bands of £2,500)	Total (bands £5,000)	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)	All Pension Related Benefits Increase (bands of £5,000)	Total (bands £5,000)
Professor Heather Tierney-Moore* Chief Executive (01/04/2018 - 31/03/2019)	205 - 210	7,500	0	0	0	210 - 215	205 - 210	6,600	0	0	0	210 - 215
Professor Max Marshall**## Medical Director (01/04/2018 - 31/03/2019)	190 - 195	5,900	0	0	0	200 - 205	190 - 195	5,900	0	0	0	195 - 200
Mrs Denise Roach*** Director of Nursing & Quality (01/04/2018 - 31/12/2018)	175 - 180	-	0	0	0	175 - 180	140 - 145	200	0	0	70 - 72.5	210 - 215
Mrs Sue Moore **** Director of Strategic Developments (01/04/2018 - 31/03/2019)	135 - 140	3,400	0	0	62.5 - 65	200 - 205	135 - 140	4,400	0	0	87.5 - 90	225 - 230
Mr William Gregory Chief Finance Officer (01/04/2018 - 31/03/2019)	150 - 155	200	0	0	10 - 12.5	160 - 165	155 - 160	3,400	0	0	85 - 87.5	245 - 250
Mr Paul Lumsdon Interim Director of Nursing & Quality (11/06/2018 - 31/03/2019)	130 - 135	-	0	0	0	130 - 135						
Miss Joanne Moore ## Director of Operations (01/08/2018 - 31/03/2019)	75 - 80	200	0	0	0	75 - 80						
Mrs Julie Seed ## Acting Director of Nursing & Quality (16/04/2018 - 29/06/2018)	15 - 20	100	0	0	0	15 - 20						
Mr Damian Gallagher ## Director of Workforce and Organisational Development (01/07/2018 - 31/03/2019)	85 - 90	3000	0	0	0	85 - 90						

\* Professor Heather Tierney-Moore stepped down from her role as Chief Executive on the 31 March 2019 and retired from the organisation on the 30 April 2019. Following an extensive recruitment process Mrs Caroline Donovan was appointed Chief Executive with effect 1 April 2019.

*\*\* Professor Max Marshall retired on the 31 March 2019. The Trust is undertaking a recruitment process to identify a permanent successor but until then Dr Richard Morgan has been appointed Interim Medical Director of the Trust with effect 1 April 2019. For 2018/19 the element of the Medical Director's remuneration that relates to their clinical role is £140k - £145k.*

*\*\*\* Following a period of illness Mrs Denise Roach left her post of Director of Nursing with effect 31 December 2018. During the year her post was covered initially by Mrs Julie Seed, as Acting Director of Nursing, and then by Mr Paul Lumsdon, as Interim Director of Nursing. Following a recruitment process, a substantive appointment has been made and Maria Nelligan will join the Trust in 2019/20.*

*\*\*\*\* Mrs S Moore retired from the organisation in May 2019. Miss J Moore has taken on the role of Director of Partnerships and Strategy from May 2019.*

*# 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.*

*## Lack of prior year comparator renders the accurate calculation of this figure impossible for these individuals.*

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

## Salary Entitlements: Non-Executive Directors

(The tables below have been subject to audit review)

Appointees Name and Title	Period 1 April 2018 - 31 March 2019						Period 1 April 2017 - 31 March 2018					
	Salary (bands of £5,000)	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)	Salary (bands of £5,000)	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)
Mr David Eva Chair (01/06/2018 – 31/03/2019)	45 - 50	3000	0	0	0	45 – 50	45 - 50	2,500	0	0	0	45 - 50
Mr Gwynne Furlong **** Non-Executive Director (01/04/2018 – 30/11/2018)	10 - 15	700	0	0	0	10 - 15	15 - 20	900	0	0	0	15 - 20
Ms Isla Wilson Non-Executive Director (01/04/2018 – 31/03/2019)	15 – 20	1,700	0	0	0	15 - 20	15 - 20	700	0	0	0	15 - 20
Mr David Curtis MBE Non-Executive Director (01/04/2018 – 31/03/2019)	15 - 20	2000	0	0	0	15 - 20	15 - 20	2,300	0	0	0	15 - 20
Ms Louise Dickinson Non-Executive Director (01/04/2018 – 31/03/2019)	20 - 25	2,700	0	0	0	20 - 25	20 - 25	1,000	0	0	0	20 - 25
Ms Julia Possener Non-Executive Director (01/02/2018 – 31/03/2019)	15 - 20	1,800	0	0	0	15 - 20	15 - 20	1,100	0	0	0	15 - 20
Mrs Deborah Francis Non-Executive Director (01/01/2019 – 31/03/2019)	0 - 5	–	0	0	0	0 - 5						
Mr Mohammed Sarwar Non-Executive Director (01/12/2018 – 31/03/2019)	5 - 10	–	0	0	0	5 - 10						

\*\*\*\* Mr Gwynne Furlong came to the end of his second term of office as a NED with LCFT on 30 November 2018. Following a competitive recruitment process Mr. Furlong was appointed as the Independent Chair of Healthcare Support and Infrastructure Services LLP (HSIS). HSIS is the Trusts wholly owned subsidiary providing estate management services to the Trust.

^ 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.

## 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 2019 (Bands of £5,000)	Lump Sum at pension age related to accrued pension at 31 March 2019 (Bands of £5,000)	CETV at 1 April 2018 (Rounded to nearest £1,000)	Real Increase in CETV as funded by employer (Rounded to nearest £1,000)	CETV at 31 March 2019 (Rounded to nearest £1,000)	Employers contribution to stakeholder pension
Mrs Sue Moore (01/04/2018 – 31/03/2019)	2.5 - 5	2.5 - 5	50 - 55	125 – 130	1,052	147	859	0
Mr William Gregory** (01/04/2018 – 31/03/2019)	0 – 2.5	0	55 - 60	160 - 165	1,260	121	1,089	0
Mr Damian Gallagher* (01/07/2018 – 31/03/2019)	0	0	40 - 45	100 - 105	792	0	0	0
Mrs Joanne Moore* (01/08/2018 – 31/03/2019)	0	0	40 - 45	105 - 110	801	0	0	0
Professor Max Marshall* (01/04/2018 – 31/03/2019)	0	0	95 - 100	285 - 290	2,285	0	0	0
Mrs Julie Seed* (16/04/2018 – 29/06/2018)	0	0	25 - 30	75 - 80	523	0	0	0

\* The lack of a prior year comparator renders the calculation of elements of pension's information impossible.

\*\*Mr William Gregory left the NHS Pension Scheme 31 December 2018.

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

## CETV

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 2019 on an annualised basis.

Other Remuneration Disclosure	2018/19 £'000	2017/18 £'000
The highest paid senior manager in the organisation is the Chief Executive, being:	214	213
The median salary of full time Trust staff is:	29	29
The ratio therefore of the highest and the median salary is:	7.4	7.3

\* The calculation is based on full-time equivalent staff of the trust at the 31 March 2019 on an annualised basis.

During 2018/19 no employees received remuneration in excess of the highest paid director (2017/18 zero individuals). Remuneration ranged from £7K to £214K (2017/18 £6k to £213k).

Remuneration includes salary, other allowances and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

### 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

Staff Costs	2018/19			2017/18
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	198,194	6,001	204,195	203,288
Social security costs	18,261	-	18,261	18,006
Apprenticeship Levy	985	-	985	966
Employer's contributions to NHS pensions	24,886	-	24,886	24,712
Pension cost - other	-	-	-	-
Other post- employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Temporary staff	-	7,805	7,805	8,896
NHS Charitable funds staff	-	-	-	-
<b>Total gross staff costs</b>	<b>242,326</b>	<b>13,806</b>	<b>256,132</b>	<b>255,868</b>
Recoveries in respect of seconded staff	-	-	-	-
<b>Total staff costs</b>	<b>242,326</b>	<b>13,806</b>	<b>256,132</b>	<b>255,868</b>
Of which costs capitalised as part of assets	-	-	-	-

#### Average Staff Numbers 2018/19

Staff Group	Permanent Number	Other Number	2018/19	2017/18
Medical & dental	296	21	318	317
Ambulance staff				
Administration & estates	1,220	68	1,288	1,273
Healthcare assistants and other support staff	862	438	1,301	1,362
Nursing, midwifery and health visiting staff	2,145	136	2,281	2,346
Nursing, midwifery and health visiting learners	14	0	14	17
Allied Health Professional, Scientific, therapeutic and technical staff	1,045	25	1,071	991
Healthcare science staff				
Social care staff	30	0	30	40
Other	58	0	58	89
<b>Total Average Number</b>	<b>5,670</b>	<b>689</b>	<b>6,359</b>	<b>6,436</b>

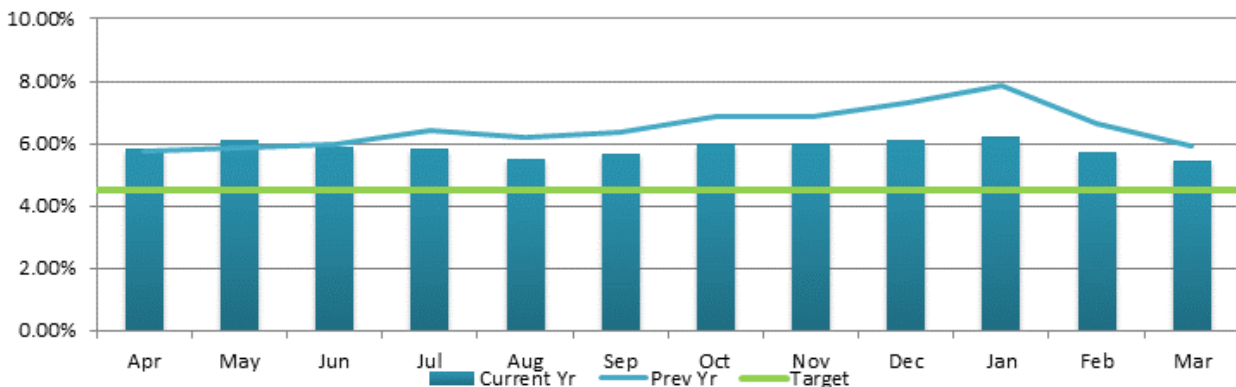
### Employee Gender Breakdown

A breakdown of the average number of male and female employees is detailed in the table below.

Group	Male	Female
Executive Directors (including the Chief Executive & non-voting Directors)	4	3
Non-Executive Directors (including the Chair)	3	4
Other Senior Managers	18	30
Employees	1,205	5,092
<b>Total Average Number</b>	<b>1,230</b>	<b>5,129</b>

### Sickness Absence Data

The sickness rate for the Trust at the end of the financial year 2018/19 was 5.47%. The graph below presents the monthly sickness absence rates throughout the year shown against the target rate of 4.5%.



The Trust continues to proactively manage cases of long and short-term absence across all of its clinical and non-clinical areas. Line managers are supported by dedicated HR Business Partners and HR Advisers through a mixture of focused policy training and individual case discussions with senior operational managers. The Trust launched its 'Back to Basics' programme in March 2017, an 18-24 month programme aimed at achieving a long term sustained improvement in attendance through a combination of procedural and cultural change. The programme has resulted in a significant reduction in the number of long-term cases where the absence exceeded either 6 or 12 months.

In 2018/19 the programme focused on robust management of short-term sickness absence. Analysis of information identified hotspots within the organisation and enabled the Trust to provide targeted support and appropriate interventions to address particular areas where short term sickness was prevalent. As a result of these interventions, sickness absence figures are lower overall in 2018/19 than the comparative position in 2017/18.

A high proportion of absence within the Trust continues to be associated with stress and musculoskeletal conditions. Work has been undertaken by the Trust's Health and Wellbeing lead to address stress related conditions and training programmes have been made available to managers and staff that enable them to identify the key signs of stress and support staff accordingly. There will be a continued focus in 2019/20 on preventing absences due to stress.

The Trust intends to strengthen internal support to staff exposed to difficult situations in their clinical

practice, which will be undertaken in collaboration with the Trust's clinical psychological services.

Progress against this programme and performance is monitored through the Trust's governance structure at the People Sub-Committee, People & Quality Committee and the Board. An important part of managing staff absence is working closely with managers to support and promote health and wellbeing for the whole workforce. The Trust's Human Resources Department has strengthened its oversight of sickness absence management and the Trust's Managing Attendance policy has been reinforced to ensure that staff and line managers are supported to proactively manage attendance.

### Staff Policies & Actions Applied During the Year

During 2018/19 a number of key HR policies have undergone a formal review. These include:

- Management of Sickness Absence
- Organisational Change
- Flexible Working
- Maternity Paternity
- Adoption
- Grievance Policy which has been combined with the Dignity at Work Policy.

### Recruiting and Supporting Disabled People in Work

The Trust's Disability Confident Employer accreditation demonstrates that inclusive recruitment and workplace practices are firmly embedded. In line with the Trust's Equality in Employment policy and Recruitment and Selection procedures, applicants for job vacancies are asked whether they need any additional support and people are encouraged to be open about their needs to help the Trust provide an inclusive experience. 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.

Adjustments are 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 people with sight impairments and hearing difficulties and employees are encouraged to make use of support from Access to Work and the Trust's occupational health provider.

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.

A small project group made up of some of the Trust's Equality and Diversity Champions has recently designed a survey which has been sent to all employees to gain greater intelligence about their experiences when they have a disability or need for additional workplace support. The responses will be used to improve guidance for managers and staff about how to access help and support with making adjustments quickly and will also be used to inform future Equality Impact Assessments.

The staff survey indicated that employees sometimes feel that they experience discrimination due to their age, recognising that a high proportion of our workforce is made up of women over 50 and conversations with staff about this have suggested that a number of employees would welcome greater support in relation to the effects of the menopause. In response, employees have been invited to a working party to identify needs and how best to improve understanding amongst colleagues; this

will support the development of a Trust action plan to improve staff experience.

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 has been working with AccessAble to assess the accessibility of around 160 Trust sites. This information is published in the public domain and enables people to plan their visits to us or make requests for additional support in advance.

The Trust is an active member of the North West Dyslexia Network and continues to improve guidance for staff and managers about neurodiversity. Social media promotion has increased staff and manager awareness of how to get support with dyslexia and dyspraxia in particular and practical information about this forms part of an Accessible Communication Toolkit which supports employees with a range of sensory impairments, learning difficulties and other communication needs.

The Trust has signed up to NHS England's Employing People with Learning Disabilities pledge and continues to work towards this commitment. A more inclusive recruitment process for those with Learning Disabilities was developed last year and have now been put into practice which has led to the successful appointment of a candidate with Learning Disabilities.

#### 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. In preparation for the introduction of the Workforce Disability Equality Standards which will be mandated by NHS England in 2019, the Trust is reaching out to employees to ask them to articulate concerns about disclosing their disabilities. Employees will be able to do this anonymously through an online survey or in person in small workshops or 1-to-1 appointments. The Trust hopes to increase confidence in employees to talk about their needs so that it is easier to provide support and adjustments.

The Trust's People Plan maintains a focus on diversity and inclusion and will continue to influence the design and delivery of talent management and career development opportunities for all staff, including those with disabilities. Leadership and development opportunities, both within and outside of the organisation, are promoted via Equality and Diversity 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 so that we can report on the different groups of people taking up opportunities.

#### Consulting with Staff on Trust Decisions Affecting Employee Interests

The Trust has a strong ethos of engaging staff and Staff Side colleagues in organisational change. We promote engagement with staff in modelling services prior to embarking on formal consultation to implement change. Across the Trust we maintain regular dialogue with both internal and external union representatives at both a local and Trust-wide level through network based partnership working and regular meetings. This gives the Trust the opportunity to listen to and address the needs, concerns and positive feedback from staff. However, we recognise we can continue to make improvements in how we consult with staff at the earliest opportunity to ensure their feedback can be reflected in decision making.

Our Trust Organisational Change policy in place ensures change is compliant with employment legislation, best practice and Trust values. In its duty to safeguard public monies and provide quality services, the Trust considers all alternative solutions to mitigate redundancies. Our strong partnership

working with Staff Side colleagues has supported us to achieve this.

The Trust's Partnership Forum 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) meet 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 well established methods to promote engagement and communication with staff to ensure they feel connected to the organisation and stay informed of information that is relevant to them in their role.

### **Social Media**

Throughout 2018/19, the Trust has strengthened its use of communication mediums including social media presence in order to promote more social and informal communication channels. The Trust utilises Twitter and advocates one central Twitter account with the use of local hashtags to promote different initiatives and teams. Twitter is used for recognition for individuals and teams, as well as promoting our People Plan, #PeopleAtTheHeart and Wellbeing Strategy, #5WaysToWellbeing.

### **Internal Communications**

A range of internal communication channels are in place to provide staff with information and the opportunity to provide feedback. The Pulse continues to be published on a weekly basis and in addition the #PeopleAtTheHeart Newsletter was introduced on a quarterly basis, with a focus on a different Trust value.

Our 'People at the Heart' campaign encompasses weekly updates, a refreshed brand linked to our Trust values together with visibility visits of our Executive Team and Senior Managers. As well as showcasing Trust and Network engagement and wellbeing activities, this campaign has promoted improvements made since the annual staff survey linked to our People Plan. The visibility visits have enabled greater connection between very senior leaders and front line teams and have been positively received, enabling improvements to be made to work environments, as well as ensuring that very senior managers stay connected to our services and the realities of staff delivering them day to day.

The 'People at the Heart' campaign is closely linked to the staff microsite that has been created to communicate and share stories and related content. In the period from October 2018 to March 2019, there have been 3,950 users viewing a total 10,534 pages. The site will be further developed in 2019/20.

All staff continue to have access to the Trust's internal intranet site Trustnet which is constantly reviewed to ensure it remains up-to-date and provides resources to staff such as policies, guidance, factsheets and toolkits. In particular, the e-HR portal and the Knowledge Resource Information System (KRIS) contain helpful information about the organisation as well as offering specific HR advice and information to support staff. A recent development underway is the introduction of staff 'Apps' to support expenses, staff benefits and organisational information.

The Trust's Chief Executive continues to host a quarterly Engage event for the Trust's senior and aspirant leaders to consider current hot topics, review the performance and delivery of the Trust's strategic plans and cascade information through the organisation. The Trust's clinical networks now



host Engage events to continue the thread through to front line services, including 'Time to Shine' events and local recognition schemes.

The Trust has continued to embed the 'Shining Stars' and #ThankYouThursdays to show appreciation and provide recognition, with both initiatives now firmly embedded within the Trust and having a positive impact on staff morale. Networks and support services have taken ownership of the Shining Stars initiative, embedding them in their activities, whereby staff are asked to vote who they feel should be Shining Star of the Quarter. The Shining Stars of the Quarter are subsequently shortlisted for the Trust's Shining Star of the Year Award in the Staff Awards which is a new award that is now firmly embedded within the annual event and highly popular within our workforce. #ThankYouThursdays is a popular way of celebrating staff via social media and the uptake of this has significantly increased.

The Trust's Staff Awards continue to be very popular and enable the Executive Team to say thank you and provide staff with public recognition and a great celebration of their achievements. Trust 'Thank You' cards have also been distributed this year to enable appreciation to be demonstrated more privately between individuals and teams.

### [Information on Health & Safety Performance and Occupational Health](#)

The Trust is committed to the health, safety and welfare of its patients, staff and the public. We do all we can to protect people from harm and to safeguard them from abuse.

The Trust Board lead for health and safety is the Director of Nursing and Quality. The strategic lead for health and safety is the Associate Director of Safety. A new weekly Safety Summit was implemented during the year to review serious and urgent safety issues and to monitor progress with safety improvements.

Incidents relating to health and safety are reported on the Trust risk and safety system and have been investigated with any lessons learned used to improve safety. Serious health and safety incidents were subject to more detailed investigation using root cause analysis methodology by specialist investigators within the Trust's Safety Department. Incident information is available for teams to explore and discuss through live dashboards in the quality governance system. Our People and Quality Committee of the Board also receive a quarterly report on our health and safety performance.

The Safety Department have worked with clinical services to undertake ligature risk assessments of all mental health inpatient units across the Trust and have worked with clinical staff to ensure the risks from self-injury are managed.

Collaborative working with staff side trade union officials continues to be strengthened and our Health and Safety Partnership Forum continues its work, which is jointly chaired by the Associate Director of Safety and the Chair of Staff Side. Staff side trade union representatives undertook a number of health and safety inspections during the year with information shared with managers to improve safety.

The Trust continues to deliver health and safety induction and ongoing mandatory training for all staff, alongside the Institution of Occupational Safety & Health (IOSH) Managing Safely course which provides a certified qualification to managers and further enhances the training offered for staff. Further specialist training is also provided. The Trust reviewed and updated its moving and handling training and violence reduction training to make this more accessible for staff.

Addressing and reducing aggression and violence towards staff continues to be a key priority and remains our biggest health and safety challenge. The Trust employs a number of violence reduction specialists who, along with the health and safety and security specialists, have worked with clinical



staff to prevent and manage violence and aggression. We continue to strengthen the support for staff and have worked to improve our engagement with the local police service to bring charges against people who knowingly assault our staff.

During the year there were no inspections or enforcement action by the Health and Safety Executive (HSE) or Care Quality Commission (CQC) under the Health and Safety Act Work Act 1974. The Trust reported 33 incidents to the HSE and CQC under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013.

### Expenditure on Consultancy

Management consultancy services were engaged during 2018/19 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 annual staff survey was conducted between October and November 2018 and collected views from staff about their workplace. The survey was distributed to 1,250 staff and was completed by 538 members of staff giving the Trust an overall response rate of 43.0%, a slight increase of 1.5% from the 2017 staff survey.

Engagement with staff at Lancashire Care is paramount to obtain their views about their workplace in order to improve experiences for staff, colleagues and patients. The staff survey results are used by the Trust to inform:

- improvements in working conditions and practices;
- the Department of Health assessment of the organisation's performance against the NHS constitution's staff pledges'
- the Department of Health and other national bodies' assessment of the effectiveness of national NHS staff policies, such as training and flexible working policies and to inform future developments in these areas.

The results from the 2017 staff opinion survey indicated that a focus was needed in respect of the following areas:

- Recognition and appreciation
- Quality of care provided to patients and services users
- Reporting of incidents, errors and action taken
- Bullying and harassment
- Staffing and teams
- Quality of leadership and management
- Career progression and learning
- Equality, Diversity and Inclusion Project; Race Discrimination

In response to this feedback, progress has been made in respect of making targeted improvements in these areas and overall strengthening our commitment to the NHS Constitution staff pledges by listening, acting and empowering.

The Trust refreshed and reinvigorated its People Plan activity and developed its internal engagement

brand #PeopleAtTheHeart. Over the past 12 months, the Trust has taken the following actions to improve the overall staff experience, their wellbeing and their engagement:

#### Leadership, quality of care & recognition:

- All of our Executive Management Team and Board of Directors have undertaken a 360 degree feedback. Some changes have been made to the roles of the Executive Directors with an additional Executive Director role added with a focus on strategic developments and transformation.
- Enhanced our internal communication channels to be more responsive to employee feedback.
- An ongoing programme for senior leaders to increase visibility and connectedness.

#### Leadership and development:

- The establishment of the coaching hub and trained coaches across the organisation
- Becoming the host of the NHS Leadership Academy's Mary Seacole leadership programme with 41 new and emerging leaders currently undertaking the programme
- Co-produced and launched the pilot of a Clinical Leadership Programme with 24 clinical leaders on our Band 7 programme.

#### Quality of care, recognition and appreciation:

- Introduction of 'Birthday Breakfasts' with our Chief Executive to celebrate, provide recognition and support connectivity
- Introduction of a post 100 days check in with our Chief Executive for new starters, to actively seek feedback on their experience

#### Career progression and learning:

- Introduction of 136 apprenticeships representing 100% of our Apprenticeship national target

#### Wellbeing, teams, quality of leadership:

- Introduction of a wellbeing thermometer for teams to use during team huddles
- Engagement events within all clinical networks with a focus on co-production, engagement, recognition, learning and feedback.
- Co-production engagement events to actively involve staff in shaping service transformation

#### Learning from incidents & quality of care:

- Strengthening of employee support following incidents to ensure that risks are discussed at team level.
- Supervision levels have increased across the organization.
- Appraisal rates have increased across the organisation and an Appraisal Quality Improvement project has launched to ensure that appraisals are meaningful and contribute to wellbeing, career progression and feeling valued.
- Development of plans for a Just and Learning Culture programme.

#### Discrimination/bullying:

- A multi-agency Hate Crime project has been carried out at The Guild to improve reporting and recording and action taken with a new strategy under development.
- A project has been launched to review the experience of staff with disabilities to understand what support and adjustments they require alongside understanding training requirements for managers.

## NHS Staff Survey 2018

The NHS staff survey is conducted annually. From 2018 onwards, the results from questions are grouped to give scores in ten indicators. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The response rate to the 2018 survey among Trust staff was 43% (2017 41.5%). Scores for each indicator together with that of the survey benchmarking group (combined mental health, learning disability and community trusts) are presented below:

	2018/19		2017/18		2016/17	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and	9.0	9.2	8.9	9.2	9.3	9.2
Health and wellbeing	5.6	6.1	5.4	6.1	6.1	6.2
Immediate managers	6.9	7.2	6.7	7.1	7.2	7.1
Morale	6.0	6.2	*	*	*	*
Quality of appraisal	4.9	5.5	4.9	5.4	5.3	5.4
Quality of care	7.2	7.4	7.1	7.4	7.5	7.5
Safe environment – bullying and harassment	7.9	8.2	8.0	8.3	8.5	8.2
Safe environment – violence	9.4	9.5	9.2	9.5	9.4	9.5
Safety culture	6.5	6.8	6.2	6.7	6.8	6.7
Staff Engagement	6.7	7.0	6.6	7.0	7.0	7.0

*\*New questions introduced in 2018*

## Staff Survey Response Rate

2017/18	2018/19		Trust Improvement/ Deterioration
Trust	Trust	Benchmarking group (trust type) average	
41.5%	43.0%	50.3%	Increase of 1.5% from the Trust's response rate in 2017/18. 7.3 % lower than the average for Mental Health/Learning Disability and Community Trust in 2018/19

## Top 5 Ranking Scores

	2017/18	2018/19		Trust Improvement/ Deterioration
	Trust	Trust	Benchmarking group average	
Q5g. How satisfied are you with... your level of pay.	35%	43%	39%	4% better than the benchmarking group average. 8% better than our performance last year
Q10b. On average, how many additional PAID hours do you work per week?	76%	80%	77%	1% better than the benchmarking group average. 4% better than our performance last year
Q10c. On average, how many additional UNPAID hours do you work per week?	37%	40%	37%	3% better than the benchmarking group average. 3% better than our performance last year
Q4j. I receive the respect I deserve from my colleagues.	---	78%	77%	1% better than the benchmarking group average. Not measured last year
Q3b. I am trusted to do my job.	90%	92%	91%	1% better than the benchmarking group average. 2% better than our performance last year

## Bottom 5 Ranking Scores

	2017/18	2018/19		Trust Improvement/ Deterioration
	Trust	Trust	Benchmarking group average	
Q21c. I would recommend my organisation as a place to work.	45%	45%	61%	16% worse than the benchmarking group average. The same performance as last year
Q21a. Care of service users is my organisation's top priority.	64%	62%	76%	14% worse than the benchmarking group average. 2% worse than our performance last year
Q22c. Feedback from service users is used to make informed decisions within my department.	47%	44%	57%	13% worse than the benchmarking group average. 3% worse than our performance last year
Q21d. If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation.	59%	57%	67%	10% worse than the benchmarking group average. 2% worse than our performance from last year
Q9c. Senior managers here try to involve staff in important decisions.	24%	27%	37%	10% worse than the benchmarking group average. 3% better than our performance from last year

Whilst the Trust recognises the substantial work to be undertaken, the 2018/19 staff survey results indicate that work undertaken in the past 12 months is beginning to have an impact. Marginal improvements have been in respect of recognition, appreciation, how we manage and learn from incidents and errors and annual appraisals.

### Future Priorities and Targets

A People Plan Delivery Group has been established to coordinate activities directed at improving staff health and wellbeing and to provide a comprehensive education, training and leadership development offer to support performance, improve staff experience and engagement.

The priorities and the plan of work that has been agreed for 2019 are as follows:

- Launch our new appraisal system placing a greater value on the quality of the conversation
- Develop and embed a values based behaviour framework aligned to our leadership model
- Complete the race discrimination project focusing on the lived experience of our BAME staff
- Implement a plan that responds to the workforce challenges identified in the 5 Year Forward View and the NHS Long Term Plan

- Review of our occupational health service provision and develop and launch new psychological wellbeing service based on meaningful engagement
- Strengthen and engage the role of the Wellbeing Champion and increase the number of Mental Health First Aiders across the Trust
- Develop our Just and Learning Culture
- Actively and meaningfully engage with individuals and teams and develop a team engagement toolkit for leaders.
- Further develop clinical engagement and clinical leadership and transformation skills, behaviours and know how to ensure we are able to respond to the changing demands.

These nine priority areas will have full project plans behind them and will be tracked along with our staff friends and family data, wellbeing surveys and the development of a cultural dashboard.

### Trade Union Facility Time

The total number of employees who were relevant union officials during 2018/19

Number of employees who were relevant union officials during 2018/19	Full-time equivalent employee
28	26.35

### Percentage of time spent on facility time

Number of employees who were relevant union officials employed during 2018/19 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%	3
1-50%	19
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 2018/19.

	Figures
Total cost of facility time	£0.176m
Total pay bill	£256.5m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.07%

## 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 2019, for more than £245 per day and that last for longer than six months:

Number of existing engagements as of 31 March 2019	
Of which:	
Number that have existed for less than one year at the time of reporting	0
Number that have existed for between one and two years at the time of reporting	12
Number that have existed for between two and three years at the time of reporting	7
Number that have existed for between three and four years at the time of reporting	6
Number that have existed for four or more years at the time of reporting	8

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 above.

*Table 2*

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

Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	
Of which:	
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to Trust) and are on the Trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

During the year the Trust requested assurance from all arising engagements reported above.

*Table 3*

For any off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2018 and 31 March 2019.



<b>Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year</b>	<b>0</b>
<b>Total number of individuals that have been deemed 'Board members and/or senior officials with significant financial responsibility' during the financial year (this figure includes both off-payroll and on-payroll engagements)</b>	<b>0</b>

## 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.

2018/19			
Exit Package Cost Band	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	4
£25,001 - £50,000	1	-	1
£50,001 - £100,000	4	-	4
£100,001 - £150,000	1	1	2
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total Number of Exit Packages by Type	9	3	12
Total Resource Cost (£000)	£496,000	£159,000	£655,000

2017/18			
Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
<£10,000	5	-	5
£10,000 - £25,000	8	-	8
£25,001 - £50,000	6	-	6
£50,001 - £100,000	1	-	1
£100,001 - £150,000	1	-	1
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total Number of Exit Packages by Type	21	-	21
Total Resource Cost (£000)	£523,000	£0	£523,000

Departure Payments	£000
Highest Value Departure Payment	116
Lowest Value Departure Payment	8
Median Value Departure Payment	46

#### Other Exit Packages: non-compulsory departure payments

Year to 31 March 2019	Payments Agreed Number	Total Value of Agreements £000
Voluntary redundancies including early retirement contractual costs	3	159
Mutually agreed resignations (MARS) contractual costs	-	-
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	-	-
<b>Total</b>	<b>3</b>	<b>159</b>
Of which payment value was more than 12 months' of their annual salary	-	-

Year to 31 March 2018	Agreements Number	Total Value of Agreements
Voluntary redundancies including early retirement contractual costs	-	-
Mutually agreed resignations (MARS) contractual costs	-	-
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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Of which payment value was more than 12 months' of their annual salary	-	-

## 6.0 Disclosures set out in the NHS Foundation Trust Code of Governance

### Statement of Compliance with the Code of Governance Provisions

Lancashire Care 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 and whilst we continue to follow the principles of the NHS FT Code, work was undertaken to consider the changes to July 2018 UK Corporate Governance Code in anticipation of any changes.

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 2018/19, the Trust can declare compliance with all provisions of the Code of Governance, including the statutory provisions.

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

### Continuous Improvement of Governance Arrangements

Last year the Board of Directors identified three key areas to focus on strengthening and continuously improving the Trust's governance practice and processes. Each of these priority areas were successfully addressed during the year and the outcomes and further details are reported in the relevant areas of this disclosure:

- To embed the new electronic declarations of interest process and system across the organisation
- Delivering year-two of the health-check programme
- Ensuring sufficient governance around the monitoring of recommendations and areas for improvements which arise from the CQC Well-Led report, including identification of appropriate actions to address the recommendations and strengthening areas for improvements.

In the spirit of continuous improvement, four further areas of development will be addressed during 2019/20:

- Continue to identify areas to improve the effectiveness of the Trust Board governance arrangements
- To work closely with the networks to further embed good governance principles
- Increased and more focussed engagement with the Trust's Governors and Members
- Commence the appointment of a new Internal Auditor

## Board of Director Governance Arrangements

The Trust is led by a unitary Board of Directors comprising of seven Executive Directors and seven Non-Executive Directors including a Non-Executive Chair. 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 61 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.

## Trust Governance Framework

The Board of Directors established a governance structure and has been focussed on embedding best practice governance principles within the organisation. The corporate governance arrangements have continued to mature and flex in response to the needs of the organisation. The current corporate governance structure enables the effective flow of evidence based assurance up to the Board of Directors.

The Trust has well established procedures for managing all meetings within the governance structure and has made good progress in embedding and maturing consistent governance practice within the networks and corporate support functions. The organisation's governance framework is supported by a corporate governance handbook which contains guidance for staff and good practice governance principles. A network governance handbook was introduced in April 2017 in recognition of the new three-network structure. A bespoke training package has commenced during the year which will sit alongside both handbooks as part of an ongoing package of support to staff which ensures consistent standards and ways of working are embedded.

## 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 Licence and the Board is committed to supporting the CQC regulations for Duty of Candour. 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.

During the year, two of the Trust's Directors were appointed to Healthcare Support & Infrastructure Services LLP, the Trust's wholly owned subsidiary along with the Company Secretary. More information about HSIS can be found on page 11. Another member of the Trust Board of Directors is an appointed Director to the Board of the North West Coast Innovation Agency. These posts ensure Trust representation in both ventures and are non- remunerated.

In 2018/19 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 is opened with 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. Quality continues to remain a clear focus of Board reporting with the integrated Quality & Performance Report bringing together data on a range of key quality measures and standards aligned to the three Darzi domains of quality – Safety, Experience, Effectiveness. This report is supported by regular People & Quality Committee Chair's Reports and a specific quality and safety domain within the Chief Executive's report detailing quality improvements and impact on quality.

Trust Board meetings are held in public unless restrictions under the Freedom of Information Act 2002 require discussions to take place privately. This is detailed on the Board agendas which are published on the Trust's website one week prior to the meeting and circulated to its Council of Governors. Papers are issued to Board members seven days in advance of the meeting and are made available on the internet following 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 Management Team attend Board meetings where necessary in order to help inform debate and discussion. Governors have a standing invitation to each formal Board meeting, both public and private, and also Board Committees to observe the work of the Board of Directors. Similarly, Non-Executive Directors regularly attend Governor Sub-Committees to further support a transparent culture and the Governor duty to hold Non-Executive Directors to account.

Informal briefings and presentations on specific topics or services are provided outside of the formal Board meeting structure via development sessions. This enables the Board to explore complex issues in more depth in preparation for discussion at future Board meetings. As described earlier, the Board of Directors ensures that quality remains a focus of each Board agenda with patient or staff stories being a regular agenda item at the beginning of each meeting. The Directors also attend a programme of good practice visits to review aspects of good practice within Trust services. This year has seen visits undertaken to a wide range of community, inpatient and mental health services across Lancashire. The process for feeding back to both those who undertook the visit and also the services visited has been enhanced during the year to ensure best practice and improvements identified are recorded and acted upon as appropriate. This feedback to the Board has formed part of the integrated Quality & Performance Report.

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 quarterly 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 Licence, Constitution, mandatory guidance issued by NHS Improvement and other relevant statutory requirements. A robust horizon scanning process is in place to track legislative changes and changes in sector guidance as needed and this is reported within the monthly Compliance Digest alongside an assessment of the potential impact on the Trust.

To support the Board's declaration of compliance with its Provider Licence enhanced monitoring of the evidence of compliance with each licence condition was established in 2016 and continues to be reported each year to support the declaration made by the Board. This is also reported to the Council of Governors for completeness.

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 Board continually reviews the effectiveness of its systems of internal control. The embedding of the strengthened governance framework also supports the provision of evidenced based assurance up to the Board.

The Board of Directors is held to account by the Council of Governors, 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 Council of Governors and NHS Improvement as needed. More information about the Council of Governors can be found from page 76.

The Board kept the Council of Governors fully informed of the challenges experienced in-year in respect of the significant pressures within the mental health service and remaining in line with the financial plan and control total. The financial performance information was shared with Governors and regular updates were provided by the Board, this information was also made public via publication of both the Board and Council of Governor meeting papers.

Following the Board's decision to end its contract for the provision of services at HMP Liverpool, the Trust Chair commissioned an external independent review into the governance and management of the contract which was undertaken by Unique Health Solutions. The final report was presented to the Board of Directors in September 2018. An action plan was developed from the four themes drawn from the findings and recommendations outlined in the report. Those were:

- Clarity at Board and organisational leadership
- Organisational culture
- Organisational discipline
- Quality improvement

The Board of Directors delegated the oversight of the delivery of the action plan to the Audit Committee.

## Risk and control

The Board is responsible for reviewing the effectiveness of the internal system of control, including processes and resources for managing all types of risk. The level and nature of both strategic and operational risk information that should be subject to Board scrutiny has been determined and the Board receives regular reports on the status of those risks through a revised Board Assurance Framework. The Risk Management Policy was reviewed in 2018 and operational and strategic risk management processes are embedded in the organisation at all levels within a refreshed governance framework.



## 6.1 The Board of Directors

Membership of the Board of Directors at 23 May 2019 was:



### **Trust Chair: David Eva**

David joined the Trust in June 2016 from Cheshire and Wirral Partnerships (CWP) NHS Foundation Trust where he has spent the last 15 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 centre of services. He brings with him a wealth of experience, having worked at Board level in the NHS as Non-Executive Director and Chair for over 20 years.

## Executive Directors



### **Chief Executive: Caroline Donovan**

Caroline joined Lancashire Care 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 registered nurse and passionate about delivering high quality patient-centred services. Her experience of Public Health 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.



### **Chief Finance Officer/Deputy CEO: Bill Gregory**

Bill has been Chief Finance Officer at Lancashire Care NHS Foundation Trust since February 2015, and more recently became Deputy Chief Executive. A qualified accountant with experience of working across the NHS and private sector, he has 20 years of experience as a director in healthcare for acute hospital, mental health and community service organisations. His current responsibilities include financial management, IT, estates, planning and business development. He is a President of the National Healthcare Finance Managers Association (HFMA) and member of the Finance and General Purpose Committee at the University of Lancaster.



#### **Director of Partnerships and Strategy: Joanne Moore**

Jo Moore joined the Trust in October 2016 from Pennine Acute NHS Trust where she worked for 16 years. Jo is a Chartered Accountant and made the move over to operations in 2014 to be closer to service delivery and patient care. Jo is responsible for strategy and business planning, relationships across the Integrated Care System, the South Cumbria transition and the management of the performance team. She is passionate about patient experience driving improvements to the care provided by the Trust and is committed to raising awareness of the importance of mental health early prevention and intervention in young people.



#### **Director of Nursing & Quality: Paul Lumsdon**

Paul Lumsdon joined the Trust in June 2018 providing interim leadership to the Nursing & Quality Directorate. Paul is approaching 40 years of NHS experience covering mental health, community services and district general hospitals. For almost 20 years Paul has worked at executive board level as either a Director of Nursing and/or Director of Operations. Paul is passionate about listening to the patient experience and getting it right, for each individual patient and family working with staff and service users with an emphasis on a compassionate approach to staff based on just culture and human factors.



#### **Director of Operations: Russell Patton**

Russell Patton was seconded to Lancashire Care Trust to undertake the role of Executive Director of Operations. Prior to this Russell was the Deputy Chief Operating Officer at Northumberland, Tyne & Wear NHS Foundation Trust. During his time there he has carried out a number of Director roles with responsibility for a diverse range of clinical services including mental health, learning disabilities, forensics and neurological services. As Deputy Chief Operating Officer he also had responsibility for CQC Compliance, Enhanced Bed Management and EPRR. During an extensive NHS career has worked in a number of NHS settings including local and regional commissioning roles. Russell is a keen advocate of transformational change in collaboration with service users, carers, staff and other key stakeholders and has successfully led large scale change programmes during his time at NTW.



#### **Director of Workforce & Organisational Development: Damian Gallagher**

Damian joined the Trust in October 2014 having previously undertaken senior HR roles throughout Cumbria and Lancashire. A fellow of the Chartered Institute of Personnel & Development and MBA graduate, he is responsible for giving strategic HR advice to the Board of Directors and senior managers as well as the delivery of the broad range of HR services including recruitment; temporary staffing; medical staffing; workforce information and professional HR support to our networks on all matters of employee relations. He is keen to develop greater engagement with staff and make improvements to our services through effective partnership working and implementation of the People Plan.



### **Interim Medical Director: Dr Richard Morgan**

Dr Richard Morgan, MRCP, MRCPsych, MSc is a Consultant Psychiatrist, with special interest in Liaison Psychiatry and Cognitive Behavioural Therapy. He joined LCFT in 2004 having trained in Manchester. His clinical work was based in Preston Crisis Response Home Treatment Team from 2006 to 2017, since 2018 he has led Liaison Psychiatry Services at Lancashire Teaching Hospitals. He has held a range of educational roles including Educational Supervisor, Locality Tutor, and TPD. He became Director of Medical Education and Deputy MD in 2016. He is currently Acting Medical Director following the retirement of Prof Max Marshall in March 2019.

## **Non-Executive Directors**



### **Isla Wilson: Deputy Chair**

Isla is an experienced board member, who has operated at board level in a variety of private organisations and social ventures. She is currently a non-executive Director of a Lancashire-based Housing Association and has previously served on the boards of charities and social enterprises.

Isla is an advocate of generating social impact, community development and social venturing. Alongside non-executive duties she runs her own business, specialising in organisational growth, social value and innovation.



### **David Curtis MBE: Senior Independent Director**

David Curtis MBE, was appointed as a Non-Executive Director in November 2014. David is a registered mental health and general nurse and brings a wealth of clinical and Board level experience from his 40 year career with the NHS having undertaken a range of senior clinical, teaching, community and hospital management roles. David was awarded an MBE in 2008 for his services to nursing and health care in Manchester. David is particularly interested in meeting and working with the people who use Trust services, and supporting employees.



### **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.



### **Julia Possener**

Julia was appointed as a Non-Executive Director on 01 February 2017. Julia is a Director of Healthcare Support and Infrastructure Service and a member of the following committees, the Nomination and Remuneration Committee, a member of the Audit Committee and Quality Committee. Julia also sits on the Charitable Funds Committee.

Julia is a solicitor by training and worked as a Corporate Finance lawyer in a number of senior legal, governance, and compliance and business roles both in private practice and in financial services. These include leading the Group Secretariat function and as Legal and Governance Director, International for RSA Insurance Group Plc, a multinational quoted insurance group.

Julia is also a member of the Lancaster University Management School Ethics Committee.



### **Debbie Francis**

Debbie was appointed to the board as a Non-Executive Director in January 2019. She is currently the Managing Director of Direct Rail Services Limited (DRS). Debbie has 30 years of experience across a range of industries from IT to infrastructure maintenance to rail. She has also gained extensive experience throughout her career both in the UK and overseas in finance, systems, commercial, operations and business development. She has a 2:1 degree in Business Studies from Liverpool Polytechnic, an MBA from Manchester Business School, is a Fellow of the Association of Chartered Certified Accountants (FCCA) and has recently commenced a PhD with leadership and team performance at the heart of the research.

Debbie is Chair of the Cumbria Education Trust (CET) and holds a NED position with Clatterbridge Cancer Care NHS Specialist Trust.



### **Shazad (Mohammed) Sarwar**

Shazad was appointed to the Board as a Non-Executive in December 2018. 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. Shazad is a former Non-Executive and Deputy Chair of Airedale NHS Foundation Trust where he led on patient safety and quality and post CQC inspection. 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. Shazad brings 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.

## Attendance at Board of Director Meetings and Committees 01 April 2018 – 31 March 2019

Board Member	Term of Appointment	Trust Board	Audit Committee	Quality Committee	Finance & Performance Committee	Nomination & Remuneration Committee
		Attendance (actual/max)				
<b>Non-Executive Directors</b>						
David Eva	01/06/16 - 31/05/19	15/15				11/11
Gwynne Furlong	01/10/12 – 30/11/18	8/10		4/4	3/3	6/8
Louise Dickinson	29/10/13 – 31/10/19	14/15	7/7		4/4	11/11
David Curtis	20/11/14 – 30/11/20	12/15	5/7	7/7		10/11
Isla Wilson	01/10/15 – 31/12/21	15/15		7/7	4/4	11/11
Julia Possener	05/01/17 - 31/01/20	13/15	7/7	7/7		10/11
Mohammed Sarwar	01/12/18 – 30/11/21	5/5		2/2	1/1	3/3
Debbie Francis	01/01/19 – 31/12/21	3/4	1/1		0/1	2/2

### Executive Directors

Heather Tierney-Moore	(in post 05/01/09)	14/15	6/7	3/7	4/4	
Max Marshall	(in post 01/08/02)	11/15	5/7	2/7	3/4	
Dee Roach	(in post 01/02/14)					
Sue Moore	(in post 10/02/14)	10/15	3/3	4/7	4/4	
Bill Gregory	(in post 01/02/15)	11/15	6/7		3/4	
Damian Gallagher	(in post 01/05/16)	12/15		5/7	3/3	
Joanne Moore	(In post 01/08/18)	8/12		4/5	2/2	
Paul Lumsdon	(In post 11/06/18)	11/12	3/4	6/6		

The Trust Board attendance figures are a combination of formal Board meetings and informal discussions.

### Appointments to the Board of Directors

As detailed in last year's Annual Report, the Chief Executive gave notice of her intention to retire from the role in 12 months' time bringing her time with the organisation to an end in April 2019. A robust recruitment exercise was undertaken led by the Trust Chair to appoint a successor. This involved engagement with staff, Governors and key stakeholders to ensure the key qualities being sought for the new Chief Executive were taken into account. The recruitment was supported by Gatenby Sanderson with interviews taking place over two days in November. Focus groups involving staff, Governors, service users & carers and external stakeholders formed part of the interview process and



feedback was provided to the formal interview panel. Shortlisted candidates also gave a presentation to the staff and Board members. The successful candidate, Caroline Donovan joined the Trust in April 2019.

During the year, a review of the Executive Team portfolios was undertaken recognising the key drivers for change and to create additional capacity amongst the Board. The review saw the Chief Operating Officer role split out the strategic development element, and the leadership of the Trust's three clinical networks. This would strengthen the focus and leadership on developing new models of care, external partnerships and new business. Russell Patton has been seconded into the organisation from NTW as the Executive Director of Operations to lead the three clinical networks. Joanne Moore has taken up the role of Director of Partnerships and Strategy. Both posts are voting members of the Board. .

An interim Director of Nursing & Quality was appointed in June 2018 to cover the vacancy left by the substantive Director. Following interviews that took place in April 2019 involving clinical staff a substantive appointment has been made and Maria Nelligan will join the Trust later in the year.

The Medical Director gave notice of his retirement during the year and the deputy Medical Director has been appointed to act into the role. A substantive appointment will be made to post later in the year.

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. Shazad Sarwar joined the Trust on the 01 December 2018 and Debbie Francis commenced in post on the 01 January 2019. From July 2019, Debbie Francis will take over as Audit Committee Chair. This has allowed a lengthy handover with the current Audit Committee Chair, whose term of office ends in October 2019. 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 re-appointment of Non-Executive Director, Isla Wilson and David Curtis for second terms of office of three years. The Trust Chair was also re-appoint for a second term. The terms of office of each Non-Executive Director can be found on page 68. Following the departure of the Deputy Chair, Gwynne Furlong in November 2018 and in consultation with the Council of Governors, the Board appointed Isla Wilson as the Deputy Chair with David Curtis taking the role of the Senior Independent Director.

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 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 on page 76 onwards.

Each member of the Board of Directors is required to undertake an annual performance review involving both peer review and self-assessment. This year's performance review was in the form of a

360 degree assessment. The outcomes of the appraisals are reported to the Nomination Remuneration Committee in line with the Senior Manager Remuneration Policy. 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 a formal appraisal process for the evaluation of the performance of the Chair and Non-Executive Directors and is closely aligned to the organisation's values and statutory role of the governors holding the Non-Executive Directors to account for the performance of the Board.

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 from page 35.

### 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 Chief Executive holds informal briefing sessions with governors on a regular basis and provides monthly updates.

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, 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 Non-Executive Directors are also invited by the Chair to attend informal sessions with the Council of Governors to promote networking and to provide opportunity for governors to challenge the Non-Executives about the Trust's performance and other developing topics.

The Chair sets and agrees the agenda for the Board of Directors and Council of Governors 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 Council of Governors. The Chair is responsible for ensuring the production of minutes of all meetings of the Board, the Council of Governors and their sub-committees which are facilitated by the Company Secretary.

The Trust published an Operational Plan 2019/20 which contains details of its vision, strategy and



priorities for the year. The Council of Governors has the opportunity to contribute to the Operational Plan and is kept informed of its progress through an ongoing process which is formally scheduled into the Annual Cycle of Business. The Trust engages with stakeholders through its governors, members and wider partnerships. Membership conferences also take place to engage members and wider stakeholders in the development of Trust plans on a consultative basis to gather community feedback and also to promote new services and initiatives.

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.

### Committees of the Board of Directors

The Board of Directors has established the following committees:

- Nomination Remuneration Committee
- People & Quality Committee
- Finance & Performance Committee
- Audit Committee

#### Nomination Remuneration Committee

The Board of Directors Nomination Remuneration Committee is constituted as a formal committee of the Board of Directors and met 11 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 68. 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.

#### People & Quality Committee

The ultimate accountability for quality rests with the Board of Directors. During the year, the Board enhanced the remit of the Quality Committee to include oversight of workforce and organisational development. The role of the People & Quality Committee is to test the robustness of the assurances provided that the organisational systems and processes in relation to quality are robust and well-embedded, and to identify and manage the risks to the quality of care which the Trust provides.

#### Finance & Performance Committee

The Finance & Performance Committee is established as a formal committee of the Board and it provides scrutiny into financial and performance data and has oversight of the progress made against key projects within the organisation.

A role of the Finance & Performance Committee is to test the robustness of analysis and assurance provided by its feeder sub-committees. This supports effective and efficient decision making at Board meetings relating to:

- Operational delivery and performance of the Trust
- Business growth and opportunities available to ensure the long-term sustainable development of the Trust
- Delivery of the Trust's Estates Strategy and Capital Programme,
- Delivery of the Trust's Delivering the Strategy programme (Cost Improvement Plans),
- Delivery of the Trust's Health Informatics Strategy,
- Delivery of the IT infrastructure

- To monitor the Trust's financial performance and the development of regulatory financial reporting.

During 2018, the Committee oversaw specific areas on behalf of the Board of Directors including the implications of developments within the Integrated Care Partnerships that could impact the Trust's financial or performance position, CQUIN performance, the formation of Healthcare Support & Infrastructure Services and the Innovation Agency. The Committee also monitored the delivery of the Use of Resources Plan and the Trust's revised approach to the measuring of Social Value.

The Financial Recovery Group has remained in place to provide additional scrutiny of the Trust's financial position and monitors the impact of financial recovery activities across the Trust to support the achievement of the Control Total.

### 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. For the final six months of the year, this has increased to four recognising the changes to the Audit Committee Chair. Non-Executive Director Debbie Francis, who was appointed to the Board in January 2019, will be taking over the role of Audit Committee Chair from 1 July 2019. This has allowed for a six month transition between the outgoing and incoming chair in line with the Non-Executive Director succession planning that is overseen by the Council of Governors. Members attendance can be seen on page 68.

The Chief Executive, Chief Finance Officer, Medical Director, Director of Nursing & Quality and the Company Secretary all have a standing invitation to attend each meeting and in addition, members of the 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.

Throughout 2018/19, 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. Whilst there were no significant issues raised, the Committee did highlight concerns to the Board of Directors in relation to limited assurance internal audit outcomes, specifically those within the workforce and quality domain.

Additional, a Board Committee Chairs Meeting has been established as a formal mechanism within the governance framework to support further triangulation of information, discuss identified risks and mitigations required across the structure. As this Group is recognised as a key component within the governance framework, the meeting is chaired by the Audit Committee Chair.

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

- The work of the Corporate Governance & Compliance Sub-Committee including the

- completion of year-two of the governance and risk management health-checks;
- The review and monitoring of the Trust's internal audit plan alongside the monitoring of Trust response to management actions and the development of the 2019/20 Internal Audit Plan;
- Monitoring of the progression of enhancing the Health and Safety Risk Assessment procedure;
- The monitoring of the Trust's progression towards achieving the ISO27001 accreditation;
- Quality Assurance mechanisms within the organisation;
- Continuous review of the Board Assurance Framework and improvements to the reporting process;
- The development of a system to support recording, monitoring and reporting of Memorandum of Understandings;
- Continued oversight of the Raising Concerns Framework;
- Plans to improve current contractual compliance monitoring and reporting;
- The process surrounding the South Cumbria transition including due diligence and risk mitigation planning;
- The development of an action plan to address the recommendations arising from an independent governance review undertaken by Unique Health Solutions;
- Improvements proposed to the CQC Action Planning process;
- Continued oversight of the controls in place around cyber security;
- Process changes to support the Non-Executive Directors discharge their responsibilities in relation to the Mental Health Act; and
- The outcome of an investigation undertaken into an unintentional data disclosure.

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 clinical systems and quality alongside the traditional domains of finance and business systems.

The Trust aims to create an environment where employees feel it is safe to raise and discuss concerns and weaknesses openly so that the appropriate action plans can be established and monitored through to implementation.

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's annual effectiveness review undertaken in January 2018 identified the need for protected time for the Audit Committee members to meet with the Internal and External Auditors outside of regular meetings, this has proven successful and continued through to 2018/19.

The Committee promotes the importance of creating the right environment for the consideration of emerging regulatory requirements and best practice in order to ensure that the scope of Trust work in response is appropriate, a planned approach to considering issues is taken and the provision of support and training is made available to Committee members.

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 assessment of significant issues to the 2018/19 annual report and accounts include:

- 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 2018/19, please see the Audit Committee Annual Report for 2018/19 that can be found on the Trust's website.

### Clinical Audit

The Audit Committee continued to promote the importance of the clinical audit function as a key element of the Trust's quality improvement activity. The Trust's current governance framework has helped to further strengthen the contribution that clinical audit makes to the provision of internal assurance and 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.

During 2018/19, a consultant dashboard has been introduced into the organisation. The dashboard has been developed as an aid for medical colleagues and team managers. It can be utilised in conjunction with other data to improve the quality of care provided within a given team or ward area and support conversations regarding personal development and improvements to patient care. This has led to greater clinical engagement with the national audit programme. This work will continue into 2019/20 to ensure it is utilised and developed further.

The Audit Committee also plays an active part in overseeing the clinical audit plan for the year through receiving regular updates.

The Medical Director has a strategic oversight role in relation to the clinical audit programme and ensures that the annual programme is aligned to the Board's strategic objectives.

### Internal Audit

During the reporting period, the Trust's internal audit function was provided by Mersey Internal Audit Agency (MIAA) as part of a three year contract awarded in April 2015. The Trust then awarded an extension of a further two years until March 2020. Internal audit plays an important role in supporting the Chief Executive to ensure an effective control environment and has a clearly defined programme of work which includes advisory work in addition to audit. Next year, the Trust will commence the process for appointing a 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 Board Assurance Framework risks. 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 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.

During 2018/19, several amendments were made to the plan to increase the Trust's assurance in significant areas that required focus. A CQC internal audit review was added to the plan in January 2019 to provide additional assurance on the Trust's preparation plans for the CQC re-inspection and completion of actions from the previous inspection.

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 2018/19 following an extension to that contract for a further two years. This was approved by the Council of Governors in January 2018. A declaration of auditor independence and objectivity was accepted by the Audit Committee from KPMG LLP. This declaration allows the Trust to test how professional firms manage the independence and objectivity process internally.

There are clear policy guidelines in place around 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. Additional non-audit work undertaken by the external auditors was confirmed to the Audit Committee within the year.

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 2018/19 was £59k plus VAT with the fee for external assurance on the quality report being £14k plus VAT.

### Anti-Fraud Service

During the reporting period, anti-fraud services were provided by Mersey Internal Audit Agency following a two year extension to the contract in January 2018.

The Trust is required to put in place and maintain appropriate anti-fraud and security management arrangements. 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 anti-fraud team has taken particular focus during 2018/19 to raise awareness with staff by undertaking focussed sessions with teams and departments to support understanding and methods to prevent fraud.

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

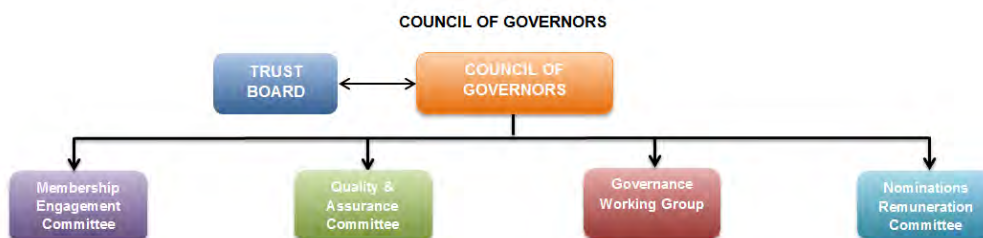
The Trust has demonstrated a long-standing commitment to supporting its governors and robust structures and processes have been put in place to good effect.

### Sub-Committees of the Council of Governors

The governance structure for the Council of Governors includes three Committees and a working group that comes together to review necessary governance arrangements or documentation such as changes to the Trust’s Constitution. 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 working groups of governors for more detailed review. 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.

The Committee structure for the Council of Governors 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 and 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 Governance Working Group is to ensure the processes which support the Governors in discharging their duties remain robust and effective.

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 sub-committees and the full Council of Governors. This will support all governors in having access to relevant and contextualised information and enhance the discharge of their statutory duties.

### Council of Governors Meeting

Over the reporting period, the Council of Governors met formally in public ten times, with the attendance of the Trust's Board of Directors as required to facilitate meaningful engagement, listening and to exercise the responsibility to hold the Non-Executive Directors to account for the performance of the Trust.

A forward plan detailing the cycle of business for the Council of Governors is prepared in line with the Board of Director's business to ensure consistency of reporting. 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. Executives and Non-Executives regularly attend formal meetings to present papers or to provide technical sessions for Governors on specialist areas such as audit. The Board attendance at Council of Governors meetings can be viewed on page 79. 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. In addition, Non-Executive Directors are invited to attend governor sub-committees to allow more focused conversation and challenge to take place outside of Council of Governor meetings.

### 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. 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 their positive non-executive director and governor relationship which focus on holding to account. During the year, the Trust has been working with NHS Providers to offer a more bespoke arrangement to training the Trust's Governors as a group and this will be rolled out in the training programme for 2019/20.



## 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 2017, the Council of Governor public governor constituencies were mapped to the Integrated Care System footprint. In the 2018 Trust governor elections, the following public governors were elected:

- Central Lancashire: Lorena Dumitrache (re-elected)
- Fylde Coast: Lesley Davison, Kate Eggleston-Wirtz
- North Lancashire and South Cumbria: Kavinder Madhra (unopposed)
- Pennine Lancashire: Steph Holmes, Hamad Saleem

In the Central Lancashire constituency there were two vacancies. The second vacancy was elected to but the candidate chose to withdraw a short while after the election results were published. The Council has decided to hold the vacancy until the 2019 election. In total, 16 candidates stood in the 2018 public governor elections for seven vacancies.

The following staff governors were elected:

- Nursing professions and support staff: Yvonne Guilfoyle (re-elected) and Helen Scott (re-elected)

Seven candidates stood for election in this constituency. In total, 23 candidates stood for nine vacancies.

Two new nominated governors have also recently been appointed:

- Paul Howes, Director of Business Development at N-Compass who replaces his colleague, Teresa Jennings, N-Compass' Chief Executive and
- Vicky Shepherd, Chief Executive of Age UK Blackburn with Darwen.

All new governors attended a Trust induction course on 23 January and both elected and nominated governors commenced their terms of office on 1 February 2019.

Attendance of Governors at Council of Governor and Sub-Committee Meetings 1 April 2018 to 31 March 2019

Governor	End of Term	Council of Governors	Membership Engagement Committee	Quality & Assurance Committee	Nomination Remuneration Committee
		Attendance (actual/max)			
<b>Chair</b>					
David Eva	31/05/2019	8/10			2/2
<b>Deputy Chair</b>					
Isla Wilson	31/12/2021	5/9			1/2
David Curtis	30/11/2020	1/1			
<b>Pennine Lancashire</b>					
Alan Ravenscroft	06/12/2018	6/7		2/3	2/2
Christopher Johnson	08/12/2019	6/10		2/3	2/2
Paul Graham	21/02/2019	8/9		2/3	
Pauline Walsh	21/05/2018	1/1			
Hamad Saleem	31/12/2022	2/2	1/1		
Steph Holmes	31/12/2022	2/2	1/1		
<b>Fylde Coast</b>					
Keith Holt	06/12/2018	3/7	1/2		
Katharine Wykes	06/12/2018	4/7	0/2		
Lesley Davison	31/12/2022	2/2			
Kate Eggleston-Wirtz	31/12/2022	2/2	1/1		
<b>Out of Area</b>					
Julia Kay Horn	08/12/2019	2/10	1/4		
<b>Central Lancashire</b>					
Bernadette Ashton	08/08/2018	0/3			
Philip Curwen (Lead Governor)	08/12/2019	9/10	4/4	1/1	1/2
Christine Cartwright	31/01/2021	6/10		1/3	
Lorena Dumitrache	06/12/2021	6/10	2/4		
<b>West Lancashire LDP Area</b>					
Ken Lowe	31/01/2021	8/10		3/3	
Chris Burgess	31/01/2021	6/10		0/3	
<b>North Lancashire and South Cumbria</b>					
Mary Jackson	31/01/2021	8/10		3/3	
John Walden	31/01/2021	6/10		2/3	
Michael Helm	23/08/2018	3/4	0/1		
Kavinder Madhra	31/12/2022	0/2	0/1		
<b>Staff Governors</b>					
Adnan Gharib-Omar	08/12/2019	9/10	3/4		
Sallyann Walker	31/01/2021	7/10	2/4		
Yvonne Guilfoyle	06/12/2021	6/10		2/3	
Helen Scott	06/12/2021	8/10		1/3	

Judy Laing	31/01/2021	8/10	3/4		
Emma Allen	08/12/2019	10/10	4/4		2/2
Geraldine Gasson	31/01/2021	6/10	2/3		

#### Appointed Governors

Deborah Wisby	n/a	8/10			
Teresa Jennings	n/a	6/8		0/3	
Paul Howes	n/a	2/2	1/1		
Vicky Shepherd	n/a	1/2			

#### 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. However, Non-Executive Directors have attended Council sub-committee meetings during the year on a rotation basis. 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
<b>Non-Executive Directors</b>	
Gwynne Furlong	4
Louise Dickinson	1
David Curtis	1
Isla Wilson	5
Deborah Francis	
Mohammed Sarwar	
Julia Possener	

#### Executive Directors

Heather Tierney-Moore	3
Max Marshall	
Dee Roach	
Sue Moore	1
Bill Gregory	1
Damian Gallagher	1
Joanne Moore	2
Paul Lumsdon	1

### 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 Care employees. The Trust has carefully thought through the implications of the introduction of the General Data Protection Regulation (GDPR) for membership and took advice from both external and internal sources. The

Trust published a membership privacy notice in the summer 2018 edition of its membership magazine, Foundation News, which is distributed to both public and staff members. The membership privacy notice explains to members the purpose of collecting membership data, how long Lancashire Care will keep the information and which third parties the information will be shared with. The privacy notice is published on the Trust's website and shared with both new public members and new members of staff. The privacy staff notice makes clear that firstly, staff are not obliged to become members of the Trust and secondly, provides instructions to both public and staff about how membership can be withdrawn.

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, Lancashire Care's public governor constituencies were realigned 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 aimed at ensuring 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 below.

### 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	105
Fylde Coast	Blackpool, Fylde and Wyre	30
Central Lancashire	Preston, Chorley, South Ribble	75
West Lancashire	West Lancashire, Southport and Formby, St Helens	30
North Lancashire and South	North Lancashire, South Cumbria	60
Out of Area	North of England	15

## 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.

### Membership Strategy

The objectives of the Trust's membership strategy for 2018-19 are agreed with the Trust's Council of Governors Membership Engagement Committee and set the parameters for the agenda of that Committee. These objectives are as follows:

- Develop a whole governor pathway;
- Establish a cohort of gold members considering how we get the voices of young people into the Council of Governors;
- Review and develop communication and ongoing engagement with governors and members;
- Review and develop the communication and promotion of our staff governors;
- Actively manage the 2018-2019 election process to support the development of a profile of Lancashire Care governors which is representative of the Trust membership and the wider community;
- Review and change the information and training provided to governors including the content of the Governor Induction Programme.

The achievement of these objectives will ensure that the profile of the Trust's membership is representative of the diversity of users of the Trust's services and that there is an increase in the proportion of the membership who are actively engaged in shaping the priorities of the Trust.

### Number of Members

On average during 2017/18 the Trust had a total of 7,721 public and 6,526 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	2320	-
Fylde Coast	1708	-
Central Lancashire	2007	-
West Lancashire	291	-
North Lancashire and South	994	-
Out of Area	340	-
Unknown	61	
Medical Staff	-	319
Nursing Professions & Support Staff	-	2197
Other Clinical & Social Care Professionals and Support Staff	-	2439
Corporate Staff	-	652
Administrative and Clerical Staff		919

### 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. The Trust improved its election process for the 2017 governor elections by holding a series of meetings across the region to which members interested in standing for election were invited. These meetings included question and answer sessions with existing governors talking about their role and discussing the skills, experience and commitment required to become an effective governor.

## Analysis of Trust Public Membership 2018/19

<b>Gender</b>	<b>Membership 2018/19</b>	<b>%</b>	<b>Membership 2017/18</b>	<b>%</b>
Male	2710	35.1	2726	35.1
Female	4918	63.7	4947	63.7
Not specified	93	1.2	93	1.2
<b>Total</b>	<b>7721</b>	<b>100</b>	<b>7766</b>	<b>100</b>
<b>Age</b>	<b>Membership 2018/19</b>	<b>%</b>	<b>Membership 2017/18</b>	<b>%</b>
0 – 16	15	0.2	12	0.2
17 – 21	378	4.9	381	4.9
22+	6818	88.3	6861	88.3
Not provided	510	6.6	512	6.6
<b>Total</b>	<b>7721</b>	<b>100</b>	<b>7766</b>	<b>100</b>
<b>Ethnicity</b>	<b>Membership 2018/19</b>	<b>%</b>	<b>Membership 2017/18</b>	<b>%</b>
White	6725	87.1	6762	87.1
Mixed	46	0.6	48	0.6
Asian or Asian British	471	6.1	476	6.1
Black or Black British	85	1.1	86	1.1
Chinese	8	0.1	8	0.1
Other	23	0.3	23	0.3
Undefined	324	4.2	325	4.2
Not specified	39	0.5	38	0.5
<b>Total</b>	<b>7721</b>	<b>100</b>	<b>7766</b>	<b>100</b>



## 7.0 NHS Improvement's Single Oversight Framework

### Single Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework 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 line with NHS Improvement's guidance for annual reports.

## 8.0 Statement of Accounting Officer's Responsibilities

### Statement of the Chief Executive's responsibilities as the accounting officer of Lancashire Care NHS Foundation Trust

The National Health Service Act 2006 (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.

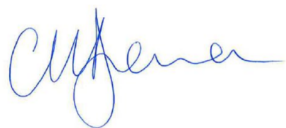
NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Lancashire Care NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Lancashire Care NHS Foundation Trust and of its income and expenditure, items of other comprehensive income and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health Group Accounting Manual and the NHS Foundation Trust Annual Reporting 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 Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;
- 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;
- assess the group and parent Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and parent Trust without the transfer of its services to another public sector entity.

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 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, and 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. The accounting officer is also responsible for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance.

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

23 May 2019

*Recognising the change in Chief Executive from the 01 April 2019, the outgoing Chief Executive has signed a separate statement of Accounting Officers Responsibilities to support the incoming Chief Executive in signing the version included within the Annual Report.*

## 9.0 Annual Governance Statement

### Scope of responsibility

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

### 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 Care 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 Care NHS Foundation Trust for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

#### Leadership

As Chief Executive Officer, I have overall responsibility for ensuring arrangements are in place for the effective management of risk. The Board collectively and individually has a role to ensure that robust systems of internal control and management are in place. The responsibility for leading the management of risk throughout the organisation is delegated to the Interim Director of Nursing and Quality. To support this, Board Assurance Framework (BAF) strategic risks are aligned against individuals within their portfolio of responsibility.

Risk assurance reporting has been embedded at sub-committee, committee and senior management meetings during 2018/19 in accordance with the BAF process. The governance meetings have 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. Chairs' reports feeding into the Board are reported from a risk escalation and assurance perspective.

Executive and Non-Executive changes to the Board, including the Chief Executive Officer are detailed further in the Quality Account.

#### Training and Support

Risk Management Training has been delivered during 2018/19 in the form of targeted and requested face to face training sessions to support staff in developing their risk and assurance knowledge and capabilities. During the year there have been 19 training sessions delivered across the Trust at various levels including, senior manager, support services, Networks and ward level. This supports the aim of providing a Ward to Board approach to training delivery.

To support the Executives, a quarterly review process provides an opportunity for Director leads to meet with the Risk and Assurance Team to discuss the update of their relevant risks. These meetings have taken place either with Directors, or their senior manager responsible for updating the BAF and refresh any learning.

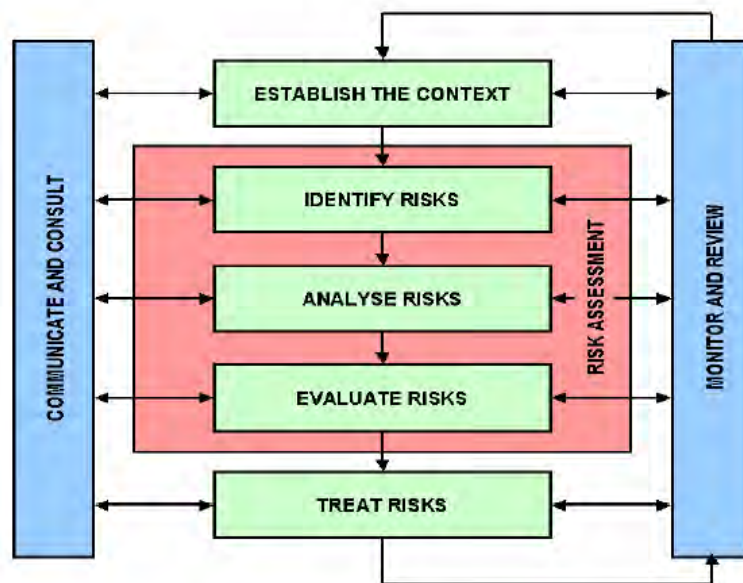
### Learning from Good Practice

The refreshed Risk Management Training module has been implemented through the Trust's on-line training platform. This provides accessible and effective entry level Risk Management Training for staff across the organisation. By way of sharing information and maintaining improvement, links to the findings of investigations from incidents with suggested actions, training opportunities, and quality improvement updates are shared Trust-wide via the Intranet and online 'Pulse' magazine to all staff each week.

### The risk and control framework

#### Risk Management

Established in the approved Risk Management Policy and the supporting Standard Operating Procedure and Guidance, all strategic and operational risks across the Trust are subject to the same approach.



The Trust ensures that all risks are recorded in its Datix Risk Management database within 7 days of Hazard identification and, with the support of subject matter experts, that these retain all the associated components of a risk assessment, a description of the risk and its potential consequence, Controls to mitigate the risk, Assurance that Controls are effective, and that any gaps in Control or Assurance are subject to a supporting Action.

The Trust adheres to the commonly recognised 5x5, Likelihood x Consequence, matrix for scoring and prioritising risks with 25 being the highest rating for a risk. Review frequencies, levels of authority to act on risks, and the escalation of risks are set against these stratified scores.

<b>1 - 3: Low</b>
<b>4 - 6: Moderate</b>
<b>8 - 12: High</b>
<b>15 - 25: Significant</b>

#### Risk Appetite

The Trust approved a Risk Appetite Statement forming part of the approach to strategic risk management, and is a method through which the Board communicates expectations for risk-taking to the wider organisation to improve oversight of strategic risk by the Board. The Board have set a risk

appetite of 'adventurous' across all strategic priorities. This reflects the environment that the organisation is currently operating in and the need to be innovative when considering options for improvement and ways of delivering new models of care for example.

### Quality Governance Arrangements

The Trust has established a framework for the monitoring, challenging, reviewing, and appropriately responding to performance and risk issues that arise from operational services to the Board using a quality governance framework through which information may be escalated.

On a monthly basis, reporting takes place across a wide range of quality indicators. The assurance is provided to the Quality and Safety Sub-committee through Network Clinical Director Reports, the development of which is supported through the Network governance frameworks. In addition, a Trust-wide aggregated Quality Surveillance Report is reported to the Quality and Safety Sub-committee which forms the basis for the quality section of the Board's Quality and Performance Report.

The quality indicators that are aligned to each of the domains; Safe, Effective and Experience, are reviewed on at least an annual basis to ensure that they are still relevant and appropriate. In addition, when other areas are identified that require a heightened focus either due to escalation of risk or regulatory reporting, then additional indicators will be established and included in the quality surveillance report.

It is this dynamic method to quality reporting that ensures the organisation has a responsive and open approach to identifying and escalating matters from ward/team to board level.



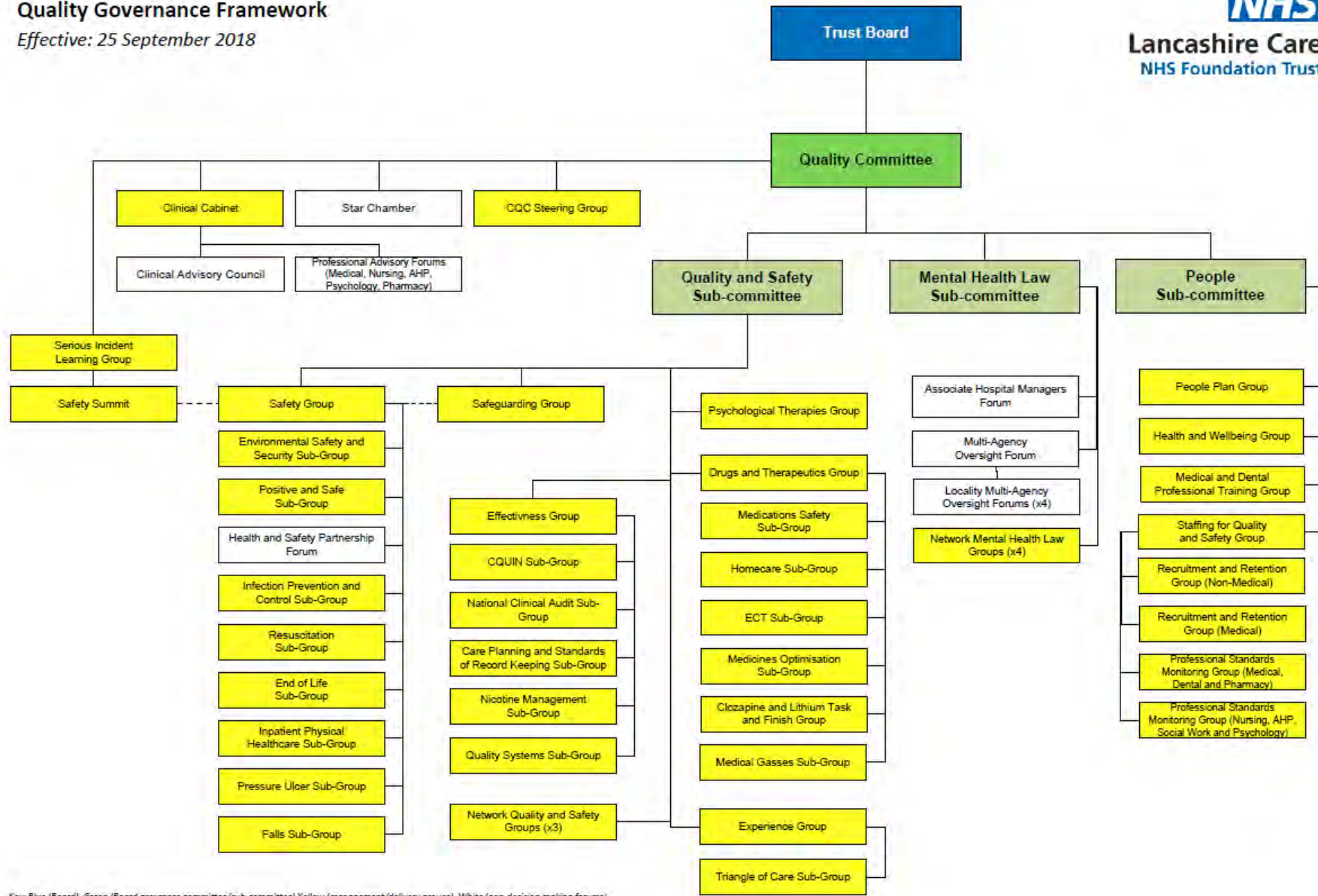


# Quality Governance Framework

Effective: 25 September 2018



Lancashire Care  
NHS Foundation Trust



Key: Blue (Board), Green (Board assurance committee/sub-committee) Yellow (management/delivery groups), White (non-decision making forums)



## Performance Data

The Board has a detailed integrated Quality & Performance Report that is presented to the Board on a monthly basis. The report collates information from a number of our source systems. Work has commenced during the latter stages of Q3 2018/19 to establish standard processes for data handling across all functions. Our aim is to manage data via our data warehouse, removing the need for 'manual' data handling wherever practically possible. This programme of work will continue into 2019/20.

## Performance Data Quality

A Data Quality Group has been established to focus on activity reporting from the new ePR system which contributes data to Performance monitoring. As part of the governance and assurance arrangements for the ePR programme, a multi-year series of audit reviews have been commissioned through the Trust's internal audit function. The outcome of these reviews is reported to the Infrastructure Sub-committee, Finance and Performance Committee, and the Audit Committee. The first review following the Early Adopters tranche provided 'Substantial Assurance'. The second review is focused on the deployment in our secure services and is being undertaken during Q1 of 2019/20.

The System Alignment Group has continued to improve consistent alignment across information systems. The objective is to agree the master team name definition, the naming convention, and point of alignment across all services and systems. In 2018/19, we implemented processes to ensure all new teams are set up consistently across all source systems, and in accordance with agreed definitions and conventions. This enables triangulation across our source systems.

We have worked with the NHSI Intensive Support Team (NHSI IST) to improve the accuracy of our submissions to the Mental Health Services Dataset. Current work will continue in 2019/20, focussing on the Early Intervention in Psychosis data submission.

## Monitoring CQC

In response to the 2018/19 inspection by the CQC, the Trust has developed a Quality Improvement Action Plan to address all the requirements and recommendations contained within the CQC inspection reports. The full and detailed Quality Improvement Action Plan is being tracked through the Trust's integrated quality management system and monitored through the Trust's quality governance framework. The Trust has grouped actions together by CQC Domain. A more detailed description of CQC compliance is contained in the Quality Account.

## 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 DS&PT 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.

A new Data Security and Protection Toolkit (DS&PT) has been introduced to replace the previous IG Toolkit. The DS&PT challenges the Trust to confirm compliance with a number of 'assertions'. Internal Auditors have conducted an audit of four assertions during 2018/19 ahead of the first DS&PT annual submission at the end of March 2019. The audit has concluded with a rating of 'Substantial'.

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 Finance Officer) and Caldicott Guardian (the Medical Director).

There will be a focus on standardisation of the IG risk control and assurance environment during 2019/20. This will lead to improved aggregation of IG risk and greater clarity on gaps in controls and assurance across Networks and Corporate Services. In addition, we aim to better understand how well the organisation understands and complies with the principles of Data Protection and IG, by undertaking staff surveys and reinforcing knowledge and behaviour where appropriate. The DS&PT 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.

### Significant Current Risks – BAF Strategic Risks

By the nature of the document, all strategic risks that make up the BAF are considered significant. The fourteen BAF risks were managed over the year, submitted to the Board each quarter and, as at year-end, there were ten that the Board identified as retaining a score of 15 or higher and therefore ranked as 'Significant' in accordance with the Risk Management Policy. Significant operational risks scoring 15 and higher are aligned with BAF risks and monitored at committee-level.

### Significant Future Risks – Future of Mental Health Services in South Cumbria

Our internal planning processes ensure that all parts of the organisation have clearly articulated operational plans, business objectives, and risk mitigations which deliver our strategic priorities. This process aligns to the NHSI Single Oversight Framework. The strategy has a particular focus on the Trust's contribution to the Lancashire and South Cumbria Integrated Care System and the locality-based Integrated Care Partnerships.

A review of the financial impact of any transition of Cumbria Mental Health Services was commenced in summer 2018 to highlight areas of financial risk in any transaction. The Audit Committee was appraised of the framework for option appraisal and the decision-making process on the future provision of South Cumbria services. The expectation is that the transaction will take place where it financially and clinically makes sense and where financial risks are appropriately dealt with by mitigation in the business transfer agreement. The transaction would be expected to be externally signed off as not materially compromising the Trust's financial standing.

At the beginning of April 2019, an agreement was reached between partners to transfer adult mental health services, CAMHS and Learning Disability Services in South Cumbria from Cumbria Partnership Foundation Trust to Lancashire Care starting from 1 October 2019. In order to manage the transition effectively, an improvement plan has been agreed between all partners involved, providing a clear road map setting out how services will be transformed in South Cumbria and across the whole of the Lancashire and South Cumbria Integrated Care System footprint.

A risk register has been compiled on the Datix system to support managing the operational and strategic risks associated with the transfer of South Cumbria staff and services, setting out foreseeable risk both prior to and post transfer. These are in support of the due diligence work being undertaken by the Strategic Developments team and continue to be developed into 2019/20. A BAF strategic risk will be formulated during 2019/20 to focus on the Board's ability to monitor controls.

### Capacity and Flow Risk

During 2018/19, the mental health urgent care pathway has experienced significant pressures and a surge in demand over a sustained number of months. This has seen a large volume of patients waiting

for admission into in-patient beds which, in turn, has led to a higher number of Accident and Emergency 12-hour breaches and Section 136 Mental Health Act breaches. The consequence of the challenges in capacity and flow has been a significant increase in Out of Area Placements during 2018/19 (95.13% increase). This is referenced further in the Annual Report.

As part of the Trusts response, a clearly defined risk was added to the BAF in Q2:

- If we do not deliver sustainable mental health care services, we cannot provide quality services for service users

This new risk has a comprehensive operational risk profile that is aligned with the key elements of the Mental Health Improvement Plan. It has been aligned to the Sustainable Services Strategic Priority with assurances, controls, and gaps identified and reported to the Board. Since its addition during Q2 it has sustained a score of 20 Significant during the remainder of 2018/19.

2018/19 BAF Risk	Controls and Actions in place	Monitoring Committee
1.1 If we do not meet regulatory standards for quality and safety we will not be fit for purpose as care provider.	10 Controls and associated Assurances currently in place. 11 actions being monitored to address gaps in control/assurance.	Quality & Safety
1.2 If we do not create a culture of learning then we will be unable to provide high quality care.	11 Controls and associated Assurances currently in place. 6 actions being monitored to address gaps in control/assurance.	Quality & Safety
1.3 If we do not provide integrated physical and mental health services we will lose opportunities to improve patient outcomes.	18 Controls and associated Assurances currently in place. 11 actions being monitored to address gaps in control/assurance.	Quality & Safety
2.2 If we do not deliver new models of care we will cease to be a creditable lead provider.	9 Controls and associated Assurances currently in place. 4 actions being monitored to address gaps in control/assurance.	Business Development & Delivery
2.3 If we do not deliver sustainable mental health core services, we cannot provide quality services for service users	15 Controls and associated Assurances currently in place. 5 actions being monitored to address gaps in control/assurance.	Business Development & Delivery
3.2 If we fail to project our achievements then our reputation will not improve.	8 Controls and associated Assurances currently in place. 6 actions being monitored to address gaps in control/assurance.	Business Development & Delivery
4.1. If we do not develop an engaged and motivated workforce and support the health and wellbeing of staff then the quality of our service may deteriorate.	9 Controls and associated Assurances currently in place. 9 actions being monitored to address gaps in control/assurance.	People
5.1 If we do not meet financial objectives we will not be able to provide sustainable services.	10 Controls and associated Assurances currently in place. 2 actions being monitored to address gaps in control/assurance.	Business Development & Delivery
5.2 If we do not work with partners to deliver system wide efficiencies this will undermine our own financial position and that of the STP.	11 Controls and associated Assurances currently in place. 2 actions being monitored to address gaps in control/assurance.	Finance

All BAF risks are monitored and subject to response through the quality governance framework alongside any 15+ scoring operational risks that feed into them. Each has an Executive Lead with responsibility for developing and monitoring Actions to address gaps in Control or Assurance. Risks are escalated to directors via the relevant committee and sub-committee which monitor Assurances and Actions. The Board receives quarterly updates for challenge progress, amend, and approve, and the Audit Committee also receives the BAF in order to monitor the progress of the Board so as to ensure systems on internal control are functioning.

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, the Board commissioned a Well-led review, supported by Deloitte, which commenced in February 2016 with the final report received in July 2016. The final report noted a number of areas of good practice with scope for further development and enhancement in some areas. An action plan was developed to address the recommendations highlighted in the report. This was approved by the Board of Directors and progress monitored on a monthly basis.

In January and February of 2018, the Trust was inspected as part of the rolling programme of inspections by the CQC. This consisted of an inspection of core services and a well-led inspection. The report made positive comments in relation to Board functioning which highlighted the Board members oversight and understanding of the key priorities, risks and challenges faced by the Trust. The report also states that there was a clear process for escalation of risks from networks to the Trusts risk register via the governance structures.

During March 2019, the Trust was notified of an inspection of core services and a well-led inspection. At the time of writing this report, the Provider Information Request has been submitted and visits are expected during May and June 2019.

In line with NHS Improvement guidance, the Trust will be commissioning an external Well-Led review in 2019.

#### [Compliance with NHS Provider Licence](#)

Risks to compliance with the requirements of NHS Foundation Trust condition 4 (FT governance) are set out where appropriate within the Board Assurance Framework. Throughout the year the Audit Committee has operated as the key standing Committee of the Trust Board with the responsibility for assuring the Board of Directors 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 organisations objectives.

The Trust has adopted an effectiveness review approach with each Committee assessing its performance annually in line with best practice guidance, and the adequacy of its terms of reference, work plans and focus of discussion. During 2017/18 the Trust introduced an enhanced approach to the annual effectiveness review of its Board Committees, with a strengthened approach to self-assessment by the Committee members and input from external bodies, such as the Trust's Internal Auditors. This enhanced approach has been undertaken again during the 2018/19. Committee Chairs Meetings were also introduced during the year to allow Non-Executive Director Chairs to discuss how key risks are to be addressed through the Board Committee structure.

Each of the Board Committees is chaired by a Non-Executive Director and has Executive Director membership. For more information on each of the Committees, the reporting arrangements and changes to the Board membership during the year, please refer to the Annual Report.

## Embedding Risk Management

All new staff are guided through a range of risk topics at face to face induction sessions, mandatory e-Learning, followed up with annual refresher courses for existing staff that encompass at least incident reporting, information governance, moving and handling, infection control, moving and handling, life support, equality and diversity, health & safety, fire safety, and risk assessment commensurate with their role i.e. administrative or clinical roles.

All staff are able and encouraged to submit incidents via Datix without the need for login credentials and between 25k to 26k incidents are uploaded annually. Operational managers are trained to manage and respond to incidents, and also to compile operational risk registers on the same system as a response to identified hazards and manage these. On the live system at present there are over 750 risk entries across 19 clinical and corporate services that are open and have scheduled review dates in the future.

## Workforce Strategies

In order to address workforce shortages, which represent one of the highest risks to the organisation, the Trust has co-ordinated recruitment to vacancies, which equate to 2,470 wte. Of the 2,470 vacancies advertised, 1,318 were successfully recruited to. The differing number relates to the rolling recruitment initiatives the Trust has been undertaking to support recruitment to clinical roles. 45% of the 1,318 recruited has seen new staff join the organisation. The remaining 55% equates to promotion or other internal moves for our employees.

In addition to normal recruitment practice, the Trust has committed to a number of employment programmes, which are designed to support our local community in seeking employment and inspiring young people to consider careers within the NHS. These include:

- Recognition for the Trust as being a Disability Confident Employer.
- Gold Standard accreditation for the quality of our Work Experience Programme, recognising our work in promoting opportunities for work experience and our dedication to providing good quality placements for students.
- Silver Employment Recognition Award for our dedicated 'Step into Health' programme working with the Armed Forces, supporting service leavers, reservists, and veterans to gain employment in the NHS. The Trust holds a number of careers events to give individuals from the armed forces an insight into the type of employment opportunities that exist within the NHS when they resettle back to our communities.
- Working closely with Health Education England, other local Trusts and schools to further raise awareness of available careers in the NHS and inspire our future workforce. The Trust has a number of routes into employment, including pre-employment programmes, work experience, volunteering, apprenticeships, and substantive qualified and unqualified roles.
- Enhancing Apprenticeship careers. The Trust has over 140 apprenticeships and this number is set to increase. We have committed to spend in the region of £350,000 per year of our apprenticeship levy to upskill our existing staff and develop new roles in the Trust, and this will continue to increase with the introduction of new roles and apprenticeships standards.
- In 2018/19 a dedicated recruitment campaign was set up for Nurse Recruitment and through this the Trust has recruited to over 80 positions alongside our substantive adverts. We work closely with local higher education institutions in providing employment offers for our Student Nurses nearing the end of their courses so that they have employment offers on qualification.
- Development of Advanced Clinical Practitioners roles across the Trust in all networks
- Development of peer support worker roles.



Description of workforce challenge	Impact on workforce	Initiatives in place
Shortage of registered mental health nurses	<ul style="list-style-type: none"> <li>• Reliance on bank &amp; agency staff</li> <li>• High sickness absence</li> <li>• Difficulty in rostering and ensuring appropriate skill mix</li> </ul>	<ul style="list-style-type: none"> <li>• Rolling recruitment programme</li> <li>• Career development</li> <li>• International recruitment</li> <li>• Improved preceptorship</li> </ul>
Shortage of consultant psychiatrists	<ul style="list-style-type: none"> <li>• Reliance on locum and agency doctors</li> </ul>	<ul style="list-style-type: none"> <li>• International recruitment</li> <li>• Development programmes for those below consultant level</li> </ul>
Retention of staff	<ul style="list-style-type: none"> <li>• High turnover &amp; vacancies</li> <li>• Reliance on bank, agency and locum staff</li> </ul>	<ul style="list-style-type: none"> <li>• NHSI Retention Programme</li> <li>• NHSI Health &amp; Wellbeing programme</li> </ul>
Sickness absence	<ul style="list-style-type: none"> <li>• Reliance on bank, agency and locum staff</li> <li>• Morale</li> <li>• Cost</li> </ul>	<ul style="list-style-type: none"> <li>• Review of health and wellbeing offer</li> <li>• Occupational health contract re-negotiation</li> <li>• Development of new roles</li> </ul>
Staff Survey	<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Inability to attract new staff</li> <li>• Staff wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>• People Plan</li> </ul>

### Workforce Reporting and Monitoring

The Trust has developed a 'Workforce' Board Report providing key performance information and is reported directly to the Board of Directors on a regular basis.

The Trust is in the process of moving all services across to an electronic rostering system (e-Roster). Rotas are completed six weeks in advance and shortages escalated to Matron/Senior Managers.

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 Director and Deputy Director of Nursing and Quality. There is monthly reporting via the Quality Governance Framework upward to the Board of Directors, which receives a monthly staffing update in the Quality Performance Report.

Throughout 2018/19, bank staffing supported safe local staffing requirements, permitting time to invest in the substantive recruitment processes.

### Safe Staffing Review

As recommended in the 2018 *Developing Workforce Safeguards*, during 2018/19, the Trust commissioned Professor Keith Hurst, a respected national authority on staffing and patient outcomes, to undertake a Level 3 Safe Staffing review on ten inpatient wards. The Hurst 'Ward Multiplier Tool' is a nationally-recognised tool used to support the review. The Trust was one of 13 NHS organisations engaging with Professor Hurst directly in this work.

The outcome of the review identified that additional investment is required to support the right staffing establishments on wards, recognising the need for higher acuity nursing practices. The review outlined suggestions for developing the workforce to be a safe, compassionate, and sustainable skill mix for the future. In March 2019 the Board reviewed and approved an implementation plan in response to the Hurst Review, which will be progressed during 2019/20.

All workforce strategies developed and implemented appear to be in keeping with the NHSI *Developing Workforce Safeguards* (October 2018) recommendations, however, the Trust recognises that there is still work to be done to further embed its strategy and has initiated a GAP analysis against the NHSI

document, due for completion during 2019/20.

### CQC Compliance

The Trust does not have any conditions placed on its registration. However, it should be noted that, on the basis that not all actions relating to the Requirement Notice have been fully completed at the time of this statement, the trust is not fully compliant with the registration requirements of the Care Quality Commission.

Following an inspection the Trust was issued with a Requirement Notice, which is used by the CQC when a provider is in breach of a regulation, but people using the service are not at immediate risk of harm, and requires the provider to develop an action plan. The Trust currently has a CQC rating of 'Requires Improvement' on the basis that not all actions relating to the Requirement Notice received following the 2018 'Well Led' inspection have been fully completed at the time of this statement.

Further information has been detailed in the Quality Account.

### Register of Interests

The trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

During 2018/19, the Trust has developed an electronic system to support staff in declaring interests and registering any gifts and hospitality received. The declarations made by the Board of Directors form part of the Board pack each month.

### NHS Pensions

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

### Equality and Diversity

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

Equality and Diversity is also an integral part of the Trust's Quality Led Strategy which informs all activity at Lancashire Care. In line with the Trust quality governance framework, equality and diversity assurance is the responsibility of the Quality Committee. Both the Quality and Safety Sub-committee and the People Sub-committee provide the Quality Committee with assurance and serve as escalation points for risks identified by the HR Director, equality and diversity lead, and Network and service line leads.

### Sustainable Development

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.

The Trust is one of the largest employers, and purchaser of goods and services in the Lancashire area. We play a key role in reducing carbon emissions, improving sustainable outcomes and adapting to the impacts of climate change.



Due to internal changes at Red Rose/HSIS/Rydons coupled to the identification of 'carbon hotspots', the Sustainable Development Management Plan has been updated with a review of each individual action plan in the key areas of energy management, transportation, and procurement. Carbon reduction is reported through the Infrastructure Sub-Committee, with a view to the Sub-Committee monitoring the whole Sustainable Development Management Plan in 2019/20.

Lancashire Care has provided resources to expand the knowledge and understanding of sustainable development to all employees and included a presentation in the induction process.

The Trust has three aims in relation to carbon and energy management:

- To reduce energy consumption where possible,
- To optimise the use of energy through energy efficiency measures, and
- To supply energy using low carbon and renewable energy sources.

To achieve these aims Lancashire Care invested in TEAM energy management software and has been actively updating all energy meters to SMART. Having access to this highly accurate data allows for consumption patterns to be monitored and targeted, eliminating estimated bills.

Lancashire Care had renewable energy equipment installed at 3 sites; The Harbour Biomass Boiler, Guild Park, and Sceptre Point Solar Panels.

The Trust increased recycling facilities throughout the organisation and actions for the collection and recycle of batteries, toner cartridges, and office furniture. It is expected these will be expanded during 2019/20.

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

In October 2018 the Audit Committee approved the Finance and Performance Committee's Value for Money (VfM) Strategy and Plan, in which the Trust has set an aim to demonstrate high performance in terms of value for money. The plan included a set of actions to help the Trust to realise its aim of being able to demonstrate overall efficiency: -

- Testing and strengthening our systems and processes to demonstrate VfM,
- Exercises to improve VfM where we identify that there is an opportunity to strengthen controls and specific comparison, and
- Specific activities to undertake that will demonstrate high performance.

VfM is a key element of the Trust's internal audit programme, the outcomes of which provide assurance against the strategic financial risks that the organisation manages.

The Delivering the Strategy Programme has been further developed with a new programme 'Effective Use of Resources'. This programme will effectively apply data from local and national sources including finance, activity, benchmarking, service line reporting and the findings from the Carter 2 work. The Trust's PMO reporting has been revised to increase focus on areas requiring support and intervention.

The Finance Department Budgetary Control was subject to an internal audit during the year which returned an assurance rating of 'High'. The Finance Department was assessed by the North West Skills Development Network for the Towards Excellence Finance Accreditation, receiving Level 3 accreditation in recognition of its high quality governance procedures.

## Information Governance

We are compliant with the General Data Protection Regulations (GDPR) 2016 which were introduced to underpin the Data Protection Act in May 2018. Work is ongoing to maintain compliance and improve understanding and alignment with these regulations. The GDPR implementation plan has been completed steadily across the year. The Trust will no longer be addressing GDPR requirements 'by exception', and instead expect compliance to be 'business as usual' during 2019/20, addressing specific tasks as part of the 2019/20 IG Work Plan.

The establishment of a dedicated Trust Data Protection Officer (DPO) during 2018 has reinforced the delivery of the IG agenda and the importance of seeking assurance and compliance across Trust corporate and clinical practices.

The number of Serious Incidents (SI's) reported to the Information Commissioners Office (ICO) has increased from four incidents during 2017/18 to eight incidents during 2018/19.

Month of Incident	Network	Incident Summary	ICO Response
Jan-19	Corporate HR	Disclosure of personal data to former employee relating to an FOI breach from 2017/18. No disclosure into the public domain.	Open. Passed to the ICO Enforcement Team. 12 questions to be answered.
Nov-18	Children and Young People	Incorrect contact number for the service given out and confidential messages left on a member of the public's personal mobile	Closed. No enforcement action, ICO satisfied with immediate actions taken by the Trust
Nov-18	Mental Health	Staff member's car broken into and case notes and smart card taken	Closed. No enforcement action, ICO recommendations: - <ul style="list-style-type: none"> <li>• Ensure staff aware of policies for removal of patient data from healthcare setting and storage</li> <li>• Review content of mandatory data protection training and refresher training</li> </ul>
Oct-18	Community Wellbeing	Disclosure of clinical record to person other than patient.	Closed. No enforcement action, ICO recommendations: <ul style="list-style-type: none"> <li>• ensure policies/ procedures fit for purpose</li> <li>• staff handling personal data receive data protection training</li> <li>• implement steps to prevent a recurrence</li> </ul>
Sep-18	Children and Young People	Verbal disclosure of confidential information to person other than the patient, who formally complained	Closed. No enforcement action, ICO recommendations: - <ul style="list-style-type: none"> <li>• investigate causes and steps to prevent it happening again</li> <li>• implement student record access controls and audit</li> <li>• confidentiality training plan for student placements</li> </ul>
Aug-18	Mental Health	Patient information left in a bedroom and found by	Closed. No enforcement action, ICO recommendation:

Month of Incident	Network	Incident Summary	ICO Response
		another patient	<ul style="list-style-type: none"> <li>formalise procedure for clearing/re-accommodation and cleaning bedrooms</li> </ul>
Jun-18	Corporate HR	Disclosure of HR letter to person other than staff.	Closed. No enforcement action, ICO recommendations: - <ul style="list-style-type: none"> <li>ensure double checks are made when sending out correspondence</li> <li>review training</li> </ul>
May-18	Mental Health	Disclosure of letter to person other than patient.	Closed. No enforcement action, ICO satisfied with actions taken by the Trust

In cases to date, the ICO has concluded the root cause of the incidents have been human error and taken no enforcement action against the Trust. However, the organisation will continue to develop local ownership and understanding of the principles, controls, and assurances that constitute compliance with IG legislation.

The delivery and reporting of NHS mandatory IG training has been problematic due to ineffective registration and reporting capability of the e-Learning for Health system (e-LHT) which was developed and deployed on behalf of NHS Digital. These issues are being addressed following the transfer of access to the e-Learning system onto the internal Health Informatics Training (HIT) portal.

### Annual Quality Account

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

The Trust has effective systems, processes and mechanisms in place to produce the Quality Account and to ensure that it provides a general and balanced view and that appropriate controls are in place to ensure the accuracy of the data. The executive lead is the Director of Nursing and Quality.

Lancashire Care works collectively with partners as part of the Integrated Care System (ICS) for Lancashire and South Cumbria and the related Integrated Care Partnerships (ICPs) that exist at locality level to deliver high quality, sustainable services to the people we serve. This is driven by a shared desire to improve the quality, outcomes and experiences for people who use our services, families and carers. Our strategic ambitions establish that quality is our number one priority, and our Vision articulates this as a strategic aim for 2022 through the delivery of three associated quality outcomes.

Underpinning the strategy is a Quality Plan which sets out the priority areas for improvement work across the year. The priorities were identified through a range of sources including the findings of previous CQC inspections, quality surveillance, learning from serious incidents, feedback shared in the form of complaints, and ideas for improvement.

Fundamental to the success of the Quality Plan is the continued work to ensure a culture of continuous improvement using our Quality Improvement Framework (QIF) methodology and quality improvement tools. Work continues to spread and embed the quality improvement methodology and a range of quality improvement tools.

The quality improvement methodology reflects the Institute for Healthcare Improvement's 'Model for Improvement'. The quality improvement methodology and menu of tools are spreading across both our clinical and corporate support services underpinned by learning programmes. Investing in improvement capability is supporting and empowering staff to take daily actions to make things better.

The Trust has launched a 'Bite Size' learning module developed in partnership with the Advancing Quality Alliance (Aqua) as the foundation of the 'dosing formula' supporting the principle that improvement is everyone's job and everyone has an awareness of the approach to improvement. The aim going forward is to work with both AQUA and NHSI to build capability at scale through tiered learning programmes.

Not everyone needs to be an expert in quality improvement, but everyone should understand the principles, with quality improvement leads driving, coaching, and working to sustain improvement work. Teams will continue to be empowered and supported to be curious about how they are doing, using data and listening to feedback from people who use our services, their families, carers and staff to inform continuous quality improvement.

The principle of listening to and understanding people's experience and co-producing quality improvement initiatives involving people who use services, families and carers together with our staff is the foundation of our approach to quality improvement.

The development of the Quality Account includes input from people who use services, families and carers, staff, senior managers, senior clinicians, the Council of Governors, the Executive Directors, Non-Executive Directors and Lead Commissioners. The Quality Account is developed across the year with quarterly reports shared with the Quality and Safety Sub-Committee and lead commissioners through their Quality and Performance meetings. The content of the Quality Account is considered by the Quality Committee and the adherence to statutory requirements is reviewed by the Audit Committee and approved by the Board.

Finally, Lead Commissioners, Local Authority Overview and Scrutiny Committees and local Healthwatch are requested to comment on the report. Senior members of the Trust attend relevant forums to present and discuss the account as required. These actions will continue to be strengthened and embedded in 2019/20.

### [Elective Waiting Time Data Quality](#)

The Trust has the following processes in place to assure its elective waiting list data quality for those services where Referral to Treatment (RTT) times are monitored.

Services monitor referral to treatment time's proactively using patient tracking lists. This enables the identification of missing and incorrect information regarding patient pathways.

Monthly performance reports are validated each month and errors identified in relation to incorrect clock start and stop data are amended in the source system prior to the final lock down of information used for performance reporting.

As part of the external audit completed against our Quality Account performance measures, the Trust reporting of waiting times for both IAPT and Early Intervention in Psychosis have been audited in 2018/19.

The performance team are re-establishing local spot check audits across the course of 2019/20 for the NHSI RTT measures i.e. Consultant-led RTT, Improving Access to Psychological Therapies (IAPT) RTT, and Early Intervention Service 2-week RTT.

### [Review of Effectiveness](#)

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the

internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board and the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### 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. The quality governance arrangements support the Board in exercising this responsibility and complement and fully integrate with the wider governance framework in place.

### 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. More information can be found in the Audit Committee Annual Report that is on the Trusts website.

### Head of Internal Audit Opinion

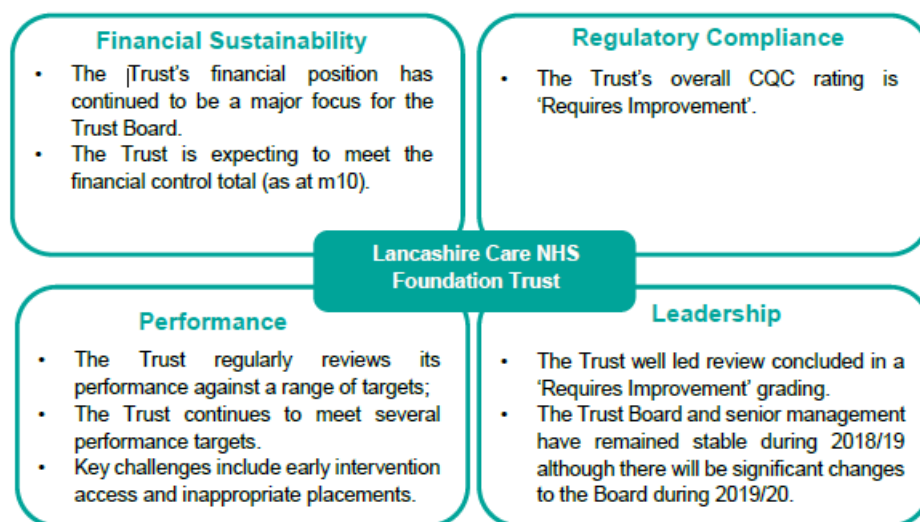
The purpose of the Head of Internal Audit Opinion is to contribute to the assurance available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. The Head of Internal Audit Opinion supports the completion of the Annual Governance Statement.

Basis for the Head of Internal Audit Opinion
An assessment of the design and operation of the underpinning Assurance Framework and supporting processes.
An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account of the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified.
An assessment of the organisation's response to Internal Audit recommendations, and the extent to which they have been implemented.
Overall Opinion for the period 1 April 2018 to 31 March 2019 is:
<b>Moderate Assurance</b> can be given 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 finding by the Head of Internal Audit is a reduction on the "Substantial Assurance" offered in 2017/18. This indicates that systems of internal control were considered 'adequate' rather than 'good' due to an observed deterioration in the application of controls during 2018/19. MIAA identified that audits confirm that a control framework is in place, but the number of 'Moderate' and 'Limited' assurance

opinions indicates inconsistent application of those controls, supporting to the overall 'Moderate' opinion.

This Head of Internal Audit Opinion is provided in the context that the Board, like other organisations across the NHS, is facing a number of challenging issues and wider organisational factors.



The Trust sets out a risk-based programme of audit for MIAA, and the Board considers how responsive its systems are in addressing and implementing recommendations.

The Trust can be satisfied that its Assurance Framework meets requirements, and the follow up of MIAA recommendations demonstrates that it maintains a good response to audits.

The Internal Audit function issued a total of 15 formal reports during 2018/19 (as below), raising 16 high risk recommendations in relation to Medicines Management/NMPs (1), Clinical Coding (1), Appraisals (3), Raising Concerns (1), Grievance Systems (3), Disciplinary Systems (4), CQC Action Plan (2) and s136 (1).

During the course of the year the Trust was subject to follow up reviews, which Internal Audit concluded the organisation had made good progress with regards to the implementation of recommendations.

Assurance level	MIAA Audit Reports Q4 2018/19 (auditors comments included for 'Moderate' and 'Limited' findings)	
<b>Meets requirements</b>	<ul style="list-style-type: none"> <li>• Assurance Framework</li> </ul>	
<b>High</b>	<ul style="list-style-type: none"> <li>• Key Controls: Financial Systems &amp; Financial Reporting/Integrity</li> </ul>	
<b>Substantial</b>	<ul style="list-style-type: none"> <li>• Lessons Learnt</li> <li>• Governance Processes for Quality Information Requirements</li> <li>• Mandatory Training</li> <li>• EPR Gateway</li> <li>• DP&amp;ST</li> </ul>	
<b>Moderate</b>	<ul style="list-style-type: none"> <li>• Medicines Management – NMPs</li> </ul>	The high risk recommendation has been assessed as partially complete.
	<ul style="list-style-type: none"> <li>• Clinical Coding</li> </ul>	2 recommendations not yet due.
	<ul style="list-style-type: none"> <li>• Raising Concerns</li> </ul>	Complete. All actions confirmed as implemented.



Assurance level	MIAA Audit Reports Q4 2018/19 (auditors comments included for 'Moderate' and 'Limited' findings)	
	<ul style="list-style-type: none"> <li>Management Arrangements to Support the Application of S136 of the Mental Health Act</li> </ul>	Actions not yet due.
<b>Limited</b>	<ul style="list-style-type: none"> <li>Appraisals (Non-medical)</li> </ul>	Complete. All actions confirmed as implemented
	<ul style="list-style-type: none"> <li>Grievance Systems</li> </ul>	Complete. All actions confirmed as implemented.
	<ul style="list-style-type: none"> <li>Disciplinary Systems</li> </ul>	4 High risk, 3 Medium risk, and 1 Low risk have been confirmed as complete. The remaining recommendations have been assessed as partially implemented.
	<ul style="list-style-type: none"> <li>CQC Action Plan</li> </ul>	1 High Risk recommendation assessed as partially implemented. Action due date for both recommendations is 24th April 2019.

### Clinical Audit

The focus on Clinical Audit has remained a priority for the Trust during 2018/19, using clinical audit as a function to provide assurance and support the Trust's Board Assurance Framework.

The Trust has participated in a number of national audits from the National Clinical Audit and Patient Outcomes Programme (NCAPOP) and has seen an increase in engagement within the national audit programmes during the year.

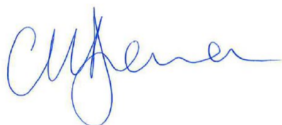
Progress of 2018/19 Network priority clinical audit programme and national audit programme has been reported to Audit Committee throughout the year to provide assurance of the timeliness and expected standards of the processes undertaken, and support the management of the Trust's strategic risks. There is more detailed information contained in the 2018/19 Quality Account relating to Clinical Audit.

### Conclusion

I can confirm that there have been no significant control issues in the Trust in 2018/19. Where control issues have been identified they have been reported and appropriate robust management response put in place, particularly in relation to the significant and sustained increase in relation to demand for our services within the emergency mental health pathway, where we have worked collaboratively with other organisations across the health care system.

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 Care 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 2019/20.



**Chief Executive**  
**Caroline Donovan**  
**23 May 2019**



## **10.0 Statement of the Modern Slavery Act 2016**

### **Slavery & Human Trafficking Statement 2019**

As an NHS organisation, Lancashire Care 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;

Lancashire Care NHS Foundation Trust 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 Care NHS Foundation Trust

Annual accounts for the year ended 31 March 2019

**Foreword to the accounts**

**Lancashire Care NHS Foundation Trust**

These accounts, for the year ended 31 March 2019, have been prepared by Lancashire Care NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.



**Signed** .....

**Name** Mrs Caroline Donovan  
**Job title** Chief Executive  
**Date** 23 May 2019

## Statement of Comprehensive Income

	Note	Group	
		2018/19 £000	2017/18 £000
Operating income from patient care activities	3	326,005	318,565
Other operating income	4	26,160	27,375
Operating expenses	7, 9	<u>(359,772)</u>	<u>(336,368)</u>
<b>Operating surplus/(deficit) from continuing operations</b>		<b><u>(7,607)</u></b>	<b><u>9,572</u></b>
Finance income	12	180	58
Finance expenses	13	(1,819)	(1,858)
PDC dividends payable		<u>(5,245)</u>	<u>(4,676)</u>
<b>Net finance costs</b>		<b><u>(6,884)</u></b>	<b><u>(6,476)</u></b>
Other gains / (losses)	14	603	123
Share of profit / (losses) of associates / joint arrangements	23	(63)	140
Corporation tax expense		-	-
<b>Surplus / (deficit) for the year from continuing operations</b>		<b><u>(13,951)</u></b>	<b><u>3,359</u></b>
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	16	-	-
<b>Surplus / (deficit) for the year</b>		<b><u>(13,951)</u></b>	<b><u>3,359</u></b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Impairments	8	(7,095)	(114)
Revaluations	21	50	20,722
<b>Total comprehensive income / (expense) for the period</b>		<b><u>(20,996)</u></b>	<b><u>23,967</u></b>
<b>Surplus/ (deficit) for the period attributable to:</b>			
Non-controlling interest, and Lancashire Care NHS Foundation Trust		-	-
		<u>(13,951)</u>	<u>3,359</u>
<b>TOTAL</b>		<b><u>(13,951)</u></b>	<b><u>3,359</u></b>
<b>Total comprehensive income/ (expense) for the period attributable to:</b>			
Non-controlling interest, and Lancashire Care NHS Foundation Trust		-	-
		<u>(20,996)</u>	<u>23,967</u>
<b>TOTAL</b>		<b><u>(20,996)</u></b>	<b><u>23,967</u></b>

The Trust's operating deficit is declared after taking into account impairments resulting from Trust asset valuation assurance processes.

## Statement of Financial Position

	Note	Group		Trust	
		31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
<b>Non-current assets</b>					
Intangible assets	18	3,101	3,052	3,101	3,052
Property, plant and equipment	20	207,371	223,332	207,371	223,332
Investments in associates and joint ventures	23	187	250	187	250
<b>Total non-current assets</b>		<b>210,659</b>	<b>226,634</b>	<b>210,659</b>	<b>226,634</b>
<b>Current assets</b>					
Inventories	27	67	52	67	52
Receivables	28	27,062	23,941	28,326	23,941
Non-current assets for sale and assets in disposal	29	1,540	3,455	1,540	3,455
Cash and cash equivalents	30	30,344	19,228	28,300	19,228
<b>Total current assets</b>		<b>59,013</b>	<b>46,676</b>	<b>58,233</b>	<b>46,676</b>
<b>Current liabilities</b>					
Trade and other payables	31	(34,199)	(25,713)	(33,655)	(25,713)
Borrowings	33	(3,071)	(2,895)	(3,071)	(2,895)
Other financial liabilities	34	-	(129)	-	(129)
Provisions	36	(1,268)	(649)	(1,268)	(649)
Other liabilities	32	(7,416)	(3,900)	(7,416)	(3,900)
<b>Total current liabilities</b>		<b>(45,954)</b>	<b>(33,286)</b>	<b>(45,410)</b>	<b>(33,286)</b>
<b>Total assets less current liabilities</b>		<b>223,718</b>	<b>240,024</b>	<b>223,482</b>	<b>240,024</b>
<b>Non-current liabilities</b>					
Borrowings	33	(49,373)	(52,236)	(49,373)	(52,236)
Provisions	36	(1,655)	(1,656)	(1,655)	(1,656)
<b>Total non-current liabilities</b>		<b>(51,028)</b>	<b>(53,892)</b>	<b>(51,028)</b>	<b>(53,892)</b>
<b>Total assets employed</b>		<b>172,690</b>	<b>186,131</b>	<b>172,454</b>	<b>186,131</b>
<b>Financed by</b>					
Public dividend capital		112,914	105,360	112,914	105,360
Revaluation reserve		64,702	73,556	64,702	73,556
Income and expenditure reserve		(4,926)	7,215	(5,162)	7,215
<b>Total taxpayers' equity</b>		<b>172,690</b>	<b>186,131</b>	<b>172,454</b>	<b>186,131</b>

The notes on pages 107 to 183 form part of these accounts.

Date: **23 May 2019**

Name: Caroline Donovan

Position: Chief Executive

## Statement of Changes in Equity for the year ended 31 March 2019

Group	Public Dividend Capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2018 - brought forward</b>	<b>105,360</b>	<b>73,556</b>	<b>7,215</b>	<b>186,131</b>
Surplus/(deficit) for the year	-	-	(13,951)	<b>(13,951)</b>
Impairments	-	(7,095)	-	<b>(7,095)</b>
Revaluations	-	50	-	<b>50</b>
Transfer to retained earnings on disposal of assets	-	(107)	107	-
Public dividend capital received	7,554	-	-	<b>7,554</b>
Other reserve movements	-	(1,702)	1,702	<b>0</b>
<b>Taxpayers' and others' equity at 31 March 2019</b>	<b>112,914</b>	<b>64,702</b>	<b>(4,926)</b>	<b>172,690</b>

\* Following the implementation of IFRS 9 from 1 April 2018, the 'Available for sale investment reserve' is now renamed as the 'Financial assets reserve'

## Statement of Changes in Equity for the year ended 31 March 2018

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2017 - brought forward</b>	<b>102,739</b>	<b>55,380</b>	<b>1,424</b>	<b>159,543</b>
Surplus/(deficit) for the year	-	-	3,359	<b>3,359</b>
Impairments	-	(114)	-	<b>(114)</b>
Revaluations	-	20,722	-	<b>20,722</b>
Transfer to retained earnings on disposal of assets	-	(1,223)	1,223	-
Public dividend capital received	2,621	-	-	<b>2,621</b>
Other reserve movements	-	(1,209)	1,209	-
<b>Taxpayers' and others' equity at 31 March 2018</b>	<b>105,360</b>	<b>73,556</b>	<b>7,215</b>	<b>186,131</b>



## Statement of Changes in Equity for the year ended 31 March 2019

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2018 - brought forward</b>	<b>105,360</b>	<b>73,556</b>	<b>7,215</b>	<b>186,131</b>
Surplus/(deficit) for the year	-	-	(14,187)	(14,187)
Impairments	-	(7,095)	-	(7,095)
Revaluations	-	50	-	50
Transfer to retained earnings on disposal of assets	-	(107)	107	-
Public dividend capital received	7,554	-	-	7,554
Other reserve movements	-	(1,702)	1,702	0
<b>Taxpayers' and others' equity at 31 March 2019</b>	<b>112,914</b>	<b>64,702</b>	<b>(5,162)</b>	<b>172,454</b>

## Statement of Changes in Equity for the year ended 31 March 2018

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' and others' equity at 1 April 2017 - brought forward</b>	<b>102,739</b>	<b>55,380</b>	<b>1,424</b>	<b>159,543</b>
Surplus/(deficit) for the year	-	-	3,359	3,359
Impairments	-	(114)	-	(114)
Revaluations	-	20,722	-	20,722
Transfer to retained earnings on disposal of assets	-	(1,223)	1,223	-
Public dividend capital received	2,621	-	-	2,621
Other reserve movements	-	(1,209)	1,209	-
<b>Taxpayers' and others' equity at 31 March 2018</b>	<b>105,360</b>	<b>73,556</b>	<b>7,215</b>	<b>186,131</b>

## **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.

## Statement of Cash Flows

	Note	Group		Trust	
		2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
<b>Cash flows from operating activities</b>					
Operating surplus / (deficit)		(7,607)	9,572	(7,843)	9,572
<b>Non-cash income and expense:</b>					
Depreciation and amortisation	7.1	9,294	8,442	9,294	8,442
Net impairments	8	14,825	1,484	14,825	1,484
(Increase) / decrease in receivables and other assets		(2,810)	(3,615)	(4,076)	(3,615)
(Increase) / decrease in inventories		(15)	(27)	(15)	(27)
Increase / (decrease) in payables and other liabilities		12,119	2,082	11,577	2,082
Increase / (decrease) in provisions		618	(738)	618	(738)
Other movements in operating cash flows		(13)	(6)	(13)	(6)
<b>Net cash flows from / (used in) operating activities</b>		<b>26,411</b>	<b>17,194</b>	<b>24,367</b>	<b>17,194</b>
<b>Cash flows from investing activities</b>					
Interest received		180	58	180	58
Purchase of intangible assets		(1,792)	(1,015)	(1,792)	(1,015)
Purchase of PPE and investment property		(14,328)	(7,260)	(14,328)	(7,260)
Sales of PPE and investment property		3,332	3,273	3,332	3,273
Cash from acquisitions / disposals of subsidiaries		-	364	-	364
<b>Net cash flows from / (used in) investing activities</b>		<b>(12,608)</b>	<b>(4,580)</b>	<b>(12,608)</b>	<b>(4,580)</b>
<b>Cash flows from financing activities</b>					
Public dividend capital received		7,554	2,621	7,554	2,621
Movement on loans from DHSC		(2,571)	(2,572)	(2,571)	(2,572)
Capital element of PFI, LIFT and other service concession payments		(292)	(290)	(292)	(290)
Interest on loans		(1,577)	(1,658)	(1,577)	(1,658)
Interest paid on PFI, LIFT and other service concession obligations		(206)	(180)	(206)	(180)
PDC dividend (paid) / refunded		(5,556)	(4,416)	(5,556)	(4,416)
Cash flows from (used in) other financing activities		(39)	26	(39)	26
<b>Net cash flows from / (used in) financing activities</b>		<b>(2,687)</b>	<b>(6,469)</b>	<b>(2,687)</b>	<b>(6,469)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>11,116</b>	<b>6,145</b>	<b>9,072</b>	<b>6,145</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>		<b>19,228</b>	<b>13,084</b>	<b>19,228</b>	<b>13,084</b>
<b>Cash and cash equivalents at 31 March</b>	30	<b>30,344</b>	<b>19,228</b>	<b>28,300</b>	<b>19,228</b>

## **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 2018/19 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

#### **Note 1.1.1 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 Trust has achieved its planned out-turn for 2018/19 and has a credible plan to achieve its control total in 2019/20. Sustainability will be managed through the Mental Health Investment Standard and Sustainability and Transformation Plans in line with overall 5 year forward view for the NHS and the long term plan for the NHS. The Directors therefore have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

#### **Note 1.3 Consolidation**

##### **NHS Charitable Funds**

The Trust is the corporate trustee to Lancashire Care 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.

**Limited Liability Partnership**

These 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 consolidates its share of the assets, liabilities, income and expenses within its financial statements.

#### **Note 1.4.1 Revenue from contracts with customers**

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

#### ***Revenue from NHS contracts***

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

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.



## **Revenue from research contracts**

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. At contract inception, the Trust assesses the outputs promised in the research contract to identify as a performance obligation each promise to transfer either a good or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer. The Trust recognises revenue as these performance obligations are met, which may be at a point in time or over time depending upon the terms of the contract.

### **Note 1.4.2 Revenue grants and other contributions to expenditure**

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.

The value of the benefit received when accessing funds from the 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, the corresponding notional expense is also recognised at the point of recognition for the benefit.

### **Note 1.4.3 Other income**

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

## **Note 1.5 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 NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

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

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

**Note 1.6 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 1.7 Property, plant and equipment

### Note 1.7.1 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.

### Note 1.7.2 Measurement

#### Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value. Valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value. For non-operational properties including surplus land, the valuations are carried out at open market value. The costs arising from financing the construction of the asset are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are revalued using professional valuations in accordance with IFRS every five years with the most recent one being carried out as at 31 March 2015. 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.

IFRS guidance is followed in valuing its assets.

#### Land

##### Status

Operational

Non-operational

##### Valuation methodology

Existing use value

Open market/fair value

#### Buildings

##### Status

Operational

Non-operational but retained for future operational purposes

Surplus

##### Valuation methodology

Depreciated Replacement  
Cost (including Modern  
Equivalent Asset  
consideration)

Depreciated Replacement  
Cost (including Modern  
Equivalent Asset  
consideration)

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.

## 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

## 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.

## 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 income.

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

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

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.

Where an impairment loss does not result from a clear consumption of economic benefit or reduction of service potential, for instance due to a change in market price, then the standard treatment in IAS 36 applies. The impairment must be taken to the revaluation reserve to the extent that the impairment does not exceed the amount in the revaluation reserve for the asset in question, and thereafter to income and expenditure.

### **Note 1.7.3 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.

#### **Note 1.7.4 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions**

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

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 Asset***

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset.

#### ***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 1.8 Intangible assets**

### **Note 1.8.1 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 only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

### ***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.



### **Note 1.8.2 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 under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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.

### **Note 1.8.3 Useful economic life 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:

	<b>Min life Years</b>	<b>Max life Years</b>
Information technology	5	5
Development expenditure	5	5
Websites	5	5
Software licences	5	5
Licences & trademarks	5	5
Patents	5	5
Other (purchased)	5	5
Goodwill	5	5

**Note 1.9 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.

**Note 1.10 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 1.11 Financial assets and financial liabilities****Note 1.11.1 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.

**Note 1.11.2 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 are classified as: "fair value through income and expenditure", loans and receivables or "available for sale financial assets".

Financial liabilities are classified as "fair value through income and expenditure" or "other financial liabilities".

***Determination of fair value***

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined by reference to quoted market prices where possible, otherwise by valuation techniques (discounted cash flow).

***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 and financial liabilities at “fair value through income and expenditure” are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not “closely-related” to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

The Trust’s loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and “other receivables”.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of “other comprehensive income”. When items classified as “available-for-sale” are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in “finance costs” in the Statement of Comprehensive Income.

**Other financial liabilities**

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

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

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

**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.

**Note 1.11.3 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 1.12 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.

### **Note 1.12.1 The Trust as 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 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. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

#### ***Operating leases***

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

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

#### ***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.

### **Note 1.12.2 The Trust as 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 1.13 Provisions**

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

#### ***Clinical negligence costs***

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 36.3 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 1.14 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 37 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 37, 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 1.15 Public dividend capital**

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

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable.

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 thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

#### **Note 1.16 Value added tax**

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

#### **Note 1.17 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 1.18 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 1.19 Third party assets**

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

### **Note 1.20 Losses and special payments**

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

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

### **Note 1.21 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 1.22 Critical judgements 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 key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **- 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 classifies and discloses lease information in the light of the introduction of the new leasing standard, IFRS 16, in 2019/20

#### **- 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 36 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 :

- quarterly 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 2018/19 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 19.



**Note 1.23 Early adoption of standards, amendments and interpretations**

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

**Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted**

The Trust has considered the below new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Trust or that they would not have a significant impact on the Trust's financial statements, apart from some additional disclosures.

IFRS 16 *Leases*

IFRS 17 *Insurance contracts*

IFRIC 23 *Uncertainty over Income Tax Treatments*

In the case of IFRS 16, there will be a requirement for the Trust to recognise the underlying assets (represented by the present value of the lease payments) and corresponding liabilities inherent in all of its lease agreements (and contracts containing leases), in addition, the income statement will be charged with depreciation and interest instead of the lease payments, which is expected to 'front load' the expense to the earlier part of the agreement, but at this stage it is not expected that this will represent a material adjustment.

**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 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 1.4.1

<b>Note 3.1 Income from patient care activities (by nature)</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
<b>Mental health services</b>		
Cost and volume contract income	2,019	2,481
Block contract income	203,356	191,697
Clinical partnerships providing mandatory services (including S75 agreements)	1,796	3,124
Other clinical income from mandatory services	240	-
<b>Community services</b>		
Community services income from CCGs and NHS England	83,171	88,663
Income from other sources (e.g. local authorities)	31,745	32,600
<b>All services</b>		
Agenda for Change pay award central funding	3,678	-
<b>Total income from activities</b>	<b>326,005</b>	<b>318,565</b>

**Note 3.2 Income from patient care activities (by source)**

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
<b>Income from patient care activities received from:</b>		
NHS England	46,655	52,743
Clinical commissioning groups	242,713	232,273
Department of Health and Social Care	3,678	-
Other NHS providers	1,143	949
Local authorities	31,745	32,600
Non NHS: other	71	-
<b>Total income from activities</b>	<b>326,005</b>	<b>318,565</b>
<b>Of which:</b>		
Related to continuing operations	326,005	318,565

**Note 4 Other operating income (Group)**

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
<b>Other operating income from contracts with customers:</b>		
Research and development (contract)	1,430	1,123
Education and training (excluding notional apprenticeship levy income)	9,264	9,350
Non-patient care services to other bodies	6,391	8,002
Provider sustainability / sustainability and transformation fund income (PSF / STF)	4,654	4,538
Other contract income	4,061	3,806
<b>Other non-contract operating income:</b>		
Rental revenue from operating leases	360	556
<b>Total other operating income</b>	<b><u>26,160</u></b>	<b><u>27,375</u></b>
<b>Of which:</b>		
Related to continuing operations	26,160	27,375

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

	<b>2018/19</b>
	<b>£000</b>
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,481
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-

**Note 5.2 Transaction price allocated to remaining performance obligations**

	<b>31 March 2019</b>
	<b>£000</b>
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	-
<b>Total revenue allocated to remaining performance obligations</b>	<b>-</b>

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 Fees and charges (Group)**

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

## Note 7.1 Operating expenses (Group)

	2018/19	2017/18
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	3,633	3,606
Purchase of healthcare from non-NHS and non-DHSC bodies	18,860	10,232
Staff and executive directors costs	256,534	255,345
Remuneration of non-executive directors	139	146
Supplies and services - clinical (excluding drugs costs)	3,791	3,724
Supplies and services - general	859	918
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	5,691	7,018
Professional support, consultancy & advice	3,625	2,682
Establishment	6,214	6,893
Premises	19,715	17,913
Transport (including patient travel)	582	690
Depreciation on property, plant and equipment	7,551	6,914
Amortisation on intangible assets	1,743	1,528
Net impairments	14,825	1,484
Movement in credit loss allowance: contract receivables / contract assets	10	-
Movement in credit loss allowance: all other receivables and investments	-	654
Increase/(decrease) in other provisions	876	152
Change in provisions discount rate(s)	37	21
Audit fees payable to the external auditor		
audit services- statutory audit	71	70
other auditor remuneration (external auditor only)	16	28
Internal audit costs	102	110
Clinical negligence	775	658
Legal fees	546	551
Insurance	761	505
Education and training	948	1,590
Rentals under operating leases	7,587	7,502
Early retirements	587	85
Redundancy	779	523
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,025	974
Losses, ex gratia & special payments	148	18
Other	1,742	3,834
<b>Total</b>	<b>359,772</b>	<b>336,368</b>
<b>Of which:</b>		
Related to continuing operations	359,772	336,368

**Note 7.2 Other auditor remuneration (Group)**

	2018/19	2017/18
	£000	£000
<b>Other auditor remuneration paid to the external auditor:</b>		
1. Audit-related assurance services	16	28
<b>Total</b>	<u>16</u>	<u>28</u>

**Note 7.3 Limitation on auditor's liability (Group)**

The limitation on auditor's liability for external audit work is £1m (2017/18: £1m).

**Note 8 Impairment of assets (Group)**

	2018/19	2017/18
	£000	£000
<b>Net impairments charged to operating surplus / deficit resulting from:</b>		
Changes in market price	14,825	1,484
<b>Total net impairments charged to operating surplus / deficit</b>	<u>14,825</u>	<u>1,484</u>
Impairments charged to the revaluation reserve	7,095	114
<b>Total net impairments</b>	<u>21,920</u>	<u>1,598</u>

Impairments recognised in year resulted from:	Value
- estate valuation exercise	£7.7m
- valuation of Assets Under Construction upon becoming operational	£7.0m
- impairment upon vacating a property	£0.1m
- charge to revaluation reserve	£7.1m

**Note 9 Employee benefits (Group)**

	<b>2018/19</b>	<b>2017/18</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	205,376	203,288
Social security costs	18,261	18,006
Apprenticeship levy	985	966
Employer's contributions to NHS pensions	24,886	24,712
Temporary staff (including agency)	7,805	8,896
<b>Total gross staff costs</b>	<b>257,313</b>	<b>255,868</b>

**Note 9.1 Retirements due to ill-health (Group)**

During 2018/19 there were 10 early retirements from the Trust agreed on the grounds of ill-health (11 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £605k (£719k in 2017/18).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

**Note 9.2 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 10 Pension costs**

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

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

### **a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### **b) Full actuarial (funding) valuation**

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

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

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

### **C) Workforce Pensions Reform**

In line with government driven Workforce Pensions Reform the Trust has established its own auto enrollment pension scheme for staff who do not qualify for the normal NHS pension scheme. This was done following option appraisal with the result that the trust opted to use the National Employment Savings Trust (NEST) scheme.

## Note 11 Operating leases (Group)

### Note 11.1 Lancashire Care NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Lancashire Care NHS Foundation Trust is the lessor.

	2018/19 £000	2017/18 £000
<b>Operating lease revenue</b>		
Minimum lease receipts	360	556
Contingent rent	-	-
Other	-	-
<b>Total</b>	<b>360</b>	<b>556</b>
	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Future minimum lease receipts due:</b>		
- not later than one year;	360	556
- later than one year and not later than five years;	1,440	2,224
- later than five years.	-	-
<b>Total</b>	<b>1,800</b>	<b>2,780</b>

### Note 11.2 Lancashire Care NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Lancashire Care NHS Foundation Trust is the lessee.

	2018/19 £000	2017/18 £000
<b>Operating lease expense</b>		
Minimum lease payments	7,947	8,058
Contingent rents	-	-
Less sublease payments received	(360)	(556)
<b>Total</b>	<b>7,587</b>	<b>7,502</b>
	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Future minimum lease payments due:</b>		
- not later than one year;	7,649	7,892
- later than one year and not later than five years;	7,312	8,562
- later than five years.	3,100	6,230
<b>Total</b>	<b>18,061</b>	<b>22,684</b>
Future minimum sublease payments to be received	-	-

The Trust has 92 operating lease arrangements in place. All of which are arrangements for accommodation. These arrangements do not have an option to purchase or to transfer title to the Trust at the end of the lease term, nor are any of them for the majority of the asset life.

The lease terms expire as follows:

Years	Leases
0 - 1	66
1 - 5	17
Over 5	9

**Note 12 Finance income (Group)**

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

	2018/19	2017/18
	£000	£000
Interest on bank accounts	180	58
<b>Total finance income</b>	<b>180</b>	<b>58</b>

**Note 13.1 Finance expenditure (Group)**

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

	2018/19	2017/18
	£000	£000
<b>Interest expense:</b>		
Loans from the Department of Health and Social Care	1,574	1,655
Main finance costs on PFI and LIFT schemes obligations	206	180
<b>Total interest expense</b>	<b>1,780</b>	<b>1,835</b>
Unwinding of discount on provisions	2	2
Other finance costs	37	21
<b>Total finance costs</b>	<b>1,819</b>	<b>1,858</b>

**Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)**

	2018/19	2017/18
	£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 14 Other gains / (losses) (Group)**

	2018/19	2017/18
	£000	£000
Gains on disposal of assets	603	123
<b>Total gains / (losses) on disposal of assets</b>	<b>603</b>	<b>123</b>

In year disposals included the sale of a number of assets previously identified as being surplus to requirements. The carrying value at disposal was £2,745k.

**Note 15 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 deficit for the period was £14.2 million (2017/18: surplus £3.4 million). The Trust's total comprehensive expense for the period was £21.2 million (2017/18: total comprehensive income £24.0 million).

**Note 16 Discontinued operations (Group)**

The Trust has no discontinued operations to disclose.

**Note 17.1 Intangible assets - 2018/19**

<b>Group</b>	<b>Software licences £000</b>	<b>Development expenditure £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2018 - brought forward</b>	<b>8,596</b>	<b>299</b>	<b>8,895</b>
Transfers by absorption	-	-	-
Additions	802	990	<b>1,792</b>
Disposals / derecognition	(5,494)	-	<b>(5,494)</b>
<b>Valuation / gross cost at 31 March 2019</b>	<b>3,904</b>	<b>1,289</b>	<b>5,193</b>
<b>Amortisation at 1 April 2018 - brought forward</b>	<b>5,843</b>	-	<b>5,843</b>
Transfers by absorption	-	-	-
Provided during the year	1,743	-	<b>1,743</b>
Disposals / derecognition	(5,494)	-	<b>(5,494)</b>
<b>Amortisation at 31 March 2019</b>	<b>2,092</b>	-	<b>2,092</b>
<b>Net book value at 31 March 2019</b>	<b>1,812</b>	<b>1,289</b>	<b>3,101</b>
<b>Net book value at 1 April 2018</b>	<b>2,753</b>	<b>299</b>	<b>3,052</b>

**Note 17.2 Intangible assets - 2017/18**

<b>Group</b>	<b>Software licences £000</b>	<b>Development expenditure £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2017 - as previously stated</b>	<b>7,710</b>	<b>170</b>	<b>7,880</b>
Prior period adjustments	-	-	-
<b>Valuation / gross cost at 1 April 2017 - restated</b>	<b>7,710</b>	<b>170</b>	<b>7,880</b>
Transfers by absorption	-	-	-
Additions	886	129	<b>1,015</b>
<b>Valuation / gross cost at 31 March 2018</b>	<b>8,596</b>	<b>299</b>	<b>8,895</b>
<b>Amortisation at 1 April 2017 - as previously stated</b>	<b>4,315</b>	<b>-</b>	<b>4,315</b>
Prior period adjustments	-	-	-
<b>Amortisation at 1 April 2017 - restated</b>	<b>4,315</b>	<b>-</b>	<b>4,315</b>
Transfers by absorption	-	-	-
Provided during the year	1,528	-	<b>1,528</b>
<b>Amortisation at 31 March 2018</b>	<b>5,843</b>	<b>-</b>	<b>5,843</b>
<b>Net book value at 31 March 2018</b>	<b>2,753</b>	<b>299</b>	<b>3,052</b>
<b>Net book value at 1 April 2017</b>	<b>3,395</b>	<b>170</b>	<b>3,565</b>

**Note 18.1 Intangible assets - 2018/19**

Trust	Software licences £000	Development expenditure £000	Total £000
<b>Valuation / gross cost at 1 April 2018 - brought forward</b>	<b>8,596</b>	<b>299</b>	<b>8,895</b>
Transfers by absorption	-	-	-
Additions	802	990	1,792
Disposals / derecognition	(5,494)	-	(5,494)
<b>Valuation / gross cost at 31 March 2019</b>	<b>3,904</b>	<b>1,289</b>	<b>5,193</b>
<b>Amortisation at 1 April 2018 - brought forward</b>	<b>5,843</b>	-	<b>5,843</b>
Transfers by absorption	-	-	-
Provided during the year	1,743	-	1,743
Disposals / derecognition	(5,494)	-	(5,494)
Transfer to FT upon authorisation	-	-	-
<b>Amortisation at 31 March 2019</b>	<b>2,092</b>	-	<b>2,092</b>
<b>Net book value at 31 March 2019</b>	<b>1,812</b>	<b>1,289</b>	<b>3,101</b>
<b>Net book value at 1 April 2018</b>	<b>2,753</b>	<b>299</b>	<b>3,052</b>

**Note 18.2 Intangible assets - 2017/18**

<b>Trust</b>	<b>Software licences £000</b>	<b>Development expenditure £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2017 - as previously stated</b>	<b>7,710</b>	<b>170</b>	<b>7,880</b>
Prior period adjustments	-	-	-
<b>Valuation / gross cost at 1 April 2017 - restated</b>	<b>7,710</b>	<b>170</b>	<b>7,880</b>
Transfers by absorption	-	-	-
Additions	886	129	<b>1,015</b>
<b>Valuation / gross cost at 31 March 2018</b>	<b>8,596</b>	<b>299</b>	<b>8,895</b>
<b>Amortisation at 1 April 2017 - as previously stated</b>	<b>4,315</b>	<b>-</b>	<b>4,315</b>
Prior period adjustments	-	-	-
<b>Amortisation at 1 April 2017 - restated</b>	<b>4,315</b>	<b>-</b>	<b>4,315</b>
Transfers by absorption	-	-	-
Provided during the year	1,528	-	<b>1,528</b>
<b>Amortisation at 31 March 2018</b>	<b>5,843</b>	<b>-</b>	<b>5,843</b>
<b>Net book value at 31 March 2018</b>	<b>2,753</b>	<b>299</b>	<b>3,052</b>
<b>Net book value at 1 April 2017</b>	<b>3,395</b>	<b>170</b>	<b>3,565</b>



**Note 19.1 Property, plant and equipment - 2018/19**

<b>Group</b>	<b>Land £000</b>	<b>Buildings excluding dwellings £000</b>	<b>Assets under construction £000</b>	<b>Plant &amp; machinery £000</b>	<b>Transport equipment £000</b>	<b>Information technology £000</b>	<b>Furniture &amp; fittings £000</b>	<b>Total £000</b>
<b>Valuation/gross cost at 1 April 2018 - brought forward</b>	<b>14,817</b>	<b>211,410</b>	<b>5,785</b>	<b>827</b>	<b>40</b>	<b>8,779</b>	<b>954</b>	<b>242,612</b>
Transfers by absorption	-	-	-	-	-	-	-	-
Additions	-	3,612	9,551	-	-	1,097	-	<b>14,260</b>
Impairments	-	(20,219)	(1,701)	-	-	-	-	<b>(21,920)</b>
Reversals of impairments	-	-	-	-	-	-	-	-
Revaluations	-	(4,957)	-	-	-	-	-	<b>(4,957)</b>
Reclassifications	-	13,612	(13,612)	-	-	-	-	-
Transfers to / from assets held for sale	(800)	-	-	-	-	-	-	<b>(800)</b>
Disposals / derecognition	-	(147)	-	-	-	(4,453)	-	<b>(4,600)</b>
<b>Valuation/gross cost at 31 March 2019</b>	<b>14,017</b>	<b>203,311</b>	<b>23</b>	<b>827</b>	<b>40</b>	<b>5,423</b>	<b>954</b>	<b>224,595</b>
<b>Accumulated depreciation at 1 April 2018 - brought forward</b>	<b>-</b>	<b>12,730</b>	<b>-</b>	<b>816</b>	<b>40</b>	<b>4,754</b>	<b>940</b>	<b>19,280</b>
Transfers by absorption	-	-	-	-	-	-	-	-
Provided during the year	-	6,278	-	-	-	1,273	-	<b>7,551</b>
Impairments	-	-	-	-	-	-	-	-
Reversals of impairments	-	-	-	-	-	-	-	-
Revaluations	-	(5,007)	-	-	-	-	-	<b>(5,007)</b>
Reclassifications	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-
Disposals / derecognition	-	(147)	-	-	-	(4,453)	-	<b>(4,600)</b>
<b>Accumulated depreciation at 31 March 2019</b>	<b>-</b>	<b>13,854</b>	<b>-</b>	<b>816</b>	<b>40</b>	<b>1,574</b>	<b>940</b>	<b>17,224</b>
<b>Net book value at 31 March 2019</b>	<b>14,017</b>	<b>189,457</b>	<b>23</b>	<b>11</b>	<b>-</b>	<b>3,849</b>	<b>14</b>	<b>207,371</b>
<b>Net book value at 1 April 2018</b>	<b>14,817</b>	<b>198,680</b>	<b>5,785</b>	<b>11</b>	<b>-</b>	<b>4,025</b>	<b>14</b>	<b>223,332</b>

## 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.

IFRS guidance is followed in valuing its assets.

## Revaluation of Trust estate

The Trust employed an independent professional valuer to conduct a desktop revaluation exercise of its estate as at 31 March 2019 including specifically valuations of the assets impacted by the Trust's new mental health inpatients and perinatal units, becoming operational in December 2018.

The results of these valuations can be summarised as follows:

### *Impact on the Trust estate of opening of the Inpatients and Perinatal unit*

Decrease in carrying value	-£8.1m
Impairments charged to SOCI	-£7.1m
Impairments charged to the Revaluation Reserve	-£0.9m

### *Impact on the Trust estate of valuation exercise*

Decrease in carrying value	-£13.8m
Impairments charged to SOCI	-£7.7m
Impairments charged to the Revaluation Reserve	-£6.1m

### *Summary of Total Impact*

Decrease in carrying value	-£21.9m
Impairments charged to SOCI	-£14.8m
Impairments charged to the Revaluation Reserve	-£7.0m

**Note 19.2 Property, plant and equipment - 2017/18**

<b>Group</b>	<b>Land</b>	<b>Buildings excluding dwellings</b>	<b>Assets under construction</b>	<b>Plant &amp; machinery</b>	<b>Transport equipment</b>	<b>Information technology</b>	<b>Furniture &amp; fittings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Valuation / gross cost at 1 April 2017 - as previously stated</b>	<b>19,762</b>	<b>190,109</b>	<b>1,580</b>	<b>827</b>	<b>40</b>	<b>16,916</b>	<b>954</b>	<b>230,188</b>
Prior period adjustments	-	-	-	-	-	-	-	-
<b>Valuation / gross cost at 1 April 2017 - restated</b>	<b>19,762</b>	<b>190,109</b>	<b>1,580</b>	<b>827</b>	<b>40</b>	<b>16,916</b>	<b>954</b>	<b>230,188</b>
Transfers by absorption	-	-	-	-	-	-	-	-
Additions	-	2,628	4,205	-	-	1,691	-	<b>8,524</b>
Impairments	-	(114)	-	-	-	-	-	<b>(114)</b>
Reversals of impairments	-	-	-	-	-	-	-	-
Revaluations	-	19,527	-	-	-	-	-	<b>19,527</b>
Reclassifications	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	(2,395)	(740)	-	-	-	-	-	<b>(3,135)</b>
Disposals / derecognition	(2,550)	-	-	-	-	(9,828)	-	<b>(12,378)</b>
<b>Valuation/gross cost at 31 March 2018</b>	<b>14,817</b>	<b>211,410</b>	<b>5,785</b>	<b>827</b>	<b>40</b>	<b>8,779</b>	<b>954</b>	<b>242,612</b>
<b>Accumulated depreciation at 1 April 2017 - as previously stated</b>	<b>-</b>	<b>6,762</b>	<b>-</b>	<b>816</b>	<b>40</b>	<b>13,339</b>	<b>940</b>	<b>21,897</b>
Prior period adjustments	-	-	-	-	-	-	-	-
<b>Accumulated depreciation at 1 April 2017 - restated</b>	<b>-</b>	<b>6,762</b>	<b>-</b>	<b>816</b>	<b>40</b>	<b>13,339</b>	<b>940</b>	<b>21,897</b>
Transfers by absorption	-	-	-	-	-	-	-	-
Provided during the year	-	5,671	-	-	-	1,243	-	<b>6,914</b>
Impairments	-	1,484	-	-	-	-	-	<b>1,484</b>
Reversals of impairments	-	-	-	-	-	-	-	-
Revaluations	-	(1,187)	-	-	-	-	-	<b>(1,187)</b>
Reclassifications	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-	(9,828)	-	<b>(9,828)</b>
<b>Accumulated depreciation at 31 March 2018</b>	<b>-</b>	<b>12,730</b>	<b>-</b>	<b>816</b>	<b>40</b>	<b>4,754</b>	<b>940</b>	<b>19,280</b>
<b>Net book value at 31 March 2018</b>	<b>14,817</b>	<b>198,680</b>	<b>5,785</b>	<b>11</b>	<b>-</b>	<b>4,025</b>	<b>14</b>	<b>223,332</b>
<b>Net book value at 1 April 2017</b>	<b>19,762</b>	<b>183,347</b>	<b>1,580</b>	<b>11</b>	<b>-</b>	<b>3,577</b>	<b>14</b>	<b>208,291</b>

**Note 19.3 Property, plant and equipment financing - 2018/19**

<b>Group</b>	<b>Land £000</b>	<b>Buildings excluding dwellings £000</b>	<b>Assets under construction £000</b>	<b>Plant &amp; machinery £000</b>	<b>Transport equipment £000</b>	<b>Information technology £000</b>	<b>Furniture &amp; fittings £000</b>	<b>Total £000</b>
<b>Net book value at 31 March 2019</b>								
Owned - purchased	14,017	187,972	23	11	-	3,849	14	<b>205,886</b>
On-SoFP PFI contracts and other service concession arrangements	-	1,485	-	-	-	-	-	<b>1,485</b>
<b>NBV total at 31 March 2019</b>	<b>14,017</b>	<b>189,457</b>	<b>23</b>	<b>11</b>	<b>-</b>	<b>3,849</b>	<b>14</b>	<b>207,371</b>

**Note 19.4 Property, plant and equipment financing - 2017/18**

<b>Group</b>	<b>Land £000</b>	<b>Buildings excluding dwellings £000</b>	<b>Assets under construction £000</b>	<b>Plant &amp; machinery £000</b>	<b>Transport equipment £000</b>	<b>Information technology £000</b>	<b>Furniture &amp; fittings £000</b>	<b>Total £000</b>
<b>Net book value at 31 March 2018</b>								
Owned - purchased	14,817	196,894	5,785	11	-	4,025	14	<b>221,546</b>
On-SoFP PFI contracts and other service concession arrangements	-	1,786	-	-	-	-	-	<b>1,786</b>
<b>NBV total at 31 March 2018</b>	<b>14,817</b>	<b>198,680</b>	<b>5,785</b>	<b>11</b>	<b>-</b>	<b>4,025</b>	<b>14</b>	<b>223,332</b>

**Note 20.1 Property, plant and equipment - 2018/19**

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
<b>Valuation/gross cost at 1 April 2018 - brought forward</b>	<b>14,817</b>	<b>211,410</b>	<b>5,785</b>	<b>827</b>	<b>40</b>	<b>8,779</b>	<b>954</b>	<b>242,612</b>
<b>Valuation/gross cost at start of period as FT</b>								-
Transfers by absorption	-	-	-	-	-	-	-	-
Additions	-	3,612	9,551	-	-	1,097	-	<b>14,260</b>
Impairments	-	(20,219)	(1,701)	-	-	-	-	<b>(21,920)</b>
Reversals of impairments	-	-	-	-	-	-	-	-
Revaluations	-	(4,957)	-	-	-	-	-	<b>(4,957)</b>
Reclassifications	-	13,612	(13,612)	-	-	-	-	-
Transfers to / from assets held for sale	(800)	-	-	-	-	-	-	<b>(800)</b>
Disposals / derecognition	-	(147)	-	-	-	(4,453)	-	<b>(4,600)</b>
<b>Valuation/gross cost at 31 March 2019</b>	<b>14,017</b>	<b>203,311</b>	<b>23</b>	<b>827</b>	<b>40</b>	<b>5,423</b>	<b>954</b>	<b>224,595</b>
<b>Accumulated depreciation at 1 April 2018 - brought forward</b>	-	<b>12,730</b>	-	<b>816</b>	<b>40</b>	<b>4,754</b>	<b>940</b>	<b>19,280</b>
Transfers by absorption	-	-	-	-	-	-	-	-
Provided during the year	-	6,278	-	-	-	1,273	-	<b>7,551</b>
Impairments	-	-	-	-	-	-	-	-
Reversals of impairments	-	-	-	-	-	-	-	-
Revaluations	-	(5,007)	-	-	-	-	-	<b>(5,007)</b>
Reclassifications	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-
Disposals / derecognition	-	(147)	-	-	-	(4,453)	-	<b>(4,600)</b>
<b>Accumulated depreciation at 31 March 2019</b>	-	<b>13,854</b>	-	<b>816</b>	<b>40</b>	<b>1,574</b>	<b>940</b>	<b>17,224</b>
<b>Net book value at 31 March 2019</b>	<b>14,017</b>	<b>189,457</b>	<b>23</b>	<b>11</b>	-	<b>3,849</b>	<b>14</b>	<b>207,371</b>
<b>Net book value at 1 April 2018</b>	<b>14,817</b>	<b>198,680</b>	<b>5,785</b>	<b>11</b>	-	<b>4,025</b>	<b>14</b>	<b>223,332</b>

See PPE (Group) for details of revaluations.

**Note 20.2 Property, plant and equipment - 2017/18**

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
<b>Valuation / gross cost at 1 April 2017 - as previously stated</b>	<b>19,762</b>	<b>190,109</b>	<b>1,580</b>	<b>827</b>	<b>40</b>	<b>16,916</b>	<b>954</b>	<b>230,188</b>
Prior period adjustments	-	-	-	-	-	-	-	-
<b>Valuation / gross cost at 1 April 2017 - restated</b>	<b>19,762</b>	<b>190,109</b>	<b>1,580</b>	<b>827</b>	<b>40</b>	<b>16,916</b>	<b>954</b>	<b>230,188</b>
Transfers by absorption	-	-	-	-	-	-	-	-
Additions	-	2,628	4,205	-	-	1,691	-	8,524
Impairments	-	(114)	-	-	-	-	-	(114)
Reversals of impairments	-	-	-	-	-	-	-	-
Revaluations	-	19,527	-	-	-	-	-	19,527
Reclassifications	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	(2,395)	(740)	-	-	-	-	-	(3,135)
Disposals / derecognition	(2,550)	-	-	-	-	(9,828)	-	(12,378)
<b>Valuation/gross cost at 31 March 2018</b>	<b>14,817</b>	<b>211,410</b>	<b>5,785</b>	<b>827</b>	<b>40</b>	<b>8,779</b>	<b>954</b>	<b>242,612</b>
<b>Accumulated depreciation at 1 April 2017 - as previously stated</b>	-	6,762	-	816	40	13,339	940	21,897
Prior period adjustments	-	-	-	-	-	-	-	-
<b>Accumulated depreciation at 1 April 2017 - restated</b>	-	6,762	-	816	40	13,339	940	21,897
Transfers by absorption	-	-	-	-	-	-	-	-
Provided during the year	-	5,671	-	-	-	1,243	-	6,914
Impairments	-	1,484	-	-	-	-	-	1,484
Reversals of impairments	-	-	-	-	-	-	-	-
Revaluations	-	(1,187)	-	-	-	-	-	(1,187)
Reclassifications	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-	(9,828)	-	(9,828)
<b>Accumulated depreciation at 31 March 2018</b>	-	12,730	-	816	40	4,754	940	19,280
<b>Net book value at 31 March 2018</b>	<b>14,817</b>	<b>198,680</b>	<b>5,785</b>	<b>11</b>	<b>-</b>	<b>4,025</b>	<b>14</b>	<b>223,332</b>
<b>Net book value at 1 April 2017</b>	<b>19,762</b>	<b>183,347</b>	<b>1,580</b>	<b>11</b>	<b>-</b>	<b>3,577</b>	<b>14</b>	<b>208,291</b>

**Note 20.3 Property, plant and equipment financing - 2018/19**

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
<b>Net book value at 31 March 2019</b>								
Owned - purchased	14,017	187,972	23	11	-	3,849	14	<b>205,886</b>
On-SoFP PFI contracts and other service concession arrangements	-	1,485	-	-	-	-	-	<b>1,485</b>
<b>NBV total at 31 March 2019</b>	<b>14,017</b>	<b>189,457</b>	<b>23</b>	<b>11</b>	<b>-</b>	<b>3,849</b>	<b>14</b>	<b>207,371</b>

**Note 20.4 Property, plant and equipment financing - 2017/18**

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
<b>Net book value at 31 March 2018</b>								
Owned - purchased	14,817	196,894	5,785	11	-	4,025	14	<b>221,546</b>
On-SoFP PFI contracts and other service concession arrangements	-	1,786	-	-	-	-	-	<b>1,786</b>
<b>NBV total at 31 March 2018</b>	<b>14,817</b>	<b>198,680</b>	<b>5,785</b>	<b>11</b>	<b>-</b>	<b>4,025</b>	<b>14</b>	<b>223,332</b>

## Note 21 Revaluations of property, plant and equipment

### 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 (the most recent being 31 March 2015) with an interim valuation of the estate in all other years of the valuation cycle.

IFRS guidance is followed in valuing its assets.

#### Land

##### Status

Operational

Non-operational

##### Valuation methodology

Existing use value

Open market/fair value

#### Buildings

##### Status

Operational

Non-operational but retained for future operational purposes

Surplus

##### Valuation methodology

Depreciated Replacement Cost (including Modern Equivalent Asset consideration)

Depreciated Replacement Cost (including Modern Equivalent Asset consideration)

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 2018/19 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 2019.

The results of these valuations can be summarised as follows:

Decrease in asset value	-£13.8m
- Charged to revaluation reserve	-£6.1m
- Impairments charged to SOCI	-£7.7m

### Note 22.1 Investment Property

The Trust has no investment property to disclose.



**Note 23 Investments in associates and joint ventures**

	Group		Trust	
	2018/19	2017/18	2018/19	2017/18
	£000	£000	£000	£000
<b>Carrying value at 1 April - brought forward</b>	<b>250</b>	<b>474</b>	<b>250</b>	<b>474</b>
Prior period adjustments		-	-	-
<b>Carrying value at 1 April - restated</b>	<b>250</b>	<b>474</b>	<b>250</b>	<b>474</b>
Share of profit / (loss)	(63)	140	(63)	140
Disposals	-	(364)	-	(364)
<b>Carrying value at 31 March</b>	<b>187</b>	<b>250</b>	<b>187</b>	<b>250</b>

**Note 24 Other investments / financial assets (non-current)**

The Trust has no other investments to disclose.

**Note 25 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 26 Charity**

The Trust is a corporate trustee of the Lancashire Care 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 £16k (£17k to 31 March 2018). 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 27 Inventories**

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Drugs	-	-	-	-
Work In progress	-	-	-	-
Consumables	37	27	37	27
Energy	3	3	3	3
Other	27	22	27	22
Charitable fund inventory	-	-	-	-
<b>Total inventories</b>	<b>67</b>	<b>52</b>	<b>67</b>	<b>52</b>
<b>of which:</b>				

**Note 28.1 Receivables**

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
<b>Current</b>				
Contract receivables*	20,421	-	20,421	-
Trade receivables*		18,580	-	18,580
Allowance for impaired contract receivables / assets*	(1,615)	-	(1,615)	-
Allowance for other impaired receivables	-	(1,717)	-	(1,717)
Prepayments (non-PFI)	2,730	2,275	2,730	2,275
PDC dividend receivable	435	124	435	124
VAT receivable	1,301	794	1,301	794
Other receivables	3,790	3,885	5,054	3,885
<b>Total current receivables</b>	<b>27,062</b>	<b>23,941</b>	<b>28,326</b>	<b>23,941</b>

**Of which receivable from NHS and DHSC group bodies:**

Current	20,284	17,341	20,284	17,341
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\*Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

**Note 28.2 Allowances for credit losses - 2018/19**

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
<b>Allowances as at 1 Apr 2018 - brought forward</b>		1,717	-	1,717
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	1,717	(1,717)	1,717	(1,717)
New allowances arising	355	-	355	-
Reversals of allowances	(345)	-	(345)	-
Utilisation of allowances (write offs)	(112)	-	(112)	-
<b>Allowances as at 31 Mar 2019</b>	<b>1,615</b>	<b>-</b>	<b>1,615</b>	<b>-</b>

**Note 28.3 Allowances for credit losses - 2017/18**

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

	Group	Trust
	All receivables £000	All receivables £000
<b>Allowances as at 1 Apr 2017 - as previously stated</b>	1,074	1,074
Prior period adjustments		
<b>Allowances as at 1 Apr 2017 - restated</b>	<b>1,074</b>	<b>1,074</b>
Transfers by absorption		
Increase in provision	1,033	1,033
Amounts utilised	(11)	(11)
Unused amounts reversed	(379)	(379)
<b>Allowances as at 31 Mar 2018</b>	<b>1,717</b>	<b>1,717</b>

**Note 28.3 Credit quality of financial assets**

	31 March 2019		31 March 2018	
	Trade and other receivables	Investments & Other financial assets	Trade and other receivables	Investments & Other financial assets
	£000	£000	£000	£000
<b>Ageing of impaired financial assets</b>				
0 - 30 days	4	-	-	-
30-60 Days	-	-	2	-
60-90 days	-	-	2	-
90- 180 days	9	-	47	-
Over 180 days	1,602	-	1,666	-
<b>Total</b>	<b>1,615</b>	<b>-</b>	<b>1,717</b>	<b>-</b>
<b>Ageing of non-impaired financial assets past their due date</b>				
0 - 30 days	4,992	-	1,837	-
30-60 Days	596	-	780	-
60-90 days	102	-	612	-
90- 180 days	853	-	958	-
Over 180 days	870	-	1,977	-
<b>Total</b>	<b>7,413</b>	<b>-</b>	<b>6,164</b>	<b>-</b>

The Trust adopts the simplified approach to identifying credit risks. As such the Trust normally recognises no credit losses in relation to NHS assets, the reasoning being all NHS receivables will be settled at some point in the future. For non-NHS receivables the Trust recognises credit losses using a credit risk matrix.

**Note 29 Non-current assets held for sale and assets in disposal groups**

	Group		Trust	
	2018/19	2017/18	2018/19	2017/18
	£000	£000	£000	£000
<b>NBV of non-current assets for sale and assets in disposal groups at 1 April</b>	<b>3,455</b>	<b>920</b>	<b>3,455</b>	<b>920</b>
Prior period adjustment		-		
<b>NBV of non-current assets for sale and assets in disposal groups at 1 April - restated</b>	<b>3,455</b>	<b>920</b>	<b>3,455</b>	<b>920</b>
Transfers by absorption	-	-		
Assets classified as available for sale in the year	800	3,135	800	3,135
Assets sold in year	(2,715)	(600)	(2,715)	(600)
<b>NBV of non-current assets for sale and assets in disposal groups at 31 March</b>	<b>1,540</b>	<b>3,455</b>	<b>1,540</b>	<b>3,455</b>

Assets held for sale as at 31 March 2019 are:	Carrying Value
- Ridge Lea Hospital	£500k
- Sharoe Green Hospital	£1,040k

The sites have been identified as being surplus to Trust requirements and satisfy the criteria for recognition as assets held for sale at the balance sheet date. Sale of both sites is forecast for 2019/20.

**Note 30.1 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	
	2018/19	2017/18	2018/19	2017/18
	£000	£000	£000	£000
<b>At 1 April</b>	<b>19,228</b>	<b>13,084</b>	<b>19,228</b>	<b>13,084</b>
Net change in year	11,116	6,144	9,072	6,144
<b>At 31 March</b>	<b>30,344</b>	<b>19,228</b>	<b>28,300</b>	<b>19,228</b>
<b>Broken down into:</b>				
Cash at commercial banks and in hand	54	22	54	22
Cash with the Government Banking Service	30,290	19,206	28,246	19,206
<b>Total cash and cash equivalents as in SoFP</b>	<b>30,344</b>	<b>19,228</b>	<b>28,300</b>	<b>19,228</b>
Bank overdrafts (GBS and commercial banks)	-	-	-	-
Drawdown in committed facility	-	-	-	-
<b>Total cash and cash equivalents as in SoCF</b>	<b>30,344</b>	<b>19,228</b>	<b>28,300</b>	<b>19,228</b>

**Note 30.2 Third party assets held by the trust**

Lancashire Care 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 2019	31 March 2018
	£000	£000
Bank balances	234	268
<b>Total third party assets</b>	<b>234</b>	<b>268</b>

### Note 31.1 Trade and other payables

	Group		Trust	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
<b>Current</b>				
Trade payables	8,146	4,229	8,146	4,229
Capital payables	2,392	2,460	2,392	2,460
Accruals	11,272	6,354	11,272	6,354
Social security costs	2,819	2,756	2,819	2,756
VAT payables	301	-	-	-
Other taxes payable	1,996	1,896	1,996	1,896
Accrued interest on loans*	-	129	-	129
Other payables	7,273	7,889	6,729	7,889
<b>Total current trade and other payables</b>	<b>34,199</b>	<b>25,713</b>	<b>33,354</b>	<b>25,713</b>

#### Of which payables from NHS and DHSC group bodies:

Current	8,060	4,347	8,060	4,347
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Other payables include £3,365k outstanding superannuation and pensions provision contributions as at 31 March 2019 (£3,263k 31 March 2018) that were paid in April 2019.

\*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note 33. IFRS 9 is applied without restatement therefore comparatives have not been restated.



**Note 32 Other liabilities**

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
<b>Current</b>				
Deferred income: contract liabilities	7,416	3,900	7,416	3,900
<b>Total other current liabilities</b>	<b>7,416</b>	<b>3,900</b>	<b>7,416</b>	<b>3,900</b>

Deferred income balances refer to income received in year for which performance will not be actioned until 2019/20.

**Note 33 Borrowings**

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
<b>Current</b>				
Loans from DHSC	2,697	2,571	2,697	2,571
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	374	324	374	324
<b>Total current borrowings</b>	<b>3,071</b>	<b>2,895</b>	<b>3,071</b>	<b>2,895</b>
<b>Non-current</b>				
Loans from DHSC	47,515	50,086	47,515	50,086
Obligations under PFI, LIFT or other service concession contracts	1,858	2,150	1,858	2,150
<b>Total non-current borrowings</b>	<b>49,373</b>	<b>52,236</b>	<b>49,373</b>	<b>52,236</b>

### Note 33.1 Reconciliation of liabilities arising from financing activities

Group	Loans from DHSC £000	Other loans £000	Finance leases £000	PFI and LIFT schemes £000	Total £000
<b>Carrying value at 1 April 2018</b>	<b>52,657</b>	-	-	<b>2,474</b>	<b>55,132</b>
<b>Cash movements:</b>					
Financing cash flows - payments and receipts of principal	(2,571)	-	-	(292)	<b>(2,863)</b>
Financing cash flows - payments of interest	(1,577)	-	-	(156)	<b>(1,733)</b>
<b>Non-cash movements:</b>					
Impact of implementing IFRS 9 on 1 April 2018	129	-	-	-	<b>129</b>
Application of effective interest rate	1,574	-	-	206	<b>1,780</b>
<b>Carrying value at 31 March 2019</b>	<b>50,212</b>	-	-	<b>2,232</b>	<b>52,445</b>

Trust	Loans from DHSC £000	Other loans £000	Finance leases £000	PFI and LIFT schemes £000	Total £000
<b>Carrying value at 1 April 2018</b>	<b>52,657</b>	-	-	<b>2,474</b>	<b>55,132</b>
<b>Cash movements:</b>					
Financing cash flows - payments and receipts of principal	(2,571)	-	-	(292)	<b>(2,863)</b>
Financing cash flows - payments of interest	(1,577)	-	-	(156)	<b>(1,733)</b>
<b>Non-cash movements:</b>					
Impact of implementing IFRS 9 on 1 April 2018	129	-	-	-	<b>129</b>
Application of effective interest rate	1,574	-	-	206	<b>1,780</b>
<b>Carrying value at 31 March 2019</b>	<b>50,212</b>	-	-	<b>2,232</b>	<b>52,445</b>

### Note 34 Other financial liabilities

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
<b>Current</b>				
Other financial liabilities	-	129	-	129
<b>Total current other financial liabilities</b>	<b>-</b>	<b>129</b>	<b>-</b>	<b>129</b>

Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost resulting in accrued interest now being included in the carrying value of the loan.

**Note 35 Finance leases**

The Trust has not entered into any finance lease arrangements.

**Note 36.1 Provisions for liabilities and charges analysis (Group)**

Group	Pensions: early departure costs	Pensions: injury benefits*	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
<b>At 1 April 2018</b>	<b>1,111</b>	<b>658</b>	<b>320</b>	<b>109</b>	<b>107</b>	<b>2,305</b>
Change in the discount rate	15	22	-	-	-	37
Arising during the year	147	414	347	180	-	1,088
Utilised during the year	(85)	(59)	(153)	-	-	(297)
Reversed unused	(5)	(5)	(69)	(26)	(107)	(212)
Unwinding of discount	1	1	-	-	-	2
<b>At 31 March 2019</b>	<b>1,184</b>	<b>1,031</b>	<b>445</b>	<b>263</b>	<b>-</b>	<b>2,923</b>
<b>Expected timing of cash flows:</b>						
- not later than one year;	162	398	445	263	-	1,268
- later than one year and not later than five years;	648	318	-	-	-	966
- later than five years.	374	315	-	-	-	689
<b>Total</b>	<b>1,184</b>	<b>1,031</b>	<b>445</b>	<b>263</b>	<b>-</b>	<b>2,923</b>

Pensions: early departure costs  
Pensions: injury benefits

These are ongoing costs payable over the life on the individuals concerned.

Legal claims

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 2019/20.

Redundancy

\* In 2018/19 the analysis of provisions has been revised to separately identify provisions for injury benefit liabilities. In previous periods, these provisions were included within early departure costs.

**Note 36.2 Provisions for liabilities and charges analysis (Trust)**

Trust	Pensions: early departure costs	Pensions: injury benefits*	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
<b>At 1 April 2018</b>	1,111	658	320	109	107	<b>2,305</b>
Change in the discount rate	15	22	-	-	-	<b>37</b>
Arising during the year	147	414	347	180	-	<b>1,088</b>
Utilised during the year	(85)	(59)	(153)	-	-	<b>(297)</b>
Reversed unused	(5)	(5)	(69)	(26)	(107)	<b>(212)</b>
Unwinding of discount	1	1	-	-	-	<b>2</b>
<b>At 31 March 2019</b>	<b>1,184</b>	<b>1,031</b>	<b>445</b>	<b>263</b>	-	<b>2,923</b>
<b>Expected timing of cash flows:</b>						
- not later than one year;	162	398	445	263	-	<b>1,268</b>
- later than one year and not later than five years;	648	318	-	-	-	<b>966</b>
- later than five years.	374	315	-	-	-	<b>689</b>
<b>Total</b>	<b>1,184</b>	<b>1,031</b>	<b>445</b>	<b>263</b>	-	<b>2,923</b>

### Note 36.3 Clinical negligence liabilities

At 31 March 2019, £7,739k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Lancashire Care NHS Foundation Trust (31 March 2018: £9,581k).

### Note 37 Contingent assets and liabilities

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
<b>Value of contingent liabilities</b>				
NHS Resolution legal claims	(183)	(194)	(183)	(194)
<b>Gross value of contingent liabilities</b>	<b>(183)</b>	<b>(194)</b>	<b>(183)</b>	<b>(194)</b>
Amounts recoverable against liabilities	-	-	-	-
<b>Net value of contingent liabilities</b>	<b>(183)</b>	<b>(194)</b>	<b>(183)</b>	<b>(194)</b>
<b>Net value of contingent assets</b>	-	-	-	-

The Trust had £183k (2017/18 £194k) of contingent liabilities being in relation to the Risk Pooling Schemes for Trusts.

### Note 38 Contractual capital commitments

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Property, plant and equipment	-	6,800	-	6,800
Intangible assets	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6,800</b>	<b>-</b>	<b>6,800</b>

The trust has no material commitments to disclose.

### Note 39 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 40 On-SoFP PFI, LIFT or other service concession arrangements**

The Trust has a single PFI scheme that it recognises as being on-Statement of Financial Position. The term of the PFI expires during 2024/25.

**Note 40.1 Imputed finance lease obligations**

The following are obligations in respect of the finance lease element of on-Statement of Financial Position PFI schemes:

	Group		Trust	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£000	£000	£000	£000
<b>Gross PFI, LIFT or other service concession liabilities</b>	<b>3,015</b>	<b>3,465</b>	<b>3,015</b>	<b>3,465</b>
<b>Of which liabilities are due</b>				
- not later than one year;	613	595	613	595
- later than one year and not later than five years;	2,402	2,381	2,402	2,381
- later than five years.	-	489	-	489
Finance charges allocated to future periods	(783)	(991)	(783)	(991)
<b>Net PFI, LIFT or other service concession arrangement obligation</b>	<b>2,232</b>	<b>2,474</b>	<b>2,232</b>	<b>2,474</b>
- not later than one year;	374	324	374	324
- later than one year and not later than five years;	1,858	1,638	1,858	1,638
- later than five years.	-	512	-	512

**Note 40.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments**

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

	Group		Trust	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£000	£000	£000	£000
<b>Total future payments committed in respect of the PFI, LIFT or other service concession arrangements</b>	<b>7,106</b>	<b>8,550</b>	<b>7,106</b>	<b>8,550</b>
<b>Of which liabilities are due:</b>				
- not later than one year;	1,444	1,444	1,444	1,444
- later than one year and not later than five years;	5,661	5,777	5,661	5,777
- later than five years.	-	1,329	-	1,329

**Note 40.3 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	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
<b>Unitary payment payable to service concession operator</b>	<b>1,541</b>	<b>1,444</b>	<b>1,541</b>	<b>1,444</b>
<b>Consisting of:</b>				
- Interest charge	206	180	206	180
- Repayment of finance lease liability	310	290	310	290
- Service element and other charges to operating expenditure	741	709	741	709
- Revenue lifecycle maintenance	284	265	284	265
<b>Total amount paid to service concession operator</b>	<b>1,541</b>	<b>1,444</b>	<b>1,541</b>	<b>1,444</b>



## **Note 42 Financial instruments**

### **Note 42.1 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 Trusts 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 42.2 Carrying values of financial assets

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

Group	Held at fair value			Total book value £000
	Held at amortised cost £000	through I&E £000	Held at fair value through OCI £000	
<b>Carrying values of financial assets as at 31 March 2019 under IFRS 9</b>				
Trade and other receivables excluding non financial assets	22,584	-	-	<b>22,584</b>
Other investments / financial assets	187	-	-	<b>187</b>
Cash and cash equivalents	30,344	-	-	<b>30,344</b>
<b>Total at 31 March 2019</b>	<b>53,115</b>	<b>-</b>	<b>-</b>	<b>53,115</b>

Group	Assets at fair value				Total book value £000
	Loans and receivables £000	through the I&E £000	Held to maturity £000	Available-for-sale £000	
<b>Carrying values of financial assets as at 31 March 2018 under IAS 39</b>					
Trade and other receivables excluding non financial assets	21,666	-	-	-	<b>21,666</b>
Other investments / financial assets	250	-	-	-	<b>250</b>
Cash and cash equivalents	19,228	-	-	-	<b>19,228</b>
<b>Total at 31 March 2018</b>	<b>41,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,144</b>

Trust	Held at fair value			Total book value £000
	Held at amortised cost £000	through I&E £000	Held at fair value through OCI £000	
<b>Carrying values of financial assets as at 31 March 2019 under IFRS 9</b>				
Trade and other receivables excluding non financial assets	23,848	-	-	<b>23,848</b>
Other investments / financial assets	187	-	-	<b>187</b>
Cash and cash equivalents	28,300	-	-	<b>28,300</b>
<b>Total at 31 March 2019</b>	<b>52,335</b>	<b>-</b>	<b>-</b>	<b>52,335</b>

Trust	Assets at fair value			Available-for-sale	Total book value
	Loans and receivables	through the I&E	Held to maturity		
	£000	£000	£000	£000	£000
<b>Carrying values of financial assets as at 31 March 2018 under IAS 39</b>					
Trade and other receivables excluding non financial assets	21,666	-	-	-	21,666
Other investments / financial assets	250	-	-	-	250
Cash and cash equivalents	19,228	-	-	-	19,228
<b>Total at 31 March 2018</b>	<b>41,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,144</b>

#### Note 42.3 Carrying values of financial liabilities

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

Group	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
<b>Carrying values of financial liabilities as at 31 March 2019 under IFRS 9</b>			
Loans from the Department of Health and Social Care	50,212	-	50,212
Obligations under PFI, LIFT and other service concession contracts	2,232	-	2,232
Trade and other payables excluding non financial liabilities	25,718	-	25,718
Provisions under contract	2,923	-	2,923
<b>Total at 31 March 2019</b>	<b>81,085</b>	<b>-</b>	<b>81,085</b>

Group	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
<b>Carrying values of financial liabilities as at 31 March 2018 under IAS 39</b>			
Loans from the Department of Health and Social Care	52,657	-	52,657
Obligations under PFI, LIFT and other service concession contracts	2,474	-	2,474
Trade and other payables excluding non financial liabilities	25,713	-	25,713
Other financial liabilities	129	-	129
Provisions under contract	2,305	-	2,305
<b>Total at 31 March 2018</b>	<b>83,279</b>	<b>-</b>	<b>83,279</b>

Trust	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2019 under IFRS 9</b>			
Loans from the Department of Health and Social Care	50,212		50,212
Obligations under PFI, LIFT and other service concession contracts	2,232		2,232
Trade and other payables excluding non financial liabilities	25,718		25,718
Other financial liabilities	129		129
Provisions under contract	2,923		2,923
<b>Total at 31 March 2019</b>	<b>81,214</b>	<b>-</b>	<b>81,214</b>

Trust	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2018 under IAS 39</b>			
Loans from the Department of Health and Social Care	52,657	-	52,657
Obligations under PFI, LIFT and other service concession contracts	2,474	-	2,474
Trade and other payables excluding non financial liabilities	25,169	-	25,169
Other financial liabilities	129	-	129
Provisions under contract	2,305	-	2,305
<b>Total at 31 March 2018</b>	<b>82,735</b>	<b>-</b>	<b>82,735</b>

#### Note 42.4 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 42.5 Maturity of financial liabilities

	Group		Trust	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
In one year or less	28,706	26,686	28,162	26,686
In more than one year but not more than two years	518	491	518	491
In more than two years but not more than five years	1,915	1,546	1,915	1,546
In more than five years	49,946	54,556	49,946	54,556
<b>Total</b>	<b>81,085</b>	<b>83,279</b>	<b>80,541</b>	<b>83,279</b>

**Note 43 Losses and special payments**

<b>Group and trust</b>	<b>2018/19</b>		<b>2017/18</b>	
	<b>Total number of cases Number</b>	<b>Total value of cases £000</b>	<b>Total number of cases Number</b>	<b>Total value of cases £000</b>
<b>Losses</b>				
Cash losses	26	12	15	3
Bad debts and claims abandoned	23	106	5	3
<b>Total losses</b>	<b>49</b>	<b>118</b>	<b>20</b>	<b>6</b>
<b>Special payments</b>				
Compensation under court order or legally binding arbitration award	2	22	-	-
Ex-gratia payments	21	8	35	18
<b>Total special payments</b>	<b>23</b>	<b>30</b>	<b>35</b>	<b>18</b>
<b>Total losses and special payments</b>	<b>72</b>	<b>148</b>	<b>55</b>	<b>24</b>
Compensation payments received		-		-

**Note 44 Gifts**

There are no gifts to disclose for the year ended 31 March 2019.

**Note 45.1 Initial application of IFRS 9**

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £129k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model resulted in a £0k decrease in the carrying value of receivables.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £0k.

**Note 45.2 Initial application of IFRS 15**

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

The introduction of this standard has had no impact to the Trust.

#### Note 46 Related parties

Lancashire Care 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 46.1 Department of Health and Social Care

The Trust has had a significant number of material transactions with entities for which the Department of Health is regarded as the parent Department. These entities are:

	2018/19 Debtor £000	2018/19 Creditor £000	2018/19 Income £000	2018/19 Expenditure £000
NHS Blackburn With Darwen CCG	2,947	29	35,592	0
NHS Blackpool CCG	637	0	18,352	0
NHS Chorley And South Ribble CCG	1,155	0	37,005	0
NHS East Lancashire CCG	1,429	0	47,117	0
NHS Fylde & Wyre CCG	461	17	20,930	0
NHS Greater Preston CCG	1,094	0	41,329	0
NHS Morecambe Bay CCG	0	1,295	18,753	0
NHS Southport and Formby CCG	706	0	11,511	0
NHS West Lancashire CCG	1,234	0	13,246	0
NHS England	6,583	0	51,216	26
Health Education England	238	0	10,965	8
Lancashire Teaching Hospitals NHS FT	681	1,555	669	3,998
East Lancashire Hospitals NHS FT	293	600	120	2,565
NHS Property Services	106	2,513	0	3,067
Community Health Partnerships	64	665	52	3,543
Other DoH bodies *	2,221	#REF!	9,692	4,619
<b>Sub-total</b>	<b>19,849</b>	<b>#REF!</b>	<b>316,549</b>	<b>17,826</b>

\* represents transactions with a number of healthcare commissioners

#### Note 46.2 Other Healthcare Commissioners

The Trust has also had a significant number of material transactions with other entities who have commissioned our

	2018/19 Debtor £000	2018/19 Creditor £000	2018/19 Income £000	2018/19 Expenditure £000
Lancashire County Council	2,517	85	26,918	1,852
Blackpool Borough Council	31	-	31	678
Blackburn with Darwen Borough Council	204	-	5,059	754
Burnley Borough Council	-	-	-	141
Lancaster City Council	-	1	-	198
Preston City Council	-	-	-	322
South Ribble Borough Council	-	-	-	223
Other commissioners *	82	-	256	452
<b>Sub-total</b>	<b>2,834</b>	<b>86</b>	<b>32,264</b>	<b>4,620</b>

\* 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 46.3 Other Central Government**

	2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000
	Debtor	Creditor	Income	Expenditure
NHS Pension Scheme	-	3,365	-	24,886
National Insurance Fund	-	2,819	-	19,246
Other Central Government*	1,355	2,297	644	42
<b>Sub-total</b>	<b>1,355</b>	<b>8,481</b>	<b>644</b>	<b>44,174</b>

\* represents immaterial transactions with a number of Central Government bodies

**Note 46.4 Other Related Parties**

	2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000
	Debtor	Creditor	Income	Expenditure
UCLAN	15	8	56	311
Alzheimer's Society	0	0	0	48
<b>Sub-total</b>	<b>15</b>	<b>8</b>	<b>56</b>	<b>359</b>

	2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000
	Debtor	Creditor	Income	Expenditure
Harvey House Social Enterprises Ltd	148	0	0	0
<b>Sub-total</b>	<b>148</b>	<b>0</b>	<b>0</b>	<b>0</b>

No income or expenditure was recognised in 2018/19. Payments continue to be received.

	2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000
	Debtor	Creditor	Income	Expenditure
Red Rose Corporate Services LLP	-	-	153	30
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>30</b>
<b>Total</b>	<b>24,201</b>	<b>#REF!</b>	<b>349,666</b>	<b>67,009</b>

In 2010/11 the Trust entered into a joint venture registered as Red Rose Corporate Services (RRCS). It was established as a Limited Liability Partnership (LLP) between Lancashire Care NHS Foundation Trust (LCFT) and Ryhurst Ltd for the purpose of providing estate management services. The Trust terminated its estate management services contract with RRCS 31 March 2018. RRCS will continue to deliver a small number of transactions to the Trust until such time the partners decide the future direction of the JV

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 47 Charity**

The Trust is a corporate trustee of the Lancashire Care 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 £16k (£17k to 31 March 2018). 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.



**TEAMWORK**

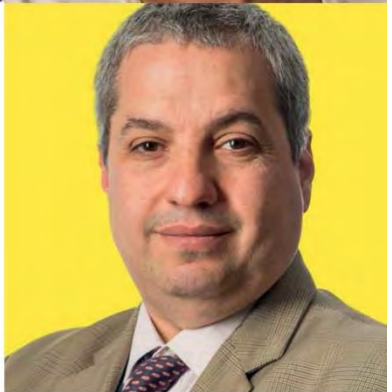


**COMPASSION**



**RESPECT**

**QUALITY ACCOUNT  
2018/19**



**ACCOUNTABILITY**



**EXCELLENCE**



**INTEGRITY**




**PEOPLE AT THE HEART**

[#PEOPLEATTHEHEART](#)

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## PART 1

# 1.1 Welcome and Introduction to the Quality Account

We welcome the opportunity to outline how we have performed over the course of 2018/19. The Quality Account outlines the good work that has been undertaken, progress made in improving the quality of our services and identifies the areas for improvement that will be the key focus for the Trust during 2019/20.

Lancashire Care NHS Foundation Trust provides health and wellbeing services for a population of around 1.5 million people. The services provided include community nursing, health visiting and a range of therapy services including physiotherapy, podiatry and speech and language therapy. Wellbeing services provided include smoking cessation and healthy lifestyle services. The Trust specialises in secure, inpatient and community mental health services. Lancashire Care NHS Foundation Trust covers the whole of the county and employs around 7,000 members of staff across more than 400 sites, working with a multitude of partners.

Our main hospital sites are:

- The Harbour, Blackpool
- The Orchard, Lancaster
- Hillview/Pendleview at the Royal Blackburn Hospital
- Chorley inpatient service and Ribblesmere perinatal facility at Chorley Hospital
- Scarisbrick Unit, Ormskirk Hospital
- The Cove, Heysham
- Guild Lodge, Preston
- Longridge Community Hospital, Longridge

# Quality statement

## 1.2 Statement on Quality from the Chief Executive

I am delighted to have taken up the position of Chief Executive Officer at Lancashire Care on 1st April 2019. I am pleased to introduce the 2018/2019 quality account for Lancashire Care Foundation Trust. This report provides us with an opportunity to highlight some of the main developments to our services and the improvements we have made to our services over the past year across Lancashire Care, whilst also reporting on how we have performed against key national and locally determined clinical standards, waiting times and our key quality improvement priorities.

The last 12 months have been, without doubt, the most challenging period in recent years as along with the rest of Lancashire, the Trust has seen unprecedented demand within our urgent care services. This means the high numbers of patients requiring treatment and hospital admission has led to significant pressures across our services and affected the wider health system. Because of the pressures we have seen an increase in out of area placements and patients waiting long hours for inpatient admission which is not acceptable to us.

We have an improvement plan in place and we are working as a system and the Lancashire and South Cumbria Integrated Care System have commissioned an independent system wide review of mental health services. Our priority is to support staff and patients and keep services running safely to ensure patients receive good safe treatment in a timely manner.

Our physical community health services have been supporting more patients at home and we continue to work with our partners to make transfers to care homes and other settings as rapid as possible.

The Trust has previously made the difficult decision to withdraw from the provision of prison healthcare services. This culminated in the planned divestment from HMP Liverpool at the beginning of the year as the last remaining prison service. I would like to thank staff that have transferred to the new provider for their care and resilience through this difficult time.

Sadly, this year we were also unsuccessful in retaining our 0-19 public health services commissioned by Lancashire County Council (School Nursing and Health Visiting). I wish all the staff that are transferring to the new provider on the 1 April success for the future and I'm encouraged that their experience and knowledge will still be supporting the children and families of Lancashire.

I am amazed by the resilience of our staff and their strong desire to achieve high quality care for all our patients and users of our services. Although I recognise the system pressures have affected staff morale, recruitment and retention, which is reflected in the recent staff survey. Our staff are our greatest asset and next year we will focus on staff wellbeing, attracting and retaining staff. Our plans are to support staff with continued development, identifying talent to enable succession planning, whilst creating a supported flexible workforce that can adapt to the ever-changing environment.



The views of our patients, service users and staff are very important to us. We will be continually seeking to engage and receive feedback through a number of methods, including surveys, patient and staff stories; all of which provide us with vital information and views on how we can improve services further.

In year, Northumberland, Tyne and Wear NHS Foundation Trust (NTW) was commissioned to undertake a review of the current adult mental health urgent care pathway across Lancashire. The outcome of the review will support the Trust to make improvements and shape its future models of care.

Looking ahead, 2019/20 will be just as challenging from both a financial perspective and in terms of increasing demand for our services and national shortfalls in workforce supply. The challenges we have experienced have been significant, but next year we will be embarking on a programme of transformation across all our services. Ensuring we make the changes needed to consistently deliver services that meet the standards people who use or rely on them quite rightly expect and deserve.

Next year will see us embark on a journey to become an organisation with a culture of continuous improvement. The foundation will be service users, carers, staff and key partners working together. We want to improve outcomes and experiences for all people who use our services, and improve the quality of the care we provide. This programme will support every staff member, service and team to learn and use continuous quality improvement methodology in partnership with people with lived experience of our services.

Finally, I am pleased to confirm that the Board of Directors has reviewed this 2018/19 Quality Account and confirm that it is an accurate and fair reflection of our performance. I hope that this Quality Account provides you with a clear picture of how important quality improvement, safety and service user and carer experience are to us at Lancashire Care. On behalf of the Board, I want to thank all staff for their continued contribution.

Professor Heather Tierney Moore retired from service on 31 March 2019, as Chief Executive Officer, and due to the timings, was the accountable officer for the review of 2018/19.

Mrs Caroline Donovan commenced in post as the Chief Executive Officer from 1 April 2019 and was therefore the accountable officer thereafter.



**Caroline Donovan**  
Chief Executive  
23 May 2019

## 1.3 Quality Focus during 2018/19

### New or significantly revised services

#### CAMHS/THRIVE

The Trust is working with all providers and commissioners across Lancashire and South Cumbria Children as part of the Young People's Emotional Wellbeing and Mental Health to redesign children's mental health services.

The Children and Adolescent Mental Health Services (CAMHS) re-design covers all NHS funded mental health services for children and young people from birth up to the age of 19 across Lancashire and South Cumbria.

This is an extensive programme of work planned around each of the six key priorities:

- Access - Ensuring CYP and their families can access help when they need it
- Crisis - Improving care for children and young people experiencing an emotional or mental health crisis
- Care for the most vulnerable - Improving care for children and young people who are most vulnerable, including Children Looked After and on the Edge of Care and all those who experience trauma, abuse and neglect
- Resilience - Building resilience, prevention and intervening early when problems emerge
- Workforce - Training and development of the workforce
- Engagement - Understanding CYP and families' needs and views and working with partners across the whole system

The re-designed services will reflect the THRIVE model, support the delivery of the 35% access targets and allow CAMHS to take referrals from birth up to the age of 18 with continued support up to the age of 19, as needed.

#### The Cove

The Trust responded to issues at the Cove raised by the CQC inspection, Quality Network for Inpatient CAMHS (QNIC) peer view and NHSE quality visits and has worked in conjunction with young people that use the service to introduce a number of positive changes. The work has included focusing on staff and young person engagement and increasing staff training, centred on violence reduction. The Trust has also introduced meaningful activities for service users, including exercise, eco-therapy and activities in the community.

Improvements have been made within the environment comprising of a full redecoration of the site. Improvements include the feature of young people's artwork and murals, clearly defined uses for rooms with names chosen by the young people and transformation of the outside space.

#### Perinatal Mental Health Services

The Trust was awarded the contract to build and develop a new perinatal mental health mother and baby unit and associated perinatal clinical services for Lancashire and Cumbria. The eight bedded unit opened in Chorley in November 2018 to facilitate the treatment of women suffering from severe perinatal illness such as postpartum psychosis, bipolar disorder, postnatal

depression or anxiety. The unit provides an outreach service in Lancashire and Cumbria to help facilitate a smooth and timely discharge from the unit as well as working with home treatment teams to help support women vulnerable to admission in the community if it is safe to do so.

The Trust uses various therapeutic activities with service users, their babies and their families, and since opening, the unit has been at 80-100% bed occupancy. Additionally, the Trust has a short stay house adjacent to the perinatal unit to enable families of residents to be close to them to further enable the progression of health improvement. The accommodation is offered free of charge and typically for a period of two nights.

### [The Integrated Musculoskeletal \(MSK\) service](#)

The Central Lancashire Moving Well Service became live in August 2018 and is a new integrated musculoskeletal (MSK) service inclusive of Rheumatology, MSK, Pain, Chronic Fatigue and Community Physiotherapy teams to improve patient outcomes and experience. Since mobilisation the service has received approximately 15,000 referrals.

The service has been commissioned by Greater Preston CCG and Chorley and South Ribble CCG and is delivered in partnership with Lancashire Teaching Hospitals NHS Trust and Ascenti, an independent provider of physiotherapy and MSK services. The service works in partnership with Ramsey Health Care and Bespoke Health Care who provide diagnostic services.

Key focuses for the service are:

- Prevention
- Early intervention
- A holistic approach to patient needs

The integrated ethos of the service has realised benefits for patients through its multi-disciplinary approach, which reduces the need for numerous referrals and therefore streamlines and improves the patient journey. The service continues to build relationships with third sector organisations to further evolve the model and incorporate these partners into patient pathways; this will offer patients with long term conditions ongoing support following discharge and encourage self-management. The service works closely with Primary Care to offer education and support to clinicians and clinical leads from the service have attended GP education sessions and plan to attend further educational events and Peer Groups during 2019.

## [Our Partnerships](#)

### [ADHD Services](#)

Leading Excellence with ADHD in Primary Care (LEAP) is the new model for adult ADHD services which has been delivered across the seven participating Lancashire CCGs. The new LEAP model will demonstrate innovative working by the Trust and provide improved standards of care through a more holistic approach. This will lead to better use of capacity across the system. LEAP will increase the numbers of GPs with enhanced skills to deliver lifelong ADHD care through the systematic use of Lancashire wellbeing services for adult ADHD patients and by bringing care closer to home by increasing the services delivered in local clinics.



## MyPlace

MyPlace is an innovative partnership between Lancashire Care and Lancashire Wildlife Trust funded by the Big Lottery Fund, which encourages young people aged 13-24 years old to explore the environment by offering opportunities to participate in eco-therapy based activities. Ecotherapy is a wide range of activities which are closely aligned to the recognised '5 ways to wellbeing':

- Connect with others
- Be more active
- Take notice
- Keep learning
- Give to others

The project enables young people to develop new skills, increase their self-esteem, build resilience and improve their own self-confidence. The total number of referrals this year is 104. The activities undertaken at MyPlace are being adopted at the Trust with a variety of activities now taking place at The Cove including: mindfulness, clearing the raised beds, creating bird feeders, planting sensory plants, creating a bug hotel and painting plant beds. MyPlace ecotherapy activities also take place at the Trust's inpatient unit the Harbour.

The Trust completed a six week programme of ecotherapy at Mayfield School in Chorley which is a Special Education Needs School.

## Change Talks

Change Talks we have supported and employed an individual to deliver. This is a programme delivered throughout Lancashire schools and colleges, with a key aim to develop more resilient young people. The basis of the offer is a 6 week programme educating young people about positive coping strategies to help with their mental health.

The vision of Change Talks is to work alongside primary mental health workers and Lancashire emotional health in schools to deliver a 'whole school approach service'. Change Talks has a six week programme which has certain themes which will be delivered to the pupils. Whilst this six week programme is being delivered, the primary mental health workers and Lancashire emotional health in schools will deliver the education to the pupil's parents and teachers. This will be in line with the same themes as the Change Talks programme on a fortnightly basis. The aim is to deliver this for 3 years to a year 9 group and then year 10 and 11 following this positive education we can develop well-being ambassadors.

## Richmond Fellowship

Working in partnership with Richmond Fellowship in providing effective support to people who are experiencing a crisis through a range of occupational and social therapeutic approaches, a further crisis house in Burnley. Oak House offers people living with mental health conditions a discreet place of sanctuary during times of need. They work closely with each individual guest to give them the tools and coping mechanisms they need to support their ongoing mental health recovery.

## 24/7 Home Treatment Team

The model for 24/7 Home Treatment Teams (24/7 HTT) is mandated in the NHS Five Year

Forward View for mental health. The Trusts 24/7 HTT model has been co-produced by clinical and operational leads to improve clinical staffing capacity and build relationships with third sector providers. The approach, once fully operational across all localities, intends to reduce demand for inpatient beds and shorten the length of stay for patients wherever possible.

The service is currently being piloted in Blackpool, Fylde and Wyre and East Lancashire to test sustainability and alignment with system requirements, which once successful, will be replicated across all areas.

### AQuA

Across 2018/19, the Trust has been working in partnership with AQuA to undertake a deep dive review of the system's current personality disorder pathway to understand the current barriers and enablers of flow. A series of stakeholder engagement and quality improvement events have taken place complimented by lived experience sessions with service users, families and carers, to support the development of the newly improved pathway. The programme will be initiated through a phased approach to support flow with full implementation to be delivered during 2019/20.

### CORE 24

CORE 24 aims to ensure that all mental health liaison services more effectively manage and meet demand, are fully compliant with the CORE 24 standard and will deliver NICE approved interventions that are fully integrated into a wider system of care and support for people who use Trust services. The Mental Health Liaison Teams (MHLT) deliver an integrated offer across the urgent care pathway via a 24 hour service that operates across an entire hospital. The Trust continues to work towards complete implementation of CORE 24 in all mental health liaison services.

The CORE 24 mental health liaison services act as a single point of contact for all patients and will be delivered from four sites:

- University Hospitals of Morecambe Bay, at Royal Lancaster Infirmary
- East Lancashire Teaching Hospitals, at Royal Blackburn Hospital
- Blackpool Teaching Hospitals, at Blackpool Victoria Hospital
- Lancashire Teaching Hospitals, at Royal Preston

### The Mental Health Helpline

A key recommendation within the Five Year Forward View for mental health is to ensure access to a suicide prevention strategy. Jointly with Lancashire County Council (LCC) the Trust, in particular the Trust's Medical Director, is a key partner within the Suicide Prevention Oversight Group, whilst also providing Lancashire's dedicated Wellbeing and Mental Health Helpline. The Helpline provides emotional support for those experiencing low mood or distress and provides useful information for loved ones.

### Developments of Services Involving Other Local Initiatives and Services

The Trust works hard to work with local services, agencies and the public to develop services that are fit for purpose and beneficial to the public. Throughout 2018/19, the Trust has participated in the following developments to provide better services to meet the local needs:

### Psynergy Project - Blackpool

The Psynergy Team is a pilot scheme made up of various agencies that work together to attend incidents ensuring the most suitable professional leads the triage of the incident, with the ultimate aim of reducing demand on emergency services through appropriate triage. The pilot has been operational in Blackpool since 01 December 2018 and is funded through winter resilience monies and consists of an Emergency Care Practitioner, Paramedic, Police Officer and a qualified Mental Health Worker.

The Psynergy Team intervention was established following increased levels of mental health related incidents that the Trust was not skilled or qualified to support, placing additional demand on already stretched emergency services. A series of multi-agency key performance indicators have been developed to support the work and will be monitored to support the maintenance of the scheme beyond the pilot stage.

### The Recovery College and Recovery Vehicle

Lancashire Care has embraced the concept of recovery which enables a sound guide for developing the culture and practices within the service. Recovery, as defined by people who use services, refers to an individual's experience of understanding, managing and overcoming their health challenges so that they can live the life they want to lead. Through adopting the principles, the Trust has developed a number of programmes to support with the work. During 2018/19, the Trust has focussed on integration, co-production, partnerships and community development.

In January 2019, the Trust launched a virtual recovery college model to empower people with mental health problems to become experts in their own recovery. The Recovery College provides a range of courses and workshops to enable service users, carers and members of staff to develop their skills, understand mental health, identify goals and support their access to opportunity.

The Trust works in partnership with Lancashire Adult Learning, My Place and Beacon Counselling and other third party providers that have established courses available that can be delivered within the Recovery College.

In order to engage with staff, partners and the public and raise awareness of mental health, Lancashire Care have purchased a recovery vehicle 'HARRI' which will be used as a mobile health resource to offer health promotion, advice and activities. HARRI will support the Lancashire Recovery College and will enable individuals to book on the wellbeing courses from the bus, with the support of our warm welcoming team members.

### Calico Group – detoxification services

To provide in-reach services to Blackpool Fylde and Wyre until March 2020, the Trust is working in partnership with the ICS and the Calico Group, a third sector provider who will be covering:

- detoxification services in an inpatient setting
- drug and alcohol support workers and
- peer support workers

Through the development of formalised peer support roles, people with lived experience of mental health problems are trained and employed to support others.

## Team Awards

The Trust's hard working teams have received national recognition for their work in a number of areas:

- The Burnley and Pendle speech and language therapy team were nominated for the Healthier Communities NHS70 Parliamentary Awards by Andrew Stephenson MP
- The RCNi Learning Disability Nursing Award was awarded to Tracey Hartley-Smith for bridging a gap in services for children with learning disabilities and autism in North Lancashire and developing a service that has led to positive outcomes for families and recognition from stakeholders
- The RCNi Queen Nursing Award was presented to Kathryn Woods
- The Patient Safety Award at the National Pharmacy Technician's ceremony was presented to Jane Astley
- At the ENEI awards the Trust was shortlisted in 3 categories and won for 'Community Impact'
- At Healthcare Financial Management Association (HFMA) North West Branch Awards 2018, the Finance Department won the 'Best Place to Work' category
- The Trust was shortlisted for the Nursing Times Workforce Awards in the 'Best Recruitment Experience' category
- Dr Gareth Thomas won North West Trainer of the Year at the RCPsych Awards 2018
- Dr Muhammed Naeem was awarded CESR evaluator of the year at the RCPsych Awards 2018
- Three services were shortlisted at the national Positive Practice Awards 2018 with the Rapid Improvement and Intervention Team winning in the category of 'older adult functional mental health services'
- The Ministry of Defence Armed Forces Covenant Employer Recognition Scheme's Silver Award 2018 was presented to the Trust
- The Community Pain service won at the Good Help Awards for 'good help practice'
- The Trust won the 'Improving Working Lives' category at the Allocate Awards 2018
- The Trust made the shortlist for the Excellence in Diversity Awards
- The DESMOND Team in Central Lancashire won at the Celebrating DESMOND Annual Awards Programme 2018 in 'Team of the Year'
- Alongside Richmond Fellowship, the Trust is shortlisted for a HSJ Partnership Award for 'best not for profit working in partnership in the NHS' for the services it jointly provides to support people in crisis
- Dr Yousaf Iqbal, consultant, was awarded supervisor of the year for the day to day supervision he oversees and development of academic training

## Consultation with Local Groups and Organisations, including the Overview and Scrutiny Committees of Local Authorities Covering the Membership Areas

The Trust has positive relationships with the main health scrutiny committees and health watch across the Trust localities. The Trust attends overview and scrutiny committee meetings when requested to present updates on the Trust plans and make specific presentations on any proposed changes to services.

## Any Other Public and Patient Involvement Activities

The development of the recently opened inpatient and community perinatal services was

contributed to through a targeted virtual group which included mothers with lived experience, members of the public and staff.

In Southport and Formby, patient engagement activity has given the Trust the opportunity to listen to service user's experience.

The Trust has agreed a model for future working with Healthwatch Sefton based on identifying a specific service and deploying a service manager to provide patients with real time updates of service provision to improve the patient relationship and shortening the time to respond to questions

A seclusion group has been established attended by individuals with lived experience of seclusion, families and carers of people with lived experiences and multi-professional stakeholders from clinical settings in the Trust. The aim of the group is to inform changes to process and practice in relation to seclusion.

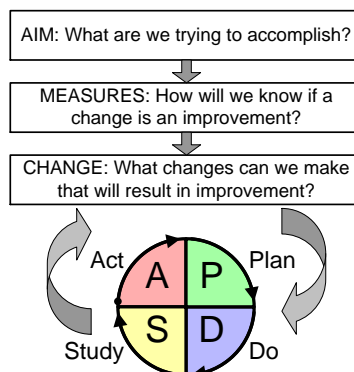
### Developing Services and Improving Patient Care

During 2018/19 the Trust took key steps to strengthen and support the principle that taking a quality improvement approach is 'the way we do things' moving towards an improvement culture and system. An initial step has been the alignment of expertise in:

- Bringing together performance and business intelligence to support providing and presenting data to drive and measure improvements
- New innovation and digital technology in healthcare
- Transformation in the organisation encompassing large scale project planning, design and management, responding to tender opportunities and during mobilisation/de-mobilisation
- Quality improvement expertise underpinning transformation and change looking at what matters most and discovering solutions co-produced and co-designed with those closest to the work to achieve measured, owned, sustainable change
- Strategic planning to support:
  - aligning the organisation's goals with the improvement efforts of frontline staff with people across the organisation engaging with the vision and quality outcomes
  - Embedding quality improvement principles in large scale change programmes and mainstream business objectives giving consideration to the impact on social value.

Work continues to spread and embed the quality improvement methodology and a range of quality improvement tools. The quality improvement methodology reflects the Institute for Health Care Improvement's model for improvement.

## The model for improvement Our quality improvement framework



QI tools/enablers include: Always events toolkit, Lean principles, 4d appreciative inquiry, driver diagram, 'fishbone' cause and effect diagram

Investing in improvement capability is supporting and empowering staff to take daily actions to improve daily operations. During 2018/19, the Trust launched a Bite Size learning module developed in partnership with the Advancing Quality Alliance (AQuA) supporting the principle that improvement is everyone's job and everyone has an awareness of the approach to improvement. The aim going forward is to work with both AQuA and NHSI to build capability at scale through their tiered learning programmes.

The quality improvement principles and teams will continue to be empowered and supported to use data and listen to feedback from service users, their families, carers and staff to further inform quality improvement. The Trust adopts the principle of listening to and understanding people's experiences and co-designing quality improvement initiatives involving people who use services, families and carers. Together with our staff, this is the foundation of our approach to quality improvement.

### Falls management and prevention to ensure that people using our services are safe from falling

The Trust has worked hard during 2018/19 to ensure that staff have best practice guidance for managing fall prevention and following any fall incidents. This is reflected in the refresh of the fall policy and related protocols.

The Trust Falls Group considers the 'Right Care Pathways guidance' from NHS right care, Public Health England and the National Osteoporosis society. The guidance provides a set of resources that will support the Trust in focussing its improvement efforts into falls prevention and management. The group also reviews data in relation to falls investigations and data trends to consider any spikes in reported incidents.

Increased Physiotherapy establishments at the Harbour, Blackpool has enabled concentrated work to prevent and manage falls with a focus on the impact of zonal observation on falls' risk mitigation. Learning has spread to inpatient wards to support prevention across the organisation.

The following improvements have also been made:

- Training for staff from the 'Steady on' service
- Increased access to Physiotherapy and Occupational therapy assessments.



- Use of Zonal approach in inpatient accommodation
- Trust Falls champions identified.

Falls week was celebrated by teams in October 2018 with a variety of promotional activities including falls' awareness, self-management and access to services.

#### Performance against Key Health Care Targets

The Trust's Quality and Performance Report provides comprehensive information on the Trust's performance in terms of the provision of quality services. This includes performance against the mandated core indicators as set by the Department of Health and NHS Improvement and the four quality priorities informed by themes from serious incidents and complaints, feedback from staff, engagement with people who use services and stakeholders.

#### Service Improvements Following Feedback and Care Quality Commission Reports

A key principle of the Trust's vision is to listen to feedback in order to learn and improve quality as well as celebrate success and good practice. The Friends & Family Test is a key function to understand how patients experience Trust services. People can also provide feedback at any time via the Trust website. Feedback has consistently reported high levels of satisfaction and recommendation and the Trust has considered accessible ways for people to do so including the use of technology and supported feedback through volunteers for hard to reach groups. An accessible form has been specifically designed for people with a learning disability.

The opportunity to feedback is offered to all and people are asked about their experiences in relation to involvement in care planning, courtesy and respect, access to staff, confidence in future treatment by the team, the best aspects of care and ideas for improvement. Teams are supported to use a 'you said we did' approach to demonstrate improvements made following specific feedback. Further information about how the Trust has used feedback to drive improvements can be found in the Trust's Quality Account.

The Trust has a robust system for the receipt of inspection reports, development of improvement plans and tracking of action delivery for all CQC inspections including Mental Health Act Monitoring Visits. The same process is applied to the Quality Assurance Visits undertaken jointly with lead commissioners and Enter and View Visits from Healthwatch.

#### Improvements in Patient and Carer Information

The Trust continues to work closely with service users, families and carers to improve experiences and to ensure that feedback is heard, people are involved in their care and that they are always well informed, which includes working with partner organisations to support carers.

The Trust signed up to the Triangle of Care Programme in 2018 and has progress self-assessments in inpatient mental health wards, secure services and crisis teams. This has been in collaboration with carer organisations and the wider carer community who have joined the self-assessments and delivered carer awareness sessions to our staff. Improvement outcomes have been:

- Enhanced carer information
- Referral for carer care plans
- Inclusion in decision making and
- Improved staff awareness

The Trust is embedding carer champions within its services.

The Trust's external website includes a range of information about services complemented by a range of advice and information leaflets and the Trust has a refreshed feedback leaflet which was co-produced with service users. The website is currently under further review to ensure the public have the most accessible information about our services and how to give us feedback. Following the Trust's successful Quality Improvement Conference in 2018 the event is now embedded in the annual calendar with the Trust hosting a second conference in June 2019 based around recovery and resilience.

#### Information on Complaints' Handling

The Trust remains committed to hearing about the experiences of people using services and those close to them. The successful rollout of case management over the past year in the Mental Health network has seen a significant improvement in compliance whilst maintaining and improving the quality of the reviews and responses. This has resulted in fewer cases being reopened and fewer cases going to the Parliamentary and Health Service Ombudsmen. Compliance has now increased to an average of 87% from 57%.

The Trust has now tested and rolled out a co-designed leaflet for people with learning difficulties (LD) which is currently being used in Learning Disability services with a plan to make the leaflet more widely accessible to people with learning difficulties accessing other services. Additionally, a refreshed training package has been rolled out to support staff reviewing feedback which underpins the Trust's aim to support staff to provide fair, balanced and compassionate reviews and responses.

A range of reporting and assurance tools are being tested across the Trust to ensure that teams and senior leaders have insight into what is being understood from the feedback. These include weekly bulletins and comprehensive 'Experience Reports' which provide an overview of all the activity undertaken by the experience team on a quarterly basis. The Trust also provides information and narrative for the Quality Performance Report on a monthly basis.

The table below details the number of compliments, complaints and comments received during the year, highlighting that there has been a reduction in the number of complaints over the past twelve months.

	2018/19	2017/18
Number of Compliments	7,965	8,190
Number of Complaints	1,146	1,554
Number of Comments	71	65
Enquiries from General Practitioners	12	10
Enquiries from Members of Parliament	136	106



Top themes arising from complaints were:

- Access to treatment or drugs (378)
- Communications (270)
- Clinical Treatment (181)
- Appointment including delays and cancellations (151)

The Trust continues to analyse the above themes to inform quality and service improvements working closely with clinical teams and the quality improvement team.

## 1.4 Looking back at 2018/19 Priorities

### Quality Priority 1 – Supporting staff morale, wellbeing and resilience

We are the regional host of the NHS Leadership Academy's Mary Seacole leadership programme. To date 41 new and emerging leaders within the organisation are currently undertaking the programme within LCFT.

We have co-produced and launched a pilot to support the development of our band 7 clinical leaders and to date we have 24.

We have approximately 133 members who we encourage to get involved, have their say and make a difference to how local healthcare services are provided.

We have more than 60 volunteers who are passionate about working in our services and are available to help patients, staff and visitors.

We have employed 23 peer support workers and are developing our peer support programme to be rolled out across the Trust.

#### Work experience

To date we have facilitated 118 days of work experience in 20 different teams as below:

Team	No of Work experience students	No of work experience days
Change Talks Children & Young People	1	2
Chorley Admin Hub	1	10
Communications Team	1	1
Community Rehab Team	1	10
Dental Admin Team St Peters	1	5
Dietetics	1	5
Diversity & Equality HR	1	5
E-Rostering - HR	2	37
Finance	2	6
Home Treatment Team - Leyland	1	5
HR	1	1
Medical Education	4	19
Minds Matter - Preston	1	2
Physiotherapy	1	5
Psychology	1	5
<b>Total</b>	<b>20</b>	<b>118</b>

## Apprentices

We have employed 85 new apprentices in addition to supporting 82 staff to enrol onto internal apprentices throughout the Trust.

Type of Apprenticeship	Start
Business admin L2	12
Pharmacy level 2	1
IT Applications L2	1
Business admin L3	13
Health and Social Care L3	4
Assistant Accountant Level 3	4
Business admin L4	15
Project Management L4	11
ILM L5	15
CIPD L5	5
Nurse Associates L5	67
Accounting and Taxation professional L7	1
Senior Leader L7	17
IT Specialist Masters level 7	1
<b>Total</b>	<b>167</b>

## Response to Hate Crime

In response to incidents of hate crime that occurred at Guild Lodge we have worked with the police to support staff, take the appropriate action and enable staff to feel safe in the workplace.

A series of events have been held with staff to understand the triggers of workplace stress and explore mechanisms that can be utilised to enable staff to feel supported.

## Flu achievement

We successfully achieved the national mandated CQUIN for flu vaccinations with 77% of our staff being vaccinated.

## People at the Heart Campaign

Our people at the heart campaign connects what staff are telling us and our responses and links them to trust values. This also led to the introduction of revised best practice visits and a value theme of the month programme being delivered.

Staff engagement events were also held to encourage teams to develop initiatives. Further information on the People at the Heart Campaign can be found in the Annual Report.

## How it all fits together

### **What this means for LCFT Staff**

LCFT Staff objectives (From Execs through the organisation)

### **How we all deliver this locally**

**Trust Annual Plan**

### **How and what we will do to deliver our strategic priorities**

People, recovery, quality, estates and information

#### **Our strategic priorities:**

Quality: to provide high quality services

Excellence: to become recognised for excellence

People: to employ the best people

Innovation: to innovate and exploit technology to transform care

Money: to provide financially sustainable services

Sustainability: to deliver sustainable services to meet the needs of the local population

#### **Our values**

Teamwork, compassion, integrity, excellence, respect and accountability

#### **Our vision**

High quality care in the right place at the right time every time

## Quality Priority 2 – Co-design improvements with people who use our services, carers and families truly understanding what matters to them

### Recovery and Resilience

The Recovery Team have engaged in a strategic partnership with University of Central Lancashire to develop a coherent collaboration approach. There are three strands so far, each of which will potentially have sub-projects and QI projects which are:

- Research and Evaluation of the Recovery model within Lancashire. Nationally the literature is sparse, and this allows an opportunity for the Trust to act as a vanguard, there is also evidence that by having research embedded from early in the Recovery process this will provide an innovative perspective of Recovery approaches from inception through to full delivery.
- Student participation – There are opportunities for University of Central Lancashire students to undertake placements within the Recovery College to develop and lead on course delivery and service improvement. There is also an opportunity to develop a student offer for Recovery which will align the organisations to be responsive to future grants from the Office for Students which would align to this type of innovative approach.
- The development of a pathway to education approach – Students at the Recovery College have a coherent and consistent pathway to enter LCFT as volunteers, progress on to Peer Workers, and to access FE and HE education opportunities through such functions as the Apprenticeship levy funded options. There is also interest in educational pathway advice, which would showcase the opportunities for individuals without accredited qualifications to enter nursing, social work and even medicine through Accreditation of Prior Learning, which could be established through work at, and study within the Recovery College.
- Central Lancashire Moving Well Service seeks to improve outcomes for people who have problems with their muscles or joints with a focus on prevention and early intervention. The Trust has established a User/Partnership Reference group - Central Lancashire Moving Well Alliance, which includes a number of Third Sector partners and service users who have supported the setting up of the service and who now meet bi-monthly. The group members are consulted on the service progression and are helping to impact change within the service including supporting pathways in and out of the service and engaging in partnership work to ensure a patient centred approach.

### Attention deficit hyperactivity disorder (ADHD)

The Trust has recently been assessing how its Adult ADHD Service operates and in September 2018 a Patient Champions meeting took place with the aim of understanding more about the experiences of adult ADHD patients in Lancashire. One of their main suggestions that came from the Champions was the additional support that they would like to access including non-medical social support. The LCFT Recovery team are going to work in partnership to support the Champions to potentially set up support groups across Lancashire.

### Whittingham Lives

'Whittingham Lives' is a two year, multi-faceted arts and heritage project aimed at researching, exploring and celebrating the culture and legacy of Whittingham Asylum in Preston, from its

beginnings in the 1850s until its closure in 1995 and demolition in 2016. The project is based on a programme of arts and heritage events which are being held in and around Preston. It is for users of mental health services, former patients, artists, musicians, writers and members of the public. Its central aim is to change public attitudes towards mental illness. Along with the Archives Service of Lancashire County Council and the School of Health, University of Central Lancashire, the Trust is a major partner in the project which receives the majority of its funding from the Heritage Lottery Fund and the Arts Council. Guild Lodge is built on the grounds formerly occupied by the Whittingham Asylum and Lancashire Care formally owns the Asylum records which are housed at the Archives Service.

### Cumbria and Lancashire Mother and Baby Unit

We co-produced the Cumbria and Lancashire mother and baby unit's operational policy with mums with lived experience, taking into account patients' journeys and what would have made a difference. This is now a formal document that is clear, precise and readable by anyone using or working on the unit.

**NHS Lancashire Care**  
NHS Foundation Trust

**Cumbria and Lancashire  
Mother and Baby Unit (Ribblemere)  
and Outreach Service**

The service is for women who are pregnant or have had a baby in the past year and are unwell with a serious mental illness that is having a significant impact on their safety, functioning or interaction with their infant or at high risk of becoming unwell. We also offer pre-conception counselling.

Ribblemere is an 8 bedded unit that can admit mums and their infants up to 12 months old, as well as up to 2 women in the last trimester of pregnancy. We will work closely with maternity services, as well as other mental health services, offering consultation and advice. The outreach CPNs will joint work with women's care coordinators for women who are unwell, vulnerable to admission for their mental illness.

Women can expect a multidisciplinary mental health birth plan before 32 weeks gestation.

Women and their loved ones will be able to visit Ribblemere during pregnancy and there is also an online tour of Ribblemere that anyone can access.

We know that it is a very difficult time for mums and their loved ones if they become unwell with a mental illness at anytime, and particularly in the perinatal period. Some mums can be supported at home with the input of the outreach CPNs and home treatment teams, but we know that admission to a Mother and Baby Unit (MBU) means that mums recover quicker.

If anyone has concerns about the mental health of a mum, they are encouraged to phone the unit and talk with the staff. The MBU staff will discuss whether admission sounds like the right plan for the woman and will ask the referrer to complete an electronic referral form. If not already been done, then the mum will

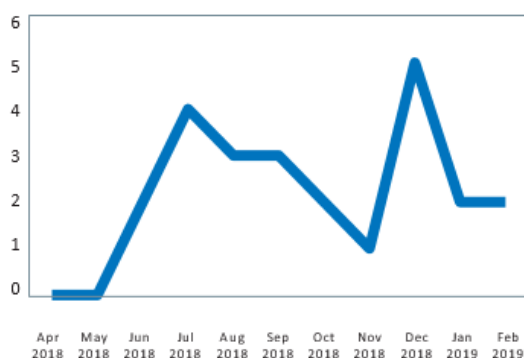
Supporting Health and Wellbeing

## Quality Priority 3 – Supporting safe care

### Pressure Ulcers

We continue to embed the significant improvement in the prevention of avoidable pressure ulcers and the delivery of high quality skin care. A review of pressure ulcer prevention and management guidance has been completed to ensure that practice within LCFT across all disciplines will be reflective of updated NHSE standards. The in-house training offer has been reviewed based on feedback from a staff survey with both online and face to face training being offered

### Grade 3 and Grade 4 Pressure Ulcers from Potential Lapses in care



### Rapid Tranquillisations

The Pharmacy team is working with clinical teams to support consistent monitoring and recording of physical observations following the administration of Rapid Tranquillisations. Quality improvements progressed include:

- Development of a flow chart which is available via a hyperlink on the electronic prescription chart detailing monitoring requirements and prompts for administering Nurses and Prescribers on the electronic prescribing system, have improved compliance with national standards around monitoring patients after receipt of RT, compared with data collected as part of a baseline audit.
- Facilitating focus groups on all of the inpatient units with the view of informing staff of national standards and of the available resources to support staff when required to administer and monitor such patients.

Following our CQC inspection, we have been undertaking a key safety improvement which means the Pharmacy team are now working more effectively with clinical teams to support consistent monitoring and recording of physical observations following the administration of Rapid Tranquillisations Quality improvements.

### The 'Positive and Safe' programme

The Trust has developed and tested a new programme aimed at addressing culture and climate on inpatient units with the aim of changing clinical practice thereby reducing violence and aggression and use of restrictive practices. The 'Positive and Safe' programme has been tested successfully at The Cove. Feedback from participants included:

- 'It's really changed attitudes'.

- “Have learnt the emphasis of restraint being a last resort and many times not necessary”.

The programme has been implemented of the new perinatal mental health inpatient unit with the next roll out phase to progress across the female treatment wards, older adult mental health wards and The Orchard and take place February – July 2019

### Violence Reduction

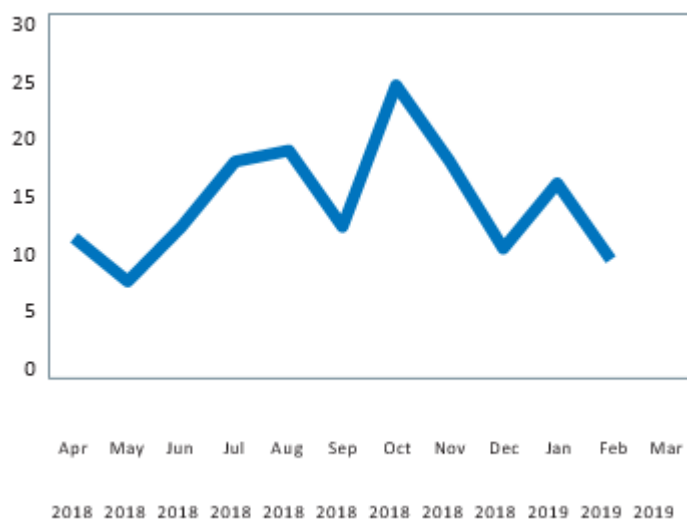
The Safety and Security team has worked increasingly with Lancashire Police over the last year to further build relationships between the mental health units and the police responding to these units when required. The work has included the Violence Reduction team attending the ‘use of force’ training that the police receive. This has enabled the team to cascade information to staff on the wards regarding what to expect from the police if they are called.

Lancashire Constabulary have recently trained 45 officers to be mental health champions. This means that on each shift within each police division across Lancashire there will be an officer who has an extended knowledge of mental health issues. Work is underway with Lancashire Police to identify named link officers for each of the inpatient sites.

### Prone Restraint

The Trust removed intentional use of prone restraint from its practice and training in 2015 and we continue to work towards reducing the use of all restraint. During the year we have developed a new violence and restrictive practice reduction training programme and violence reduction specialist nurses support clinical teams with managing violence and reducing restraint and restrictive practices. All incidents of prone restraint are reviewed by the Safety Department and learning is used to support practice improvements.

### No. of Incidents - Prone restraint





## Quality Priority 4 – Building continuous improvement capability and celebrating successes

The Board of Directors and senior leaders have committed to the development of a culture of continuous improvement and the creation of an organisation which is continually learning and developing. The creation of the Director of Strategic Developments role has been introduced in year which has brought together the Trust's Transformation Advisory Service (TAS), Quality Improvement Team (QI), Performance and Business Intelligence teams, Communication and Engagement and Strategy and Business Planning.

We have already started to build our capacity and capability to achieve these ambitions which will continue into 2019/2020. There will be sustained leadership from the Executives and senior management teams to embed improvement activity as part of the 'day job' rather than an optional extra. This will build commitment from staff, volunteers, leaders and managers to fully embrace improvement principles and concepts.

Our systematic approach to CI has supported the delivery of the Trust's vision, values and strategy. We will continue to build on this and our approach to CI will be fully aligned and integrated to others enabling strategies within the Trust such as the People Plan and Workforce and Organisational Development Strategy. It will actively support delivery of the Trust's Network and Corporate business plans and will also enable the delivery of improvements to increase efficiency and effectiveness. We will work with external partners to support this strategy and ensure coherence of the Trust's approach across the wider healthcare system.

### Our achievements in year include:

- Engagement with staff and volunteers about Continuous Improvement and how it might be used to empower them to make changes and use their innovative ideas to improve working lives and patient experience
- An increased focus on the Trust objectives is informed and developed by colleagues across the service.
- Sign up to Safety (putting safety first) continually learning, being honest, collaborating and being supportive) developing a just culture including training at Board and team level on human factors.
- Collaborative working and education with the key partners to build capability and expertise from within the organisation including Innovation agency, Uclan and Accrington and Rossendale College.
- Launch of a 'Soup' event to allow colleagues from across the organisation to submit and fund ideas for improvement.
- Annual Continuous Improvement conference for staff to showcase opportunities.
- Partnership with Implementing Recovery through Organisational Change (ImROC) supporting us with our recovery and resilience.

### Pressure ulcers:

Pressure Ulcers are often a harm that is acquired in care that is avoidable. Lancashire Care continues to investigate all incidents where pressure ulcers are acquired in our care and lessons learnt are shared widely within the organisation. A number of quality improvement projects to improve pressure ulcer care have been undertaken during 2018/19 and will continue into 2019/20.

The associated overarching quality improvement aim is: 'We will continue the significant improvement in the prevention of avoidable pressure ulcers and the delivery of high quality skin care.

The Trust has adopted several tools to support its work including the safety cross, the daily safety huddle and the safety senate approach. The tools and approaches support the collation and escalation of data and improves communication across teams to ensure key messages are shared.

The safety senate approach aims to ensure that 100% grade 3 and grade 4 pressure ulcers are reviewed by pressure ulcer specialists to determine whether a pressure ulcer acquired by a person in our care was avoidable or unavoidable. The safety senate is fully established and embedded and enables a robust review of all cases.

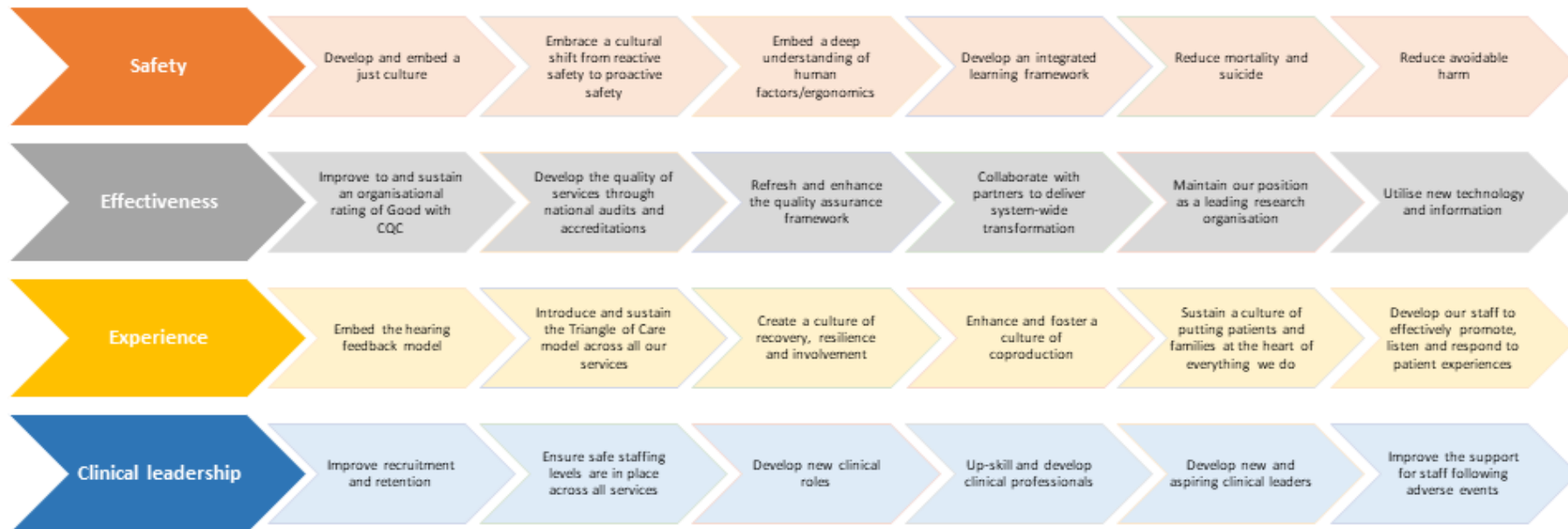
A review of pressure ulcer prevention and management guidance has been completed to ensure that practice within Lancashire Care is reflective of live NHSE standards.

## PART 2

### 2.1 Quality priorities for improvement in 2019/20

In this section we describe our quality priorities for the coming year, the rationale for selecting them and how they will be measured.

The Trust has organised its approach to quality around three domains, as set out by Lord Darzi in his review *High Quality Care for All*. Underpinning these three domains is clinical professional leadership. The quality priorities for 2019/20 have been developed using the same approach.



The new Quality Plan which sets out the priority areas for improvement based on safety, people's experiences of services, effectiveness and leadership across 2019 to 2022. Following approval of the Trusts' Quality Plan in February 2019, detailed plans are being developed for each improvement priority by the end of June 2019 and these will be available in the Trusts' Quality Plan.

The quality priorities reflected in the Quality Account will help us to achieve these long term goals.

The priorities build on those from last year and take into account feedback from:

- Internal reporting known as quality surveillance including people telling us about not feeling safe, concerns about incidents of violence, an increase in reporting of occurrences of pressure ulcers, a continuing need to focus on falls management and prevention.
- National messages about person centred approaches, shared decision making and focusing care 'what matters to me' and a focus on recovery, building resilience and wellbeing/living well
- The national staff survey telling us about the experiences of staff
- National messages about the importance of co-designing quality improvements with people who use services, families, carers and staff.
- Organisations who are rated as outstanding and their message that quality improvement is everyone's business and that building improvement skills is key.

We will:

- Support staff to proactively manage risk in a positive way, learning when things go wrong and acknowledging when things go well
- Continue to strengthen and build on a range of quality improvements to ensure that the care we deliver achieves good personalised outcomes underpinned by the best available evidence.
- Continue to co-design improvements with people who use our services, carers and families truly understanding what matters to them.
- Further strengthen and build on the range of roles and partnerships to support the delivery of high quality care in the right place at the right time. Build quality improvement skills across the organisation.

### Reporting

The performance against each of the priorities will be reported within the Quality and Performance Report through the quality governance structure and through to the Trust Board. A six monthly Quality Plan report will also be provided to the People and Quality Committee outlining progress of the improvement priorities.

# PRIORITY 1 – SAFETY

## What do we want to achieve?

The Trust is committed to keeping patients, staff and the public safe from avoidable harm and to safeguard them from abuse. Our approach to safety is based around proactively managing risk in a positive way with a deep commitment to learn when things go wrong, and when things go well. Our priorities are aspirational, all underpinned by detailed programme plans with an identified senior responsible officer and improvement measures

## What will we do?

- Develop and embed a just culture across the Trust which embraces fairness, integrity, learning, trust and accountability. Our just culture will be co-produced with our workforce, patients, their families, carers and stakeholders and will be based on the principle of a restorative just culture pioneered by Professor Sidney Dekker.
- Embrace a cultural shift from reactive safety to proactive safety using Safety - I to Safety - II thinking advocated by Professor Erik Hollnagel where we become a highly resilient organisation, focusing our safety efforts on not just what went wrong but also near misses and the things that go right.
- Embed a deep understanding of human factors/ergonomics into our approach to safety ensuring that we design systems and processes to be as safe as possible.
- Develop an integrated learning framework that supports effective safety learning across services, professions, and the Trust and which demonstrates that safety learning has resulted in improved safety practices.
- Reduce mortality and suicide, including preventing inpatient suicides, through close working with partners across the Integrated Care System.
- Reduce avoidable harm to patients and staff through specific safety programmes on violence and restrictive practice reduction, pressure ulcer prevention, medication error reduction, and physical healthcare in mental health services.

## How the priority will be monitored/measured?

Following approval of the Trust's Quality Plan in February 2019, detailed plans are being developed for each improvement priority by the end of June 2019. In addition to these specific measures, we will monitor the overall impact of our safety improvement priorities through measures within the monthly Quality and Performance Report, quarterly Safety Report and our annual Staff Survey.

## PRIORITY 2 – EFFECTIVENESS

### What do we want to achieve?

The Trust is committed to delivering effective care, treatment and support to our patients and their families and carers which achieve good, personalised outcomes and which are underpinned by the best available evidence.

Our priorities are aspirational, all underpinned by detailed programme plans with an identified senior responsible officer and improvement measures

### What will we do?

- Improve to and sustain an organisational rating of Good with the Care Quality Commission (CQC), whilst building on services already good and supporting them on their journey to becoming Outstanding.
- Develop the quality of services through national audits and accreditations recognising the benefit that validated national schemes provide for structured assurance and improvement, and the confidence it gives to our patients, their families and carers and our stakeholders.
- Refresh and enhance the quality assurance framework which provides a Team-to-Board assurance framework for quality offering robust and reliable assurance, a platform for improvement and a measure of success for teams to be proud of.
- Collaborate with partners to deliver system-wide transformation, improving access to services, ensuring they remain sustainable, and delivering greater impact of measurable quality outcomes.
- Maintain our position as a leading research organisation which supports our continued quality improvement and access to the best available evidence based practice.
- Utilise new technology and information to improve the quality and efficiency of services, including the deployment of a new patient records system and a new risk management system.

### How the priority will be monitored/measured?

Following approval of the Quality Plan in February, detailed plans are being developed for each improvement priority by the end of June 2019. In addition to these specific measures, we will monitor the overall impact of our effectiveness improvement priorities through measures within the monthly Quality and Performance Report, quarterly Clinical Audit Report, quarterly Research and Development Report, and CQC inspection findings.

## PRIORITY 3 – EXPERIENCE

### What do we want to achieve?

The Trust is committed to treating all our patients, their families and carers with compassion, kindness, dignity and respect and we are committed to seeking out and responding to feedback on how we are performing. Our priorities are aspirational, all underpinned by detailed programme plans with an identified senior responsible officer and improvement measures.

### What will we do?

- Embed the hearing feedback model of actively seeing out feedback, using person-centred approaches to respond to that feedback and using feedback to inform quality improvement.
- Introduce and sustain the Triangle of Care model across all our services building on the therapeutic alliance between patient, their carer and their clinician based on engagement, information sharing and support.
- Create a culture of recovery, resilience and involvement which reduces dependency on services, promotes independence and personalised choices and which recognises the value of peer support.
- Enhance and foster a culture of co-production which sees patients, families, carers and staff as equal partners in the development and delivery of services.
- Sustain the culture of putting patients, their individual needs and those of their families and carers at the heart of everything we do through listening and learning, seeking to adapt our systems, processes and behaviours in order to put patients first.
- Develop our staff at all levels to effectively promote, listen and respond to the experiences of our patients, families and carers, each staff member having a core responsibility to deliver positive patient experience.

### How the priority will be monitored/measured?

Following approval of the Quality Plan in February, detailed plans are being developed for each improvement priority by the end of June 2019. In addition to these specific measures, we will monitor the overall impact of our experience improvement priorities through measures within the monthly Quality and Performance Report, quarterly Experience Report, and our Friends and Family Test.

# PRIORITY 4 – PROFESSIONAL AND CLINICAL LEADERSHIP

## What do we want to achieve?

The development and leadership of our clinical workforce is a specific quality priority for the Trust and is seen as a key enabler to support the achievement of the quality priorities for Safety, Effectiveness and Experience. The Quality Plan sits alongside the People Plan recognising the link between the two areas and the following priorities are shared jointly across both plans; however the specific delivery plans sit under the People Plan.

## What will we do?

- Improve recruitment and retention across all clinical disciplines, creating an employer of choice where staff feel engaged and valued.
- Ensure safe staffing levels are in place across all services and putting in place measures to monitor and report on this, and to take action when services need support.
- Develop new clinical roles to meet changing service and patient needs, making best use of opportunities to expand the workforce.
- Up-skill and develop clinical professionals making the best use of the available workforce and supporting our clinicians to work in increasingly complex health systems and deal with increasingly complex and diverse health conditions.
- Develop new and aspiring clinical leaders through development programmes and coaching who will grow to be the senior clinical leaders of tomorrow, and who already have great impact on the quality of services.
- Improve the support for staff following adverse events, working with our joint staff side partners to support staff psychological safety, health and wellbeing, in recognition that the roles undertaken by our workforce are demanding.

## How the priority will be monitored/measured?

Following approval of the Quality Plan in February, detailed plans are being developed for each improvement priority by the end of June 2018. In addition to these specific measures, we will monitor the overall impact of our clinical leadership improvement priorities through measures within the monthly Quality and Performance Report, monthly Safe Staffing report, our quarterly Staff Friends and Family Test and our annual Staff Survey.



## 2.2 Statements of assurance from the Board

During 2018/19 Lancashire Care NHS Foundation Trust provided and or subcontracted 111 relevant health services

The Lancashire Care NHS Foundation Trust has reviewed all the data available to them on the quality of care in 111 of these relevant health services.

The income generated by the relevant health services reviewed in 2018/19 represents 90% of the total income generated from the provision of relevant health services by Lancashire Care NHS Foundation Trust for 2018/19.

### 2.2.1 Participation in Clinical Audits

During 2018/19, 17 National audits and two national confidential enquiries covered relevant health services that Lancashire Care provides.

During that period, Lancashire Care participated in 100% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Lancashire Care were eligible to participate in during 2018/19 were as follows:

- National audit of Inpatient Falls
- National Audit of Emergency contraception
- National Diabetes Foot Care-audit – Adults
- National Audit of Psychosis
- National audit of Psychosis – Early Intervention in Psychosis
- National Chronic Obstructive Pulmonary Disease (COPD) audit programme
- National Audit of Care at the end of Life
- National Audit of Intermediate Care (NAIC)
- National Audit of Anxiety and Depression
- National Audit of Anxiety and Depression – Psychological Therapies spotlight
- Sentinel Stroke National Audit programme (SSNAP)
- National Clinical Audit for Rheumatoid and Early Inflammatory Arthritis
- POMH-Prescribing Valproate for bipolar disorder (use of sodium valproate) re-audit (15b)
- POMH-Rapid Tranquillisation (16b)
- POMH - Prescribing Clozapine (18a)
- POMH - Monitoring of patients prescribed Lithium (7f)
- POMH - Assessment of the side effects of depot antipsychotics (6d)

The national clinical audits and national confidential enquiries that Lancashire Care participated in, and for which data collection was completed during 2018/19 are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Audit name	Cases submitted	Cases required	%
National audit of Inpatient Falls	All eligible patients	All patients: 30	100%
National Audit of Emergency contraception	All eligible patients	All patients:36	100%
National Audit of Psychosis	All eligible patients	All patients :300	100%
National audit of Psychosis – Early Intervention in Psychosis	All eligible patients	All patients :215	100%
National Chronic Obstructive Pulmonary Disease (COPD) audit programme	Sample provided:92	*	Blackburn 87% Central Lancs 85%
National Audit of Care at the end of Life	All eligible patients	All patients:7	100%
National Audit of Intermediate Care (NAIC)	Organisation information only required		
National Audit of Anxiety and Depression	All eligible patients	All patients:100	100%
National Audit of Anxiety and Depression – Psychological Therapies spotlight	All eligible patients	All patients:30	100%
Sentinel Stroke National Audit programme (SSNAP)	All eligible patients	All patients:339	100%
National Clinical Audit for Rheumatoid and Early Inflammatory Arthritis	All eligible patients	All patients:205	100%
POMH-Prescribing Valproate for bipolar (15)	All eligible patients	All patients:121	100%
POMH - Prescribing Clozapine (18a)	All eligible patients within East Lancs Community care and Treatment Teams	All patients:240	100%
POMH - Monitoring of patients prescribed Lithium (7f)	All patients prescribed Lithium	All patients: 255	100%
POMH - Assessment of the side effects of depot antipsychotics (6d)	Sample provided: 134 from each locality within LCFT	*	*
POMH-Rapid Tranquillisation (16b)	Sample provided: 114 from the following wards: Stephenson Calder Stockbeck Churchill	*	*
National Diabetes Foot Care-audit - Adults	Sample provided:195	-	-

*\*sampling agreed locally by each project team*

### Improvement actions

The reports of nine national clinical audits were reviewed by the provider in 2018/19 and Lancashire Care NHS intends to take the following actions to improve the quality of health care provided:

- Increased participation in the National Diabetic Footcare Audit to enable all diabetes foot care services to measure their performance against NICE clinical guidelines and peer units.
- Participation in the national Quality Improvement collaborative for Diabetes to improve links with primary care providers to minimise delay in patients receiving treating from a specialised team.
- Continue to support the National COPD audit to demonstrate compliance with national guidance
- The report for the National audit of End of Life Care has been reviewed for local implementation
- Following the National audit of Psychosis a Physical Health Steering group was established to have oversight of key priorities within the Trust relating to physical health
- Following the POMH Rapid Tranquilisation audit, a coordinated programme of quality improvement indicators have been agreed which are reported each month through the steering group and a further clinical audit will be undertaken in 2019/20 to demonstrate the sustainability of these actions.

The reports of 16 local clinical audits were reviewed by the provider in 2018/19 and Lancashire Care intends to take the following actions to improve the quality of healthcare provided:

- Revised documentation to support accurate Mental Capacity recording for Allied Health Professionals
- Specific guidance for district nursing staff relating to Mental Capacity Act
- Training provided by Safeguarding Specialist Practitioner relating to Mental Capacity Act
- A new pressure ulcer prevention and management care plan has also been produced
- Personal AWOL folders on all inpatients wards have been updated
- A revised Gatekeeping Procedure to provide further guidance to staff
- Sexual Health contraception template amended
- A traffic light system introduced within CAMHS to aid access to restricted items

### 2.2.2 Research

Lancashire Care NHS Foundation Trust continues to recognise the value of a research active culture as a key component in supporting the Trust's aspirations to continuously improve care, innovate and promote best practice. Increasingly, it is being demonstrated that there is an association between engagement in research and improvements in healthcare performance. The Trust's Research and Development department seek out new opportunities for our clinical services, their employees and service users to participate in, and develop, research studies.

1,658 LCFT patients were recruited during 2018/19 to participate in research approved by the Research Ethics Committee.

The Trust has continued to deliver complex clinical trials through our partnership facility, NIHR Lancashire Clinical Research Facility. The Trust has also continued its close work with its academic partners to develop more major funding applications, particularly for research into mental health interventions, including work with Lancaster University, the University of Manchester and the University of Liverpool.

The Trust has been working with NIHR as an exemplar in the 'Embedding Research in Care' project and in March 2019, the Trust was confirmed as 'number one' in England for the work they participated in around the Dementia Challenge objectives.

#### Outcomes:

- Participation in clinical research demonstrates that Lancashire Care NHS Foundation Trust is committed to improving the quality of care offered and to contributing to wider health improvement.
- Clinical staff are informed and aware of the latest treatment possibilities and active participation in research supports successful outcomes for people.
- In the last two published years, 2016/17 and 2017/18, LCFT came first and second in the NIHR League Table of volume of research conducted within NHS Care Trusts.
- More participants have been recruited to interventional studies, i.e. those having a direct impact upon the types of treatment they receive, than any other Trust in the North West Coast region, in 2018/19.
- Lancashire Care was awarded an NIHR grant to conduct a feasibility trial of Eye Movement Desensitisation and Reprocessing therapy for patients with early psychosis.

### 2.2.3 CQUIN

A proportion of Lancashire Care NHS Foundation Trust's income in 2018/19 was conditional on achieving quality improvement and innovation goals (CQUIN) agreed between Lancashire Care NHS Foundation Trust, CCG and NHS England commissioners through the Commissioning for Quality and Innovation payment framework. Further details of the agreed goals for 2018/19 and for the following 12 month period are available electronically at

[www.england.nhs.uk/publication/commissioning-for-quality-and-innovation-cquin-guidance-for-2017-2019/](http://www.england.nhs.uk/publication/commissioning-for-quality-and-innovation-cquin-guidance-for-2017-2019/)

NHS England published a two year CQUIN for 2017– 2019. There has been a move from the development of local CQUIN programmes to all of the CQUIN requirements being nationally led. National schemes will equate to 1.5% of the total 2.5% CQUIN funding available with 1% linked to participation with STP plans.

In 2018/19 the total CQUIN scheme value was £6.3m. This was an increase from the monitory total of £6m in 2017/18.

At the time of reporting the Trust was on track to fully achieve all but three of the programmes for 2018/19. Quality improvement initiatives will continue and be strengthened in the coming year. For 2019/20 the CQUIN schemes represent 1.25% of the contract value and will be worth in the region of c.£3.2m.

## 2.2.4 Care Quality Commission (CQC)

Lancashire Care NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current status is registered. The Responsible Individual registered with the CQC is the Executive Director of Nursing and Quality. The Trust does not have any conditions placed on its registration. However, it should be noted that, on the basis that not all actions relating to the Requirement Notice, issued following the last inspection, have been fully completed at the time of this report, the Trust is not fully compliant with the registration requirements of the CQC.

Following the review, the Trust received an overall rating of 'Requires Improvement' specifically in the domains of safe, effective and well-led as reflected below:

Ratings for a combined trust

	Safe	Effective	Caring	Responsive	Well-led	Overall
Community	Requires improvement →← May 2018	Good ↑ May 2018	Good ↔ May 2018	Good ↔ May 2018	Good ↑ May 2018	Good ↑ May 2018
Mental health	Requires improvement →← May 2018	Requires improvement ↓ May 2018	Good ↔ May 2018	Good ↔ May 2018	Requires improvement ↓ May 2018	Requires improvement ↓ May 2018
<b>Overall trust</b>	Requires improvement →← May 2018	Requires improvement ↓ May 2018	Good ↔ May 2018	Good ↔ May 2018	Requires improvement ↓ May 2018	Requires improvement ↓ May 2018

The results below also highlight the Trust's self-assessment in March 2019.

Ratings			
Are services safe?	CQC inspection May 18	Requires Improvement	●
	Self-assessment Mar 19	Good	●
Are services effective?	CQC inspection May 18	Requires Improvement	●
	Self-assessment Mar 19	Good	●
Are services caring?	CQC inspection May 18	Good	●
	Self-assessment Mar 19	Good	●
Are services responsive?	CQC inspection May 18	Good	●
	Self-assessment Mar 19	Good	●
Are services wellHed?	CQC inspection May 18	Requires Improvement	●
	Self-assessment Mar 19	Good	●

Below is a list of the five sites inspected by the CQC in 2018/19:

- Acute wards for adults of working age and psychiatric intensive care units.
- Forensic inpatient/secure wards.
- Child and adolescent mental health wards (The Cove in Morecambe).
- Mental health crisis services and health based places of safety.
- Community health inpatient services (Longridge Community Hospital).

The Trust provides a further ten core or additional services which were not inspected during the review.

The ratings for each core service are reflected in the table.

The trust was pleased to be rated good overall in the domains of caring and responsive.



The CQC considered that:

- The Trust’s visons and values were embedded across the Trust
- Board members had good oversight and understanding of the key priorities, risks and challenges faced by the Trust and actions in place to mitigate these.
- We had a robust and realistic strategy for achieving the priorities and developing good

	Safe	Effective	Caring	Responsive	Well led	Overall
Acute wards for adults of working age and psychiatric intensive care units	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement
Child and adolescent mental health wards	Requires improvement	Requires improvement	Requires improvement	Requires improvement	Requires improvement	Requires improvement
Community health inpatient services	Good	Good	Good	Good	Good	Good
Community health services for adults	Requires improvement	Requires improvement	Good	Good	Good	Requires improvement
Community health services for children, young people and families	Requires improvement	Good	Good	Good	Good	Good
Community mental health services for people with learning disabilities or autism	Good	Requires improvement	Good	Good	Good	Good
Community-based mental health services for adults of working age	Good	Requires improvement	Good	Good	Good	Good
Community-based mental health services for older people	Good	Good	Good	Good	Good	Good
Forensic inpatient/secure wards	Good	Good	Good	Good	Good	Good
Mental health crisis services and health-based places of safety	Not rated	Requires improvement	Good	Requires improvement	Requires improvement	Requires improvement
Sexual health services	Good	Good	Good	Good	Good	Good
Specialist community mental health services for children and young people	Requires improvement	Good	Good	Good	Good	Good
Wards for older people with mental health problems	Good	Good	Good	Good	Good	Good

quality, sustainable care which had been developed with external stakeholders.

- Our cost improvement plans did not compromise patient care.
- People using services were generally positive about the care and treatment they received from our staff.
- Despite the challenges our staff remained committed and motivated to providing the best care possible and improving services for people.
- Our staff felt supported by their immediate and local senior managers and matrons.

The Trust’s Board agreed a comprehensive quality improvement plan in response to these ratings, with all senior operational and clinical leaders and managers delivering on local and network initiatives. Improvement actions took three themes, with critical actions forming the planned improvement work and the measures for monitoring achievement clearly identified.

These themes are identified with information about the achievement of improvement actions to date under each.

The latest inspection report, can be viewed on the CQC web site at: <http://www.cqc.org.uk/provider/RW5>.

### 1. Supporting and empowering clinical leaders

Engagement and compliance with mandatory training, appraisal and clinical supervision has been much improved. There is a revised policy and new reporting system for supervision, a restated approach to appraisal and clarification of training requirements.

We exceeded the 80% Trust target for mandatory training and appraisal by the end of quarter 4. Supervision trajectories continue to be improving toward the same target.

Senior clinical specialists, matrons and nursing team leaders have participated in structured reviews to more effectively define their clinical and front line activities in support of role development and visible leadership. Updated job descriptions and operational guidance are now in place.

We have reviewed all inpatient staffing establishments in line with the nationally recognised model and the Board have supported the recommendations from the Hurst Review which will be to fund £3m to increase staffing levels by up to 82 qualified and 17 unqualified WTE. More information in relation to the Hurst Review can be found in the Annual Governance Statement.

## 2. Strengthening the clinical service at The Cove

Patient engagement in their own care planning has been improved with the introduction of personalised 'pen portraits' for all young people, with broadened access to therapeutic activities and education throughout weekdays and extended across weekends. Links have been established with Heysham College and Active Lancashire which enhance opportunities to engage in local community activities too.

The Trust responded to a national data request from the Care Quality Commission (CQC) in relation to restrictive practices at its young people's inpatient unit, The Cove. This was part of the CQC's national review into restrictive practices. The Trust has worked extensively at The Cove and across all inpatient services to reduce restrictive practices and regularly audits this. The Trust also submitted a significant data response to the CQC as part of the annual Provider Information Request as part of its pre-inspection process.

There have been refurbishments to improve the living environment at The Cove, including a full overhaul of catering facilities and a changed approach to menu design which now actively involves young people with the chef.

## 3. Improving the mental health crisis pathway

We have developed and implemented a revised approach to violence reduction: our 'Positive and Safe' training programme for clinical staff. This is further supported by refreshed guidance and checklists for nursing handovers, new Safety and Security guidance and procedures, a new Lessons Learned bulletin and a revised Safety Alerts process.

Our 136 Suites and Mental Health Decision Units have been refurbished where necessary, as the result of environmental audits, with marked improvements to facilities and appearance.

We continue to work towards improving access to urgent care and have worked with the Integrated Care System (ICS) Board to develop a system-wide Mental Health Improvement Plan with actions for both the Trust and system partners. Further detail on the Trust's Mental Health Improvement Plan can be found in the Annual Report.

The Trust's Board agreed a comprehensive quality improvement plan in response to these ratings, with all senior operational and clinical leaders and managers delivering on local and network initiatives.

The latest inspection report can be viewed on the CQC website.

Lancashire Care NHS Foundation Trust has not participated in any special reviews or investigations by the Care Quality Commission during 2018/2019. The Trust monitors the issue of national guidance by the CQC through a process known as the Quality and Safety Digest which ensures the relevant lead receives the information and updates on the actions then intend to take, which is overseen by the relevant governance sub-committee.

### 2.2.5 Secondary Uses Service (SUS)

Lancashire Care NHS Foundation Trust submitted records during 2018/19 to the Secondary Uses Service (SUS) for inclusion in the Hospital Episode Statistics (HES) which are included in the latest published data. It should be noted that NHS digital have recently migrated the SUS data quality dashboard to a new website and Lancashire Care NHS Foundation Trust is unable to access the end of year position. This is a national issue and resolution is awaited.

Record Type	Area	Target	2017/18 Outcome	2018/19 at November 2018	2018/19 Outcome	2018/19 National average	Targets achieved (at the end of Q3)
Patients Valid NHS Number	Admitted Patient Care	50%	99.6%	99.8%	No data available as yet	99.4%	Yes
Patients Valid NHS Number	Outpatient Care	50%	99.9%	99.2%	No data available as yet	99.9%	Yes
Patients Valid General Practitioner	Admitted Patient Care	50%	100%	99.8%	No data available as yet	99.6%	Yes
Registration Code	Outpatient Care	95%	100%	98.9%	No data available as yet	99.8%	Yes

## 2.2.6 Information Governance

Lancashire Care NHS Foundation Trust Data Security and Protection Toolkit score for 2018/19 was 100% all 'Standards Met'. More information on Information Governance can be found in the Annual Governance Statement.

## 2.2.7 Clinical coding

Lancashire Care NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2018/19 by the Audit Commission. Lancashire Care NHS Foundation Trust did participate in the Data Security and Protection Toolkit Audit in January 2019. The Audit was undertaken by Mersey Internal Audit Agency (MIAA) and looked at the accuracy of diagnosis and procedure coding recording for all inpatient episodes. The results are very high and as such a level of HIGH assurance has been given. The results should not be extrapolated further than the actual sample audited.

Coding Field	Information Governance Requirement 514 Level 2 Target	Information Governance Requirement 514 Level 3 Target	Level Achieved 2016-2017	Level Achieved 2017-2018 not finalised
<b>Primary diagnosis</b>	Admitted Patient Care	50%	99.4%	Yes
<b>Secondary diagnosis</b>	Outpatient Care	50%	99.9%	Yes
<b>Primary procedure</b>	Admitted Patient Care	50%	99.6%	Yes
<b>Secondary procedure</b>	Outpatient Care	95%	99.8%	Yes

Source: SUS Data Quality Dashboard; data is governed by Standard National Definitions.

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:



- The audit was completed by Mersey Internal Audit Agency, an agency that are approved by NHS Digital.
- Lancashire Care NHS Foundation Trust information reflects Electroconvulsive therapy (ECT) procedures and other minor procedures which are limited in number.

As a result of these findings the assurance level provided in respect of clinical coding and underlying processes was: High Assurance.

### **2.2.8 Data quality**

Lancashire Care NHS Foundation Trust is taking the following actions to further improve the percentage and so the quality of its services in relation to Clinical and Non-Clinical Recording:

- Continuing to support teams to record clinical and non-clinical data accurately to support the continued high standard of all clinical and non-clinical information reporting and also the clinical coding function.
- Deployment of a new ePR and standardised clinical record keeping processes, alongside development of data quality reports, will continue to support the improvement of data quality.

## PART 3

# Other information

### 3.1 Learning from Death

Deaths are reviewed through two processes: the serious incident (SI) process and the structured case judgement (SCJ) process. The SI process determines whether a death was predictable and/or preventable. The SCJ process determines whether a death was due to a problem in care. Neither of these terms are legal terms or formal causes of death.

Serious incidents describe incidents which relate to NHS services or care provided resulting in serious harm or unexpected death of people who use services, staff, visitors or members of the public; situations which prevent the organisations ability to deliver a service; allegations of abuse; adverse media coverage or public concern. All serious incidents are subject to a serious incident investigation which includes the development of recommendations and quality improvements.

In addition to internal structured case judgement reviews, the Trust is engaged in the externally led LeDeR (Learning Disability Mortality Review) programme and the Child Death Overview Panel (CDOP) mortality review process. Lancashire Care NHS Foundation Trust published its Learning from Deaths Procedure ahead of the nationally set deadlines. This is available online at: [www.lancashirecare.nhs.uk/learning-from-deaths](http://www.lancashirecare.nhs.uk/learning-from-deaths)

Lancashire Care NHS Foundation the Trust publishes mortality data in the quarterly Safety Report and the monthly Quality Report to the Board. This is available online at: [www.lancashirecare.nhs.uk/Board-Meetings](http://www.lancashirecare.nhs.uk/Board-Meetings)

During 2018/19 666 of patients died, based on the reporting criteria below. This comprised the following number of deaths which occurred in each quarter of that reporting period:

- 159 in the first quarter
- 159 in the second quarter
- 180 in the third quarter
- 168 in the fourth quarter

The reporting criteria for deaths is:

- All deaths of mental health service patients, or those discharged in the previous six months. The exception to this is deaths in the Memory Assessment Service which are recorded as routine until the first medication review, and thereafter only if there is an actual or potential failure or omission in healthcare services.
- All deaths of learning disability service patients, or those discharged in the previous six months.
- All child deaths in universal services.
- All child deaths in community inpatient services.
- Deaths of community health service patients if there is an actual or potential failure or omission in healthcare services or any death that occurs in a community health hospital.

During 2018/19 4 case record reviews and 44 serious incident investigations have been carried out in relation to 48 deaths included above. A serious incident investigation is a more in depth review than a case record review and includes a full

review of the care and treatment provided by the Trust. LeDeR reviews and CDOP reviews are in addition to this. The number of deaths in each quarter for which a case record review or an investigation was carried out was:

- 8 in the first quarter
- 12 in the second quarter
- 15 in the third quarter
- 13 in the fourth quarter

0 case record review and 45 investigations completed after 31 March 2018 which related to deaths which took place before the start of the reporting period.

There is no nationally agreed definition for mental health services or community health services of which deaths were due to a problem in care. As such, we have not reported on this basis in this year. We reviewed the guidance issued from the Royal College of Psychiatrists in November 2018 and we have amended our process and review tool accordingly and will include this data for the forthcoming year. We do acknowledge that one death (occurring in 2017) was contributed to by deficits in healthcare quality. This occurred at our service at HMP Garth and is detailed below. The Trust has recruited a dedicated Mortality Review Practitioner and as a result it is anticipated that the Trust will increase the number of structured case judgements during the forthcoming year. Following consideration by the Audit Committee, the scheme of sampling for structured case judgement reviews will be reviewed and strengthened.

#### Improvement actions

The Trust has identified a number of themes from our learning from death reviews including clinical risk assessment, care planning, record keeping and dual diagnosis. In response, we have developed a new clinical risk assessment training programme for staff.

The following improvement actions have been undertaken during 18/19 following lessons learnt from death and serious incidents:

- The clinical risk assessment training will improve the confidence of staff in completing assessments.

The following improvement actions will continue to be made during 19/20 following lessons learnt from death and serious incidents:

- We are implementing a new electronic patient record system which will improve record keeping and care planning. We have been working with substance misuse service providers to develop a multi-agency protocol supported by information sharing agreements and locality joint meetings.

Other actions are still being implemented and it is too early to assess the impact however we believe the new electronic patient record system in particular will significantly improve access to clinical information across our services.

#### HMP Garth

The Trust provided healthcare services into HMP Garth until 31 March 2017, when all staff and services transferred to a new provider. On 11 January 2017, a prisoner sadly died and the pathologist determined the cause of death as peritonitis caused by a perforated duodenal ulcer. The inquest and independent expert review identified significant failures in healthcare provision. A narrative verdict of death by natural causes contributed to by neglect was therefore issued. A lessons learnt exercise has been undertaken and improvements made

include:

- Inquests were co-ordinated by the Specialist Services Network directly – all inquests are now coordinated by the Trust Safety Department which includes a Trust Solicitor and two (legally trained) Paralegals;
- The Specialist Services Network held all the inquest information locally – all data is now on Datix as a single inquest repository;
- The Specialist Services Network instructed their own solicitors directly - all healthcare law solicitor requests now go through the Trust Safety Department which includes a Trust Solicitor and two (legally trained) Paralegals;
- The Specialist Services Network appointed their own Serious Incident Investigation Leads - there is now a dedicated investigation team in place in the Safety Department;
- The Specialist Services Network approved their own Serious Incident Investigation Reports –this is now the role of the Associate Director of Safety and the Weekly Safety Summit (attended by the Medical Director and Nursing and Quality Director);
- The Specialist Services Network received all external serious incident reviews direct into the Network - all external reviews are dealt with by the Safety Department and go to Weekly Safety Summit;
- The Trust has introduced a Weekly Safety Summit (attended by the Medical Director, Nursing and Quality Director, Associate Director of Safety and Clinical Directors) to review all incidents occurred during the week to identify concerns and ensure appropriate level of investigation, to review and approve completed serious incident investigation reports and to monitor inquest activity;
- The Network structures have been changed. There is now improved operational management and clinical leadership (for example, Heads of Nursing/Lead Nurses, none of which were in place at the time);
- Organisation of the Quality Directorate around Safe, Effective and Experience has allowed better support and more targeted oversight of quality (this came into effect in summer 2018);
- eRostering has been implemented. This allows us to monitor staffing better and provide reporting on safe staffing to the Board
- RiO is in the process of being implemented. This is a new clinical record system that will be the primary system used across the Trust. Previously, prison healthcare services operated on separate and restricted systems.
- A leadership development programme for clinical leaders is underway. This will support them to become more effective and confident clinical leaders
- Safety reporting and oversight has been strengthened. This includes a daily review of every serious incident, a Weekly Safety Summit and a Quarterly Safety Report.

### **3.2 Freedom to Speak Up**

Lancashire Care NHS Foundation Trust is committed to creating an open and honest culture, which is just and dedicated to learning and continuous improvement. The Trust believes that staff feeling able and safe to Speak Up when things are wrong is essential to achieving this. The Trust Board fully commits itself to supporting staff to Speak Up, listening to staff when they Speak Up, and to taking action when they do to learn and improve. The Trust is also committed to ensuring that no person suffers detriment for Speaking Up.

Our Freedom to Speak up Vision is based on five principles:

- All staff feel confident to Speak Up and know how to do so;

- All staff feel safe to Speak Up;
- All concerns are fully considered and reviewed;
- Speaking Up makes a difference – we listen, learn and improve;
- Concerns are well received, welcomed and thanked at all levels.

The Trust has put in place a number of ways in which staff can speak up, including:

- The Freedom to Speak Up Guardian;
- A network of local Freedom to Speak Up Ambassadors;
- An online system allowing staff to raise a concern in total anonymity, and which allows the Freedom to Speak up Guardian to have an anonymous dialogue with the staff member.

An executive director lead has oversight of the Speak Up process, supported by a non-executive director lead. At present, these are the Director of Nursing and Quality and Trust Chair.

A summary of all concerns raised is included in the Chair’s Report to the Trust Board monthly and the Freedom to Speak up Guardian presents a quarterly detailed report to the Quality Committee.

### 3.3 Rota Gaps

On Call rotas	1 April 2018	31 March 2019
1 <sup>st</sup> On Call rota Gaps following Trainee allocations via HEE	25% unfilled	17% unfilled
1 <sup>st</sup> On Call rota Gaps remaining unfilled following LCFT recruitment initiatives	6% unfilled	1% unfilled
2 <sup>nd</sup> On Call rota Gaps following Trainee allocations via HEE	74% unfilled	85% unfilled
2 <sup>nd</sup> On Call rota Gaps remaining unfilled following LCFT recruitment initiatives	22% unfilled	7% unfilled

#### Improvement initiatives to reduce rota gaps

- Rolling recruitment to Trust Grade doctors and proactively setting interview panels on a regular basis
- Utilising alternative media for overseas interviews.
- Collaborative working with the Royal College to recruit International Training Fellows. The Trust successfully recruited 3 doctors in August 18.

- Implementation of a Bespoke Development Programme for Lancashire Care SAS doctors including support around CESR to raise the profile of Lancashire Care and the standard of training and education.
- Continuous working of the Trust's Medical Human Resources Team to identify solutions for Associate Medical Directors to support measures to prevent and cover rota gaps.
- Engagement with the Trust's Trainees to establish plans and where ST positions have not been secured, arranging interviews for other posts. This supports these doctors in gaining experience and competencies to enable them to continue with higher training on securing the appropriate qualification.

The above initiatives, implemented over the past 12-18 months have resulted in significant reduction in rota gaps.

The Director of Medical Education has recently received positive feedback from the Associate Dean at HEENW in relation to LCFT's Self-Assessment Report (SAR). The SAR document is a new annual requirement for Trusts that deliver placements for learner activities across all professions.

This has included the development of CESR Achievement Posts (CAP) in Old Age Psychiatry, which have been highly sought after by candidates and successfully recruited to.

### 3.4 Reporting Against Core Indicators

This section of the document contains the mandatory indicators as set by the Department of Health and NHS Improvement. For Lancashire Care NHS Foundation Trust this includes indicators relevant to all trusts, all trusts providing mental health services and all trusts providing community services.

Lancashire Care NHS Foundation Trust includes the national average for each of the mandated indicators where available and if Lancashire Care NHS Foundation Trust is in the highest and lowest range this is declared.

The indicators are linked to the five domains of the NHS Outcomes Framework and the quality domains of safety, experience and effectiveness.

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

This data is reported from our local system to the Health and Social Care Information Centre. Robust Standard Operating Procedures are in place for this measure. Data is validated prior to reporting and submission and data submissions is from a single data source.

### Care Programme Approach Seven Day Follow Up

Indicator	Target	2017/18 Outcome	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	2018/19 England Average	2018/19 Target Outcome Achieved
Patients on Care Programme Approach who are followed up within seven days of discharge from psychiatric inpatient care (MR01)	95%	97.2%	97.7%	95.9%	95.2%	95.9%	Not available at time of publication	Yes (96.2%)

Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following:

Performance is monitored locally via the Trust's Information Portal which is updated daily, in addition reports are issued to clinicians to alert them to patients requiring follow up. This indicator is also published monthly via an internal dashboard, which is incorporated into the Quality and Performance Report and reported to Business Development and Delivery sub-committee. It is also discussed at local management and team meetings. LCFT monitors this measure closely and initiates actions to improve this percentage if it declines. This includes identifying strategies to proactively mitigate risk of non- engagement for patients who are deemed at risk of being difficult to engage post-discharge.

NB. The measure 'Admissions to inpatients services for which the Crisis Resolution Home Treatment Team acted as a gatekeeper (MR07)' has been removed in line with its removal from the Single Oversight Framework.

## Minimising mental health delayed transfers of care

Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following:

Performance is monitored monthly via an internal dashboard, which is incorporated into the Quality and Performance Report and reported to Business Development and Delivery sub-committee. It is also monitored and managed at patient level by operational teams. We are continuing the development of internal Standard Operating Procedures to ensure consistency with National DToc guidance (refreshed in November 2018). Operational processes for recording are being enhanced to support the clinical teams.

Indicator	Target 17/18	17/18 outcome	Target 18/19	Q1 18/19 outcome	Q2 18/19 outcome	Q3 18/19 outcome	Q4 18/19 outcome	18/19 targets achieved
Minimising mental health delayed transfers of care (MR03)	<=7.5%	2.53%	<=7.5%	1.42%	1.44%	1.26%	0.63%	Yes (1.17%)

## 2 week wait for Treatment for Early intervention in Psychosis Programme

Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following:

Performance is monitored daily the operational management team and it is reported monthly through the Trust's performance framework. Performance is incorporated into the Quality and Performance Report which is reported to Business Development and Delivery sub-committee. Lancashire Care NHS Foundation Trust is undertaking the following actions to minimise EIP 2 week waits by: Daily pathway management calls are in place to ensure that all service user pathways are tracked to monitor timely appointments. Guidance has been produced for the receiving teams including single point of access, crisis and mental health liaison teams to support earlier identification of psychosis. Support has also been secured from the NHSI Intensive Support Team (IST) to review opportunities for improvement of the EIS pathway for patients, including an improvement in the delivery against the NICE concordant pathway. The recommendations identified within the report will be the focus of quality improvement work in EIP during 2019/20.

Indicator	Target 17/18	17/18 outcome	Target 18/19	Q1 18/19 outcome	Q2 18/19 outcome	Q3 18/19 outcome	Q4 18/19 outcome	18/19 targets achieved
2 week wait for treatment for Early Intervention in Psychosis Programme (MR13)	50.0%	26.2%	53.0%	56.6%	51.4%	50.5%	55.2%	Yes (53.33%)



## Improving Access to Psychological Therapy

Indicator	Target	17/18 targets achieved	17/18 outcome	Q1 18/19 outcome	Q2 18/19 outcome	Q3 18/19 outcome	Q4 18/19 outcome	18/19 targets achieved
The % of people who are moving to recovery as a proportion of those who have completed a course of psychological treatment	50.0%	Yes	53.8%	55.8%	52.4%	51.7%	52.1%	Yes (52.9%)

Data source: LCFT Information Systems using standard definitions

This indicator identifies the percentage of people who are moving to recovery as a proportion of those who have completed a course of psychological treatment. There is no data reported for Blackpool as primary care mental health services are provided by the Acute Trust in Blackpool. St Helens CCG: IAPT service moved to Lancashire Care NHS Foundation Trust November 2015.

Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following:

Performance is monitored monthly via an internal dashboard, which is incorporated into the Quality and Performance Report and reported to Business Development and Delivery sub-committee. Lancashire Care NHS Foundation Trust is continuing the following actions to maintain and improve this position: Through clinical supervision there is a focus on ensuring that the most appropriate treatment path is taken to achieve recovery. This process identifies areas for staff training and development to enhance our treatment offer for achieving recovery. In addition, service plans are in place to reduce waiting times to enable patients to access treatment that will enable timely recovery.

**Referral to treatment time: Consultant Led (Completed Pathway)**  
**Consultant Led (Incomplete Pathway)**  
**IAPT 6 Weeks**  
**IAPT 18 Weeks**

Indicator	Target	17/18 targets achieved	17/18 outcome	Q1 18/19 outcome	Q2 18/19 outcome	Q3 18/19 outcome	Q4 18/19 outcome	18/19 targets achieved
MR05 – Referral to treatment time (RTT) - Consultant Led (Completed Pathway)	95.0%	Yes	99.9%	99.5%	99.0%	98.2%	97.7%	Yes (98.0%)
MR06 - RTT - Consultant Led (Incomplete Pathway)	92.0%	Yes	99.8%	99.3%	99.4%	98.5%	97.5%	Yes (98.2%)
MR14 – RTT – IAPT 6 Weeks	75.0%	Yes	94.4%	94.2%	95.0%	95.9%	96.0%	Yes (95.3%)
MR15 – RTT – IAPT 18 Weeks	95.0%	Yes	99.4%	99.4%	99.3%	99.2%	99.4%	Yes (99.3%)

Data source: LCFT Information Systems using standard definitions

Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following:

Performance is monitored locally via the Trust's Information Portal (or for the case of IAPT via the IAPTUS system reports) which enables teams to track patients who are on the RTT pathway. Clinicians are alerted to patients requiring treatment on the pathway to enable allocation of appointments in line with clinical urgency and priority order on the RTT pathway. This indicator is also published monthly via an internal dashboard, which is incorporated into the Quality and Performance Report and reported to Business Development and Delivery sub-committee. It is also discussed at local management and team meetings. LCFT monitors this measure closely and instigates actions to improve this percentage if it declines and will continue to do so through the coming year to maintain compliance.

## 28 day re-admission rate

Indicator	Target	17/18 Outcome	17/18 Targets Achieved	18/19 outcome		18/19 targets achieved
28 day re-admission rate	<8.7%	9.1%	No	0 - 15	N/A	Yes
				Over 16	8.68%	
				Total	8.68%	

The Trust adopts the target of <8.7% for 28 day re-admission rates as set by our Lead Commissioner and based on national practice. The Trust was compliant for 2018/19.

Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following:

- The data is reported from our local system to the Health and Social Care Information Centre.
- Robust Standard Operating Procedures are in place for this measure.
- Processes and procedures relating to the delivery of this indicator are agreed, reported and monitored for this measure via the Business Development and Delivery Subcommittee
- Data is validated prior to submission.
- All data submissions use a single data source.

Lancashire Care NHS Foundation Trust is undertaking the following actions:

- Undertaking regular data quality reviews undertaken using the validation process locally, Network and function wide, to ensure data quality at all levels.
- Ensuring that this data is available in Lancashire Care NHS Foundation Trust's performance systems and is regularly monitored, both at service and executive level, enabling ownership, self-monitoring and improvement.

The 28 day indicator is included above as required by the Quality Accounts requirements. Lancashire Care report internally and nationally on the 30 and 90 day readmissions indicator in line with national guidance.

Indicator	Target	17/18 outcome	17/18 targets achieved	Q1 18/19 outcome	Q2 18/19 outcome	Q3 18/19 outcome	Q4 18/19 outcome	18/19 targets achieved
30 day re-admission rate	<8.7%	9.24%	No	10.53%	8.24%	8.29%	5.55%	Yes (8.15%)
90 day readmission rate	<15%	16.13%	No	17.02%	15.57%	12.97%	10.91%	Yes (14.12%)

Data source: LCFT Information Systems using standard definitions

Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following:

Performance is monitored monthly and is reported as part of the Trust's Quality and Performance Report. The patients readmitted either at 30 days post discharge are clinically reviewed to identify causative themes. A theme identified in 2018/19 instigated a review of the personality disorder pathway which was performed by AQuA, the recommendations of which will be implemented in 2019/20.

## Data completeness: Identifiers

## Data completeness: Outcomes

Indicator	Target	17/18 outcome	Q1 18/19 outcome	Q2 18/19 outcome	Q3 18/19 outcome	Q4 18/19 outcome	18/19 targets achieved
Data completeness: Identifiers (MR08)	97.0%	99.47%	N/A	N/A	N/A	N/A	Not reported.
Data completeness: Outcomes (MR09)	50.0%	82.29%	N/A	N/A	N/A	N/A	Not reported.
Data Quality Maturity Index (DQMI) Dataset Score (MR17) self-assessments	95.0%	N/A	98.4%	98.5%	98.4%	98.4%	Yes (98.4%)

Data source: LCFT internal Monitor compliance dashboard

The Trust was compliant for 2017/18. This is no longer an NHS Improvement reported indicator due to an update in the Single Oversight Framework (SOF). This measure has been superseded by the DQMI Dataset Score (MR17).

## Data Quality Maturity Index (DQMI) Dataset Score

This measure was introduced into reporting in April 2018 in line with the Single Oversight Framework. This is a score collated from overall compliance against completeness of data items within the mental health dataset. Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following: Performance is monitored monthly and is reported as part of the Trust Quality and Performance Report. Data Quality reports are issued to operational teams on a monthly basis to enable performance against the individual

scores within the DQMI to be improved through targeted action at the level of data input. Additional DQ reports will be developed in 2019/20 to support the widening of the DQMI.

## Admissions to adult facilities

Indicator	17/18 outcome	Q1 18/19 outcome	Q2 18/19 outcome	Q3 18/19 outcome	Q4 18/19 outcome	18/19 targets achieved
<b>Admissions to adult facilities of patients under 16 years old</b>	0	0	0	0	0	Yes (0)
Data source: LCFT Information Systems using standard definitions						

Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following:

The Trust operates a bed management hub to ensure patients access inpatient care in the most clinically and age appropriate facilities. This is supported by a policy for our Children's Inpatient service which sets out the escalation processes should a children's bed not be available.

## Inappropriate out of area placements (OAP) for adult mental health services

Indicator	18/19 Target	Q1 18/19 outcome	Q2 18/19 outcome	Q3 18/19 outcome	Q4 18/19 outcome	18/19 targets achieved
<b>Total no of Adult Mental Health (AMH) Inappropriate OAPs occupied bed days (OBDs) (MR16)</b>	8,537	2,845	3,617	5,125	5,514	No (17,101)
Data source: LCFT internal data source using standard definitions						

Lancashire Care NHS Foundation Trust considers that the performance is as described because of the following:

We are experiencing increased demand for mental health beds across Lancashire, and this along with the current lack of provision for LD and Rehab placements is creating a challenge with patient flow and resulting in the use of OAPs above trajectory. Additional private capacity has been purchased within Lancashire and although bed day use through this contract contributes to the overall OAPs used, it has enabled the Trust to reduce the number of patients sent out of area for care whilst LD provision is mobilised. In response to recent capacity challenges resulting from increased demand, system wide initiatives are underway:

- A comprehensive system wide MH improvement plan
- A system wide urgent care pathway review commissioned by the Lancashire & South Cumbria Integrated Care System (ICS)

The number of OAPs are monitored daily through provision of a daily situation report which is distributed to LCFT senior leaders (including Executive Directors) and to system partners. The wider system pressures contributing to OAPs are discussed on daily on operational system-wide teleconference calls. In addition, OAPs are reported through the Trust performance

framework and through the Quality and Performance Report to Business Development and Delivery Sub-committee.

## Ensure that cardio-metabolic assessment and treatment for people with psychosis is delivered routinely in the following service areas:

- a) Inpatient wards
- b) Early intervention in psychosis services
- c) Community mental health services (people on care programme approach)

Reporting for this indicator relates to The National Audit of Psychosis (NCAP) which is one of the largest national audit programmes in Mental Health. It is the second round of the National audit of Schizophrenia which was undertaken in 2011. It has been confirmed that LCFT submitted 100% of all required data, of which only 27% of participating trusts were able to do so. The organisation has not received the national report. Once the national report has been published an internal report will be drafted and shared accordingly

## Patient experience

Indicator	2017 Outcome	2018 Outcome	National Average 2018	Comparison to National Average
Patients experience of community mental health services with regard to a patients experience of contact with a health or social care worker during the reporting period	6.9	6.9	N/A	N/A

*Data source: National Community Mental Health Survey CQC website Data is governed by standard definitions.*

[www.cqc.org.uk/provider/RW5/survey/6#undefined](http://www.cqc.org.uk/provider/RW5/survey/6#undefined)

Lancashire Care NHS Foundation Trust uses the Community Mental Health survey data to understand what people think of healthcare services provided by the trust. A total of 850 service users were sent the questionnaire.194 returned, giving a response rate of 24.1% (22%in 2017).

- This data has been taken from the national survey data published by the CQC in November 2018 relating to people’s experience of care between September and December 2017.
- Lancashire Care NHS Foundation Trust falls within the mid-range when compared with other similar NHS Trusts.
- The Community Mental Health Survey rated Lancashire Care NHS Foundation Trust as “The same as other Trusts” for the 11 sections (health and social care workers, organising care, planning care, reviewing care, changes in who people see, crisis care, medicines, treatments, support and wellbeing, overall views of care and services and overall experience).
- Lancashire Care NHS Foundation Trust performed about the same as other Trusts in all questions.

Lancashire Care NHS Foundation Trust is taking the following actions to continue the programme of improvement:

- Using the results to inform network Quality Improvement plans. A thinking space was facilitated in November 2018. 5 key themes identified as opportunities for improvement.
- Contact with services – Progression of Always Event Timely communication CMHTs.
- Involvement in decision making – Progression of Shared Decision Making.
- Clarity of information – Continued focus on provision of accessible information (leaflets, care plans).
- Patient centred care and treatment – Robust delivery of clinical/professional supervision in place to drive up standards and focus on care. Preceptorship programme developed for graduate band 5 staff.
- Communicating changes to care delivery – Progression of Always Event® – we will always support you when there are changes in the care we give you, in our Learning Disability Service. Learning from this to be shared.

## Staff survey

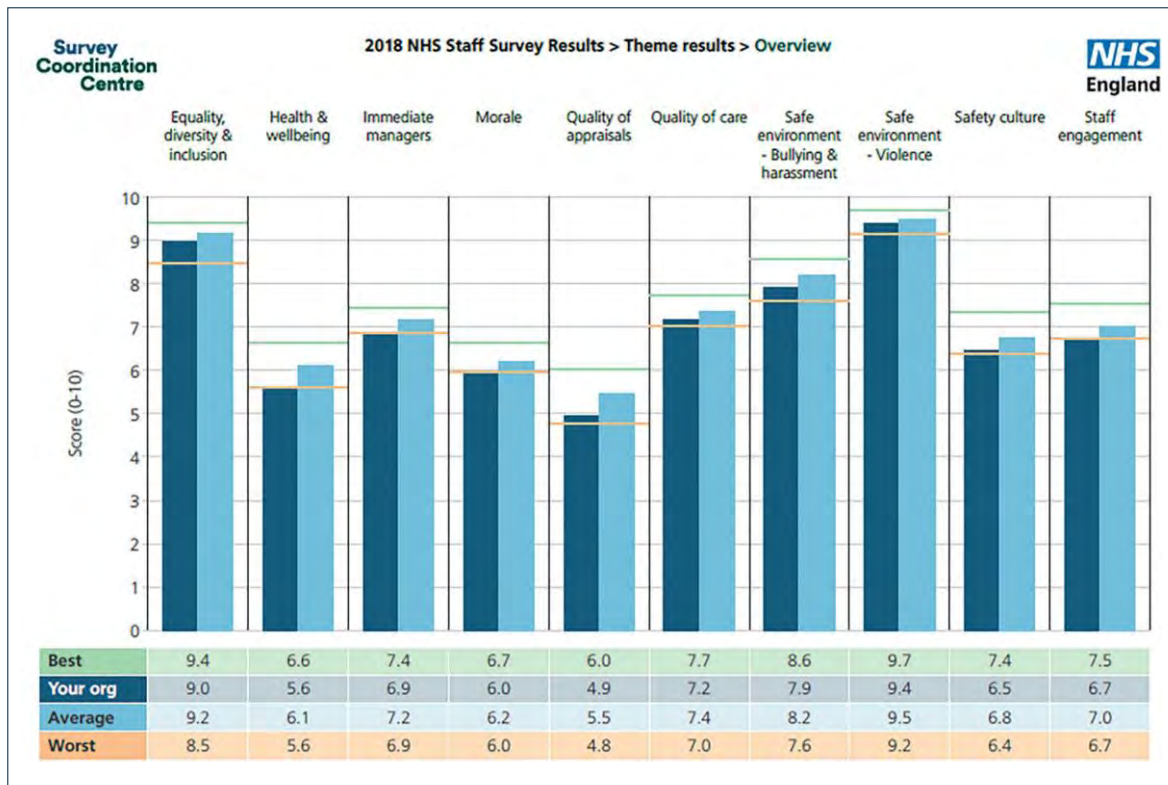
Indicator	2016 outcome	2017 outcome	2018 outcome	National 2018 average for combined mental health/learning disabilities and community trusts	Comparison to national average for combined mental health/learning disabilities and community trusts
<b>% of staff employed by Lancashire Care, who: 'if a friend or relative needed treatment, I would be happy with the standard of care provided by Lancashire Care'</b>	63%	59%	57%	67%	-10%

*Date Source: National NHS Staff Survey Co-ordination Centre Data is governed by standard definitions <http://nhsstaffsurveys2018.com/sections/39>*

The overall annual staff survey results for 2018 indicate a marginal improvement when compared to 2017 which demonstrates that progress is being made; particularly improvements have been observed in areas targeted for priority in response to the 2017 staff survey results. This has been achieved through a range of activity at the Trust, Network and Service level that has been tracked through the People Plan Delivery Group.

In relation to the indicator above, the percentage of staff who would be happy with the standard of care provided by the Trust is 10% worse than the national average for a mental health, learning disability and community trust. The work the Trust is undertaking to improve this score can be seen in the Annual Report.





The National Survey Coordination Centre has established 10 themes in the Annual Staff Survey Results.

It is clear that the organisation has further work to do and a number of opportunities have been identified to make significant headway with the workforce satisfaction and their engagement in the 2019/20 period.

A review of the questions linked to these themes has highlighted three key areas of focus for the next 2 month period as follows:

- Wellbeing
- Management
- Leadership

Staff satisfaction and engagement is inextricably linked to the desired outcome of our 'People at the Heart' plan. The Staff Survey actions will continue to be overseen by the People Plan Delivery Group with Executive leadership and the improvement plans for 2019/20 will continue to be managed by this group and monitored through the People sub-committee, with progress being ultimately reported to Quality Committee.

Lancashire Care NHS Foundation Trust has work planned to take place following the actions in line with the People Plan to improve this percentage, and so the quality of its services, by:

- Extension of visibility visits, back to the floor, meet the team with a focus on transforming feedback into action at a local level through empowerment
- Coaching culture development/coaching skills
- Appraisal quality improvement project
- Appraisal skills programmes
- Leadership behaviour audit
- Wellbeing themed roadshows and wellbeing engagement event
- Clinical leadership programmes
- Leadership and Management development

- Race Equality Project
- Disability Project
- Workforce planning
- Expansions of student numbers and TNAs/Nurse Apprenticeships introduction
- Retention/Preceptorship/Sickness Absence Projects

## Safety Incidents

	01 April 17 to 01 September 17	01 October 17 to 21 March 18	01 April 18 to 01 September 18
Indicator	Trust	Trust	Trust
Rate of patient safety incidents	63.25	73.03	73.84
% age Severe harm	1.56	1.85	1.99
% age resulting in death	1.46	2.11	1.70

Data source: National Reporting and Learning System. Data is governed by standard definitions

Lancashire Care NHS Foundation Trust considers that this data is as described for the following reasons:

This data has been taken from the National Reporting and Learning System (NRLS). The latest data available from the NRLS is for 01 April 2018 to 30 September 2018. Data reports are made available six months in arrears. The NRLS data is reviewed internally alongside a quarterly Safety Report which is shared with our commissioners. Variation across national reporting makes comparisons unreliable. The Trust has engaged with the work of the national patient safety team leading on the replacement of the NRLS and STEIS systems. At the time of writing, the Trust was undertaking validation of submitted NRLS data due to identified discrepancies and it is likely that updated data will be sent to the NRLS.

Further details of patient safety incidents and reporting of serious incidents can be found in the Safety section of this document.

Lancashire Care NHS Foundation Trust is taking the following actions to improve its incident reporting and management framework:

- New quality surveillance dashboards were rolled out to all teams enabling access to live information with drill down and reporting functionality.
- Introduction of a new Serious Incident Learning Panel to scrutinise and challenge improvement plans following serious incidents, chaired by a non- executive director and attended by senior leaders, clinical directors and lead commissioners.
- Continued implementation and embedding of a dedicated serious incident investigation and learning team whose team members are completing postgraduate qualifications in investigation skills.





# Annex

## 4.1 Engagement with and statements from partners

Lancashire Care NHS Foundation Trust remains committed to working with a range of partners and has continued to engage in year.

In line with the Department of Health Guidance we also produced a draft Quality Account and shared this with key partners as follows: NHS Blackburn with Darwen Clinical Commissioning Group, NHS Chorley and South Ribble Clinical Commissioning Group Local Commissioners, Local Authority Overview and Scrutiny Committees and Healthwatch Lancashire.

Annex: Statements from Healthwatch, Overview and Scrutiny Committees and Clinical Commissioning Groups:

- Healthwatch (Lancashire)
- Overview and Scrutiny Committees
- Blackburn with Darwen Borough Council
- Blackpool Council
- Blackpool Adult Social Care and Health Scrutiny Committee
- Lancashire County Council
- Sefton Council
- Clinical Commissioning Groups (CCG)
- NHS Blackburn with Darwen Clinical Commissioning Group
- NHS Chorley and South Ribble Clinical Commissioning Group

### Statement from Lancashire County Council OSC

The Lancashire Health Scrutiny function welcomes the opportunity to comment on the Lancashire Care Foundation Trust's Quality Accounts for 2018/19. Whilst members recognise the breadth of information the Trust is required to reference, it was felt that the draft Quality Account supplied could have used more visual aids to present the information rather than a reliance on narrative throughout. From the perspective of the general public, members felt it was a lengthy document and could be difficult to interpret. It would therefore be in favour of the production of a document, or easy read document that summarised the main content and findings of the Quality Account with the focus on patients and the public as the key audience.

The Lancashire Health Scrutiny function welcomes the Trust's pledge to become an organisation with a culture of continuous improvement and notes it will receive support from the Advancing Quality Alliance (AQuA) and Northumberland Tyne and Wear NHS Trust – rated outstanding by the Care Quality Commission (CQC). It was felt that comparator data between the Trust and Northumberland Tyne and Wear NHS Trust at this stage of the process would have been advantageous, particularly when the opportunity arises to reflect on the Quality Account for 2019/20.

Members noted the former Chief Executive's recognition of system pressures affecting staff morale which had been reflected in the Trust's recent staff survey. However, no meaningful detail was provided on the findings of the survey for members and therefore the public to gauge where concerns had been raised. In addition to this members noted a lack of reference to any review or actions taken by the Trust following the Freedom to Speak Up Review and more recently the conclusions of the Gosport Inquiry in that the voices of patients, families and whistleblowers must be heard. The Lancashire Health Scrutiny function would welcome the opportunity to liaise with the Trust's new Chief Executive on their vision for the organisation.

The Lancashire Health Scrutiny function would welcome early involvement with the planning process for the production of the Trust's 2019/20 Quality Account.

#### [Statement from Chorley and South Ribble CCG](#)

Chorley and South Ribble CCG (CCG) welcomes the opportunity to review the community contract element of the quality account for Lancashire Care NHS Foundation Trust (LCFT) for 2018/19.

The Care Quality Commission (CQC) inspected LCFT in January and February 2018, this included the community services delivered from Longridge Hospital. Whilst the inspection raised concerns in a number of areas within mental health services, the CCG were pleased to note Longridge Hospital demonstrated improvements in two domains, resulting in a rating of 'good' in all domains. The CCG has worked alongside the lead commissioner for mental health services and LCFT to maintain oversight of ongoing improvements.

It was disappointing to note that the remaining community services were not inspected by the CQC in early 2018, however the CCG has worked collaboratively with LCFT to ensure assurance is demonstrable against areas highlighted for improvement during the CQC inspection in 2016. The CCG continues to be active partners at the Quality Oversight Committee where the CQC improvement plans are monitored. Mandatory and statutory training compliance were highlighted during the last inspection as an area for improvement. The CCG is pleased to note that compliance against mandatory training, appraisals, and supervision for community services have improved significantly. The CCG recognises that the Trust has consistently achieved the 18 week Referral to Treatment

(RTT) target and has achieved an average of 98.40% over the year. However, it should be noted there have been challenges meeting the Allied Health Professional RTT performance targets within the Children's Integrated Therapies and Nursing Teams. The CCG is working collaboratively with the Trust to reduce these waiting times.

During 2018-19, LCFT mobilised the integrated musculoskeletal service. The aim of this service is to improve the health of people with muscle and joint problems, focusing on prevention and early intervention. Shared decision making is pivotal to this service, giving patients ownership of their care pathway with improved health outcomes. Whilst it is disappointing to note that a number of key performance indicators have not been

achieved for this service, the CCG is currently working with the Trust to improve performance during 2019-20.

Pressure ulcers remain the most common type of serious incident reported by LCFT, however the Trust is clearly committed to improving performance in this area. This has resulted in the development of the Safety Senate, the continued roll out of the React to Red initiative and the re-establishment of the health economy wide pressure ulcer reduction group. The Deputy Director of Nursing is also developing a pressure ulcer prevention safety improvement plan in partnership with the CCG Chief Nurse. The CCG would also like to acknowledge the continued support that LCFT has given to the regulated care home sector.

The CCG continues to work with LCFT to develop a collaborative approach to quality assurance visits. In 2018-19 there have been quality assurance visits to the podiatry service and the district nursing service. These visits have identified many areas of good practice, however, they have also identified the challenges faced by staff along with some areas for improvement noted. During 2019-20, the CCG has undertaken visits to the district nursing (out of hours service), and the Children's Integrated Therapy Nursing Service.

It is positive to note that a number of quality initiatives have been implemented throughout 2018-19, including improvements that have been instigated as a result of the Serious Incident Learning Panel. Furthermore, the CCG is pleased to note the continuation and further development of quality initiatives such as Good Practice Visits, Schwartz Rounds, Dare to Share, Time to Shine and Always Events.

Whilst the NHS Staff Survey completed in 2018 demonstrated improvements in a number of areas, the survey results also indicated further improvement is required. Staff reporting feeling unwell as a result of work related stress was noted to be 47.7%. Additionally, fewer than half of staff reported that they are able to meet all of their conflicting demands, (please note this is reflective of the pressure felt by staff nationally, as the best performing organisation scored less than 50%). The CCG recognises that there has been an increase in demand for services and that staffing rates remain challenging. However, it is important to ensure that this situation is effectively managed in order to ensure that staffing levels are safe and that care is good.

The CCG would like to acknowledge that the Trust has highlighted three key areas of focus for staff wellbeing for the year ahead; these are Wellbeing, Management and Leadership. LCFT has also developed a communications plan to ensure that there is alignment to the internal People at the Heart strategy. The CCG looks forward to seeing the outcomes of this programme of work.

Despite these challenges the CCG is pleased to note that services and individual staff have received and / or been nominated for a number of local and national awards. These awards are evidence that the organisation continues to be proactive in seeking to put quality and innovation at the heart of service provision.

During 2018-19 LCFT participated in 4 national CQUIN schemes, and 1 local scheme:

- Staff Health and Wellbeing

- Preventing ill health by risky behaviours (alcohol and tobacco)
- Improving the assessment of wounds
- Personalised care and support planning
- Home-first (local scheme)

The CCG acknowledges that the national schemes have been challenging, however, it is positive to note the work that has been undertaken throughout 2018-19. It is anticipated that the Trust will achieve all of the schemes, with the exception of the staff health and wellbeing scheme (which is linked to the outcome of the national NHS Staff Survey).

The CCG welcomes the continued efforts by LCFT to improve patient experience through obtaining feedback and responding accordingly. The CCG recognises that a key priority for LCFT is to co-design improvements with people who use their services, along with their carers and families. The CCG would like to acknowledge LCFT's commitment to adopt the Triangle of Care (ToC), which is a therapeutic partnership between carers, people who use services and professionals. When a Trust joins the ToC scheme, they are committing to changing the culture of their organisation to one that is carer inclusive and supportive. Community services are scheduled to be included in year 3 of this programme. Notably, the Trust has also commissioned third party organisations to undertake carer awareness training for staff.

The CCG would like to acknowledge that the Northumberland, Tyne and Wear (NTW) review of LCFT services has now been concluded. Recommendations from this review will be enacted during 2019-20 and the CCG looks forward to the further improvements that will take place as a result of this.

The CCG looks forward to working with the Trust during 2019-20 to achieve the requirements of the nationally mandated Integrated Care Partnership (ICP). In order to support this development, the CCG plans to introduce ICP Contract Review Meetings to facilitate a collaborative approach to health care. The CCG remains committed to working together to realise the planned quality outcomes and continuous improvement in care for the local population aligned to the key drivers of the NHS Long Term Plan.

#### [Statement from Blackpool Adult Social Care and Health Scrutiny Committee](#)

The Blackpool Adult Social Care and Health Scrutiny Committee welcomes the opportunity to comment on the Lancashire Care NHS Foundation Trust Quality Account for 2018/2019. Over the past year the Committee has raised a number of serious concerns with the Trust regarding the quality of care provided to patients, the safeguarding incidents at The Harbour facility, the participation of LCFT colleagues in meetings and the need to improve community mental health service provision for the residents of Blackpool, amongst other issues. Whether these wide ranging concerns are reflected accurately within the detail of the quality account could be questioned. Although, there appears to have been some improvement in the engagement of LCFT with partners, Members of the Committee would like to see this continue to improve, with LCFT leading the way in consulting with the community sector and liaising with other NHS providers, Public Health and Adult Social Services in order to make system wide improvements. It has been suggested that the current provision of mental health

services in Blackpool and indeed Lancashire is out of date and needs to be refreshed to reflect current need and demand.

What is of utmost importance to the Committee is the safety and wellbeing of patients in The Harbour and in the community and it has been concerning to hear that friends and family of patients have had grave concerns over the past year and beyond, which they have chosen to share with the Committee and with individual Councillors. Words such as 'chaos' and 'crisis' have been used to describe The Harbour and there have been a number of serious incidents over the past year reported in the local press which have affected confidence in the Trust and raised continued questions regarding the welfare of both patients and staff.

Looking forward to 2019/2020, the Committee will be seeking assurances from LCFT and commissioners that the safety of patients and staff continues to be prioritised and that visible improvements can be seen in the quality of care provided to patients through a reduction in the number of serious safeguarding incidents and a noticeable improvement in the views of service provision put forward by partner agencies, patients and their friends and family.

#### [Statement from Healthwatch Lancashire](#)

Part 1 - This statement from the newly appointed Chief Executive Officer (CEO) sets the tone for the whole document, acknowledging the challenges over the preceding 12 months and the consequential adverse impacts on a number of services describing this as 'unacceptable'.

We welcome the improvement plan now in place and the commission by the Lancashire and South Cumbria Integrated Care System to independently undertake a system-wide review of mental health services. The commitment to become an organisation of continuous improvement by utilising co-operation of services users, carers, staff and key partners to improve outcomes is particularly noteworthy and we also welcome the future work with the Advance Quality Alliance and Northumberland Tyne and Wear NHS Trust, particularly the latter as a provider of similar services rated by the CQC as Good/Outstanding.

We would single out the CAMHS Redesign as a good example of partnership working we are witnessing currently and would urge the Trust to take advantage of the experience and expertise built up in the four local HW organisations, called HW Together, across the Lancashire and South Cumbria footprint of coproduction techniques. We would like to encourage the Trust to work with us to maximise the benefits of involving people and meet their own aspirations as referenced above.

2018-19 Priorities and 2019-20 Priorities - We are encouraged by the work that has been undertaken and the direction to develop a learning culture within the Trust to foster continual improvement. In particular the acknowledgement by the CEO of the important role of staff within the Trust is reflected in Quality Priority 1 2018-19 which identifies some successes and underpins much of the culture-shift ambition we note within the Priorities for 2019-20 which we support as described.

There are some notable successes reported in specific areas during 2018-19 (1.5) and we hope these methodologies can be further developed and implemented more widely.

In accordance with the current NHS reporting requirements and mandatory quality indicators requiring inclusion in the Quality Account the Trust appears to have fulfilled this requirement.

We do however note that additional consideration (2) of the NHS Improvement letter 17th December 2018 Quality accounts: reporting arrangements 2019/19, ahead of legislation requested Trusts to provide details of ways that staff can speak up (including whistle-blowers) and how they ensure such staff do not suffer detriment as a result. Not wishing to detract from the aspirational tenor of the Report we would suggest a section explaining the different ways in which staff can speak up if they have concerns over quality of care, patient safety or bullying and harassment with the Trust as an enhancement which would further support the drive to increase recruitment, retention and morale of staff.

Suggestions for additional content 2019-20 - We would like to see more comparative data or 'benchmarking' using a range of indicators common to other Trusts e.g. Northumberland Tyne and Wear. This would help ourselves and members of the public see where services are performing well and less well, identify improvement measures and demonstrate 'direction of travel'.

Summary - Overall, we would say that this is a well-balanced document in that it acknowledges areas of improvement needed and the remedial measures being taken to address these. The emphasis on culture change, increased involvement of the public, staff and partner organisations to develop continuous improvement is integral to the document. We welcome, and would like to find ways of supporting, this in practice.

#### [Statement from Sefton Council Overview and Scrutiny Committee](#)

As Chair of Sefton Council's Overview and Scrutiny Committee (Adult Social Care and Health), I am writing to submit a commentary on your Quality Account for 2018/19, although I appreciate that I have probably missed the deadline.

Members of the Committee met informally on 10 May 2019 to consider your draft Quality Account, together with representatives from Healthwatch Sefton and from the local Sefton CCGs. We welcomed the opportunity to comment on your Quality Account and I have outlined the main comments raised in the paragraphs below.

The following representatives attended from your Trust to provide a presentation on the Quality Account and to respond to our questions on it:

- Tracy Cookscowen, Clinical Director for the Community and Wellbeing Network
- Anne Allison, Associate Director of Quality and Experience; and
- Shannon Higginbotham, Audit and Governance Manager.



We had chosen to comment on the Trust's draft Quality Account, insofar as it relates to community health services in the north of the Borough, as we were aware that the Trust took over as the Provider only comparatively recently.

We received a presentation from the Trust representatives outlining the following:-

- Quality Account Requirements;
- Stakeholder Feedback;
- Our Quality Priorities for 2018/19;
- Quality Focus During 2018/19;
- Building on our Quality Focus for 2019/20;
- Our Quality Priorities for 2019 to 2022;
- Safe – What do we want to achieve?;
- Effectiveness - What do we want to achieve?;
- Experience - What do we want to achieve?; and
- Clinical and Professional Leadership - What do we want to achieve?

We were provided with an overview of the services provided by the Trust and heard that it is integral to Southport Hospital and works in partnership with the Hospice.

Regarding the Trust's workforce, we were advised that the results of the most recent staff survey have not been as good as they could be and that there is low staff morale due to staff shortages and on-going work with complex cases. We were advised that investment in training has taken place in the Southport and Formby area which covers some 250 staff. There is a re-design of services, particularly within district nursing. We were also advised about the "big dig" underway at the Curzon Road site, Southport, with a view to providing a pleasant environment for staff to sit during their breaks.

We asked whether there were any common themes arising from the staff survey and were advised that time restraints and the pressure felt by staff to do their job well affect morale. We understand that support from supervisors and managers has now improved. Occasional intimidation from service users is another factor, particularly for receptionists, and improvements have now been undertaken to protect the workforce. We also heard that recruitment is an issue nationally as there are insufficient nurses, therapists, etc. and that training is also dropping nationally. The aging workforce is an issue and initiatives for retired workers to return to work part-time, in order to retain an experienced workforce, is important. A development pathway for staff is needed in order to retain staff within the NHS.

We asked what other Trusts do to improve morale and we heard about initiatives such as simple rewards systems and there was acknowledgement that communication is key.

In respect of patient experience, we were told that people with poor experience were now working with the Trust to share their experience, in order for the Trust to learn from this.

We also heard about falls prevention; medication safety; quality improvement capability; internal reporting; and collaboration with partners. It was acknowledged that



a lot of improvement ideas to achieve a whole system approach often fail due to the complexity of the NHS system. One of our Healthwatch representatives asked about liaison with Mersey Care NHS Foundation Trust and we heard about overlap work with Mersey Care and IAPT services, in order to benefit service users with mental health needs.

The Healthwatch representative also suggested the Trust accesses research undertaken by Liverpool John Moores University regarding falls and the representatives indicated that discussions within the Trust would take place regarding this.

Our CCG representative asked about the patient experience within Southport and Formby and were advised that the national approach of “sit and see” had been undertaken but had not worked as well as it could. Shadowing experiences had now been applied to the Southport and Formby area.

Our Healthwatch representatives also asked about podiatry and we were advised that podiatry has big waiting lists, a single point of access having been introduced at the Trust, as users were having difficulty making contact. We heard that the nail cutting part of the service is unusual, in terms of Southport and Formby, as NHS staff are usually freed up to undertake more complex procedures, although the third sector is used for nail cutting. We were conscious that nail cutting is important in terms of preventing in-grown toenails, social isolation, etc.

I do appreciate that we have missed the deadline for formal responses to the Trust’s draft quality Account, although we very much appreciated the opportunity to scrutinise your draft Quality Account for 2018/19 and I thought that you might appreciate some formal feedback. We were very grateful for the attendance at our meeting by Trust representatives. I do hope you find these comments, together with the suggestions raised at the meeting, useful.

#### [Statement from Blackburn with Darwen and East Lancashire CCG](#)

Blackburn with Darwen and East Lancashire Clinical Commissioning Groups (CCGs) welcome the opportunity to comment on the draft 2018/19 Quality Account for Lancashire Care Foundation Trust (LCFT).

At the time of writing, the most recent inspection rating by the Care Quality Commission (CQC) was published in May 2018, where LCFT received an overall rating of ‘Requires Improvement’. The CCGs are aware that the CQC have now commenced their inspection with the ‘Well Led’ inspection commencing in June 2019. In order to support the Trust in preparation for the impending inspection the CCGs have carried out quality visits where good practice was observed and fed back to the Trust, alongside areas of concern.

Quality Priorities for 2018/19 - In the previous Quality Account, the Trust identified four quality improvement priorities for 2018/19, and it is acknowledged that the Trust has undertaken a number of initiatives and developments to support these priorities.

1. People who deliver and support the delivery of services are motivated, engaged and proud of the service they provide.

The CCGs commend the Trust on their pilot to support the development of Band 7 clinical leaders and acknowledge the Trust as regional host of the Mary Seacole Leadership Programme. The CCGs note the marginal improvement of the 2018 Staff Survey results and recognise that there is further work required. The CCGs will continue to support LCFT with the identified actions and welcome updates via the ongoing People at the Heart campaign.

2. People who use our services are at the heart of everything we do: all teams will seek the views of service users and carers to inform quality improvements.

The CCGs are pleased to note a number of projects engaging patients and patient champions to support service and quality improvements, particularly in services such as ADHD where there are long waiting times to access the service.

3. People who use our services are at the heart of everything we do: care will be safe and harm free.

The CCGs welcome the focus on rapid tranquilisation and improvements within the monitoring and recording of physical health observations, and will continue to support the Trust with this in line with CQC recommendations following the most recent visit. The CCGs are also pleased to note the development of the 'Positive and Safe' programme and violence reduction work.

4. A quality focused culture is embedded across the organisation: services are well-led and we are all working together to always be the best we can be.

The CCGs note that this priority did not progress during 2018/19 since its proposal in the 2017/18 Quality Account, particularly with the rating of the CQC Well Led review as 'requires improvement'. The CCGs will continue to support the Trust in embedding a quality focused culture.

Indicators and CQUIN 2018/19 - At the time of receiving the 2018/19 Quality Account, the number of relevant health services provided or subcontracted by LCFT was not completed in the draft however, the CCGs are aware of all services provided and subcontracted by LCFT as advised in the NHS standard contract.

The CCGs are pleased to note that LCFT participated in all national clinical audits and national confidential inquiries for which they were eligible.

At the time of writing, the CCGs had reconciled all but 3 areas of the current CQUIN with further information to be provided in early June 2019. LCFT advise that NHS Digital have recently migrated the SUS data quality dashboard to a new website and they are unable to access the end of year position. Information provided at Quarter 3 demonstrates the SUS targets have been achieved.

LCFT report in the draft Quality Account, that all standards relating to the Information Governance Data Security and Protection Toolkit for 2018/19 were met. Due to internal reporting, the CCGs are aware of two areas where the standard was not met, and the CCGs will support LCFT with implementing the improvement plan around these actions.

The CCGs note the improvement actions undertaken following the lessons learnt from serious incidents and learning from deaths reviews. The CCGs welcome the development of multi-agency protocols supported by information sharing agreements and locality joint meetings.

The CCG is pleased to note that the number of service users experiencing a first episode of psychosis who were treated within 2 weeks from referral achieved the target at Trust level in quarter 4 2018/19. It is pleasing to note the support from NHS Improvement Intensive Support Team and the recommendations to further improve the quality of this service.

In response to the Gosport Independent Panel Report, the Government committed to legislation requiring all NHS Trusts to report annually on staff who speak up. The CCGs acknowledge the implementation of the Freedom to Speak Up programme within LCFT and would welcome an update in the draft Quality Account as to how the Trust ensures that those staff who speak up do not suffer any detriment.

Core Quality Account indicators have been reported in the draft Quality Account and the CCGs are pleased to note that LCFT have achieved the targets within the following indicators;

- 95% of patients on Care Programme Approach who are followed up within seven days of discharge from psychiatric inpatient care
- Improving Access to Psychological Therapies (IAPT) 6 week Referral to Treatment (RTT)
- IAPT 18 week RTT
- Proportion of people completing treatment who move to recovery (IAPT)
- No admissions to adult facilities of patients under 16 years old

The CCGs note the measure for 'percentage of admissions to acute wards for which the crisis resolution home treatment team acted as a gatekeeper' has been removed from the draft account and LCFT advise this is in line with its removal from the Single Oversight Framework. The 28 day re- admission data was also unavailable at the time of writing.

The most recent patient safety incident data taken from the National Reporting and Learning System (NRLS) demonstrates an increase in the rate of patient safety incidents at LCFT following a steady increase over the previous 18 months. LCFT advise that a validation exercise is being undertaken as the Trust has been over reporting against the incident criteria. The CCGs support the openness of incident reporting and are pleased to note that despite an increase in reporting, the percentage resulting in death has decreased.

Information pertaining to Cardio-metabolic assessment and treatment for people with psychosis was not available in the draft Quality Account. LCFT advise they are awaiting the national report, following which an internal report will be drafted and shared.

Inappropriate Out of Area Placements remain high above the threshold throughout 2018/19. The CCGs acknowledge the increased demand for mental health beds across Lancashire and will continue to work with LCFT and other partners to work through these challenges.

The CCGs are aware that LCFT continues to encourage the receipt of patient feedback via national surveys, the Trust's real time feedback system, the Friends and Family Test (FFT), and complaints and compliments via the Hearing Feedback Team.

Priorities for 2019/20

The CCGs support the priorities set out for 2019/20 within the Quality Account and welcomes the continued development of detailed improvement plans and monitoring of progress against these priorities in the monthly Quality and Performance Report presented to the LCFT Board.

The CCGs look forward to continuing to work with LCFT over the coming year to ensure that the services commissioned are of a high quality standard and provide safe, patient centred care.

## **4.2 Amendments made to initial draft Quality Account following feedback from stakeholders**

Lancashire Care NHS Foundation Trust welcomes the positive feedback and ideas for improvement we have received on the format and content of the Quality Account this year. The feedback and ideas for improvement are acknowledged below:

### **Collective feedback:**

A number of stakeholders have made reference to the NHS staff survey findings and areas requiring improvement. Whilst this is not specifically a requirement of the Quality Account, readers will be proactively directed to other year-end documents such as the Annual Report where topics such as staff health & wellbeing are covered.

### [Statement from Lancashire County Council Overview & Scrutiny Committee](#)

The feedback about the presentation of the Quality Account using more visual aids to present the information rather than a reliance on narrative throughout will be reflected in Quality Account for 2019/20. An easy-read version of the Quality Account is currently under development and will be published.

The outcome of the Northumberland Tyne and Wear FT review will support continuous improvements in 2019/20 and will be reflected in the 2019/20 Quality Account.

### [Statement from Chorley and South Ribble CCG](#)

The positive feedback in relation to the good CQC rating received by Longridge Community Hospital and the improved mandatory training compliance position is appreciated. As noted we will continue to work in partnership to support the reduction in waiting times in AHP and children's integrated therapies and nursing teams and to achieve the key performance indicators in the integrated musculoskeletal service. Additional detail, as requested, in relation to the pressure ulcer focused quality improvement initiatives has been added to the Quality Account in section 2.

We will continue to work collaboratively to progress the Quality Assurance visit programme and welcome continued commissioner involvement in quality improvement focused initiatives including Good practice visits, Time to shine events, Always events and the Triangle of Care programme. We look forward to working together to achieve the requirements of the nationally mandated Integrated Care Partnership.

### [Statement from Blackpool Adult Social Care and Health Scrutiny Committee.](#)

The challenges presented in relation to both inpatient and community mental health services are acknowledged and we will strengthen engagement with partners in the coming year particularly in relation to delivering improvements and shaping new models of care as reflected in outcome of the Northumberland Tyne and Wear FT review.

### [Statement from Healthwatch Lancashire](#)

The opportunity to work with Healthwatch is welcomed. Recognition of the work progressed to develop a learning culture is appreciated and we will continue to build on this work across the priorities in the coming year. We will ensure that the continuous improvement work supporting a culture where the raising of concerns is supported and encouraged through the Freedom to Speak Up route is detailed in the 2019/20 Quality Account. The outcome of the Northumberland Tyne and Wear FT review and associated improvement plan will support the continuous improvement journey.

### [Statement from Sefton Council Overview and Scrutiny Committee](#)

The feedback shared recognising the involvement of the people with lived experiences in improvement initiatives is welcomed and will continue to be strengthened. As noted we continue to work to improve access to Podiatry in Southport and Formby with alternative models of service provision being explored. The helpful signposting to Liverpool John Moore's University research evidence regarding falls has been shared

with the specialist team who have a number of quality improvement initiatives in progress.

#### Statement from Blackburn with Darwen and East Lancashire CCG

The positive feedback in relation to the impact of the 2018/19 Quality Priorities is welcomed and we will continue to build on this work. Work to develop a quality focused culture which supports continuous learning and improvement is reflected across the improvement priorities for 2019/20.

We will ensure that the continuous improvement work supporting a culture where the raising of concerns is supported and encouraged through the Freedom to Speak Up route is detailed in the 2019/20 Quality Account.

As noted we continue to work to support an open reporting culture as reflected in incident reporting. The validation exercise in relation to reporting through the National Reporting and Learning System has been undertaken and the outcome will be shared through in year reporting.

Lancashire Care NHS Foundation Trust welcomes the invitations to work collaboratively with stakeholders to provide feedback on the quality priorities and the development of the 2019/20 Quality Account.

### 4.3 Statement of Directors responsibilities in respect of the Quality Report

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

NHS Improvement has issued guidance to NHS Foundation Trust Boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, Directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the *NHS Foundation Trust Annual Reporting Manual 2018/19* and supporting guidance *Detailed requirements for quality reports 2018/19*
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - Board minutes and papers for the period April 2018 to 23 May 2019
  - Papers relating to Quality reported to the Board over the period April 2018 to 23 May 2019
  - Feedback from commissioners dated 10 May 2019, 14 May 2019 and 22 May 2019
  - Feedback from Governors dated 19 February 2019
  - Feedback from local Healthwatch organisations dated 15 May 2019
  - Feedback from Overview and Scrutiny Committee dated 14 May 2019 and 20 May 2019
  - The Trust's complaints report published under Regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 2019
  - The 2018 National Community Mental Health Survey
  - The 2018 National Staff Survey
  - The Head of Internal Audit's annual opinion over the Trust's control environment dated 16 May 2019
  - CQC Inspection Report dated 23 May 2018
- The Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered.
- The performance information reported in the Quality Report is reliable and accurate.
- There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice.
- The data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review.
- The Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the

Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

The Directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

**By order of the Board**

23 May 2019  
David Eva  
Trust Chair



23 May 2019  
Caroline Donovan  
Chief Executive







# Independent auditor's report

## to the Council of Governors of Lancashire Care NHS Foundation Trust

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### 1. Our opinion is unmodified

We have audited the financial statements of Lancashire Care NHS Foundation Trust ("the Trust") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and 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 Trust's affairs as at 31 March 2019 and of its income and expenditure for the year then ended; and
- the Trust's financial statements 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, the NHS Foundation Trust Annual Reporting Manual 2018/19 and the Department of Health and Social Care Group Accounting Manual 2018/19.

#### 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 Trust 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.

#### Overview

<b>Materiality:</b>	£6m (2018: £6m)
financial statements as a whole	1.75% (2018: 1.75%) of operating income

#### Risks of material misstatement vs 2018

<b>Recurring risks</b>	Valuation of land and buildings	◀▶
	Fraudulent revenue recognition	◀▶
<b>New:</b>	Fraudulent Expenditure Recognition	▲

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
<p><b>Valuation of land and buildings</b></p> <p>Land and Buildings (£203.5 million; 2018: £213.5 million)</p> <p><i>Refer to page 75 (Audit Committee Report), note 1.7.2 (accounting policies) and note 19.1 (financial disclosures)</i></p>	<p><b>Subjective valuations:</b></p> <p>There is significant judgment involved in determining the appropriate basis (EUV or DRC) for each asset according to the degree of specialisation, as well as over the assumptions made in arriving at the valuation.</p> <p>Land and buildings are required to be held at fair value, for the Trust many of their buildings are considered specialised and therefore the GAM sets out the need for fair value to be determined based on replacement cost of a modern equivalent asset, since there is not an active market for the asset and it sets out any assumptions made about changes to the estate when determining how it would be replaced, e.g. change in location or size.</p> <p>Valuation is completed by the District Valuer, an external expert engaged by the Trust, using construction indices and so accurate records of the current estate are required. Full valuations are completed every five years, with desktop valuations completed in interim periods.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p>	<p>Our procedures included:</p> <p><b>Assessing valuer's credentials:</b> We critically assessed the competence, capability, objectivity and independence of the Trust's external valuer. This included a review of the Gerald Eve assurance report regarding their assessment of the Valuation Office Agency.</p> <p><b>Assessing valuation assumptions:</b> We reviewed the valuation reports, terms of engagement of, assumptions used by, and the instructions issued to, the valuer and compared these with the requirements of the GAM.</p> <p><b>Assessing valuation assumptions:</b> We critically assessed the assumptions underpinning the Trust's calculation of market value movements to the Royal Institute Chartered Surveyors data obtained by the valuer and corresponding with audit teams at other Trusts in the region, to assure ourselves that indices are comparable.</p> <p><b>Test of detail:</b> We tested the completeness and accuracy of the estate covered by the desktop valuation by comparing the Trust's underlying records of the estate held in the fixed asset register to the assets in the prior year valuation report. We tested a sample of additions to land and buildings during the year.</p> <p><b>Test of detail:</b> We tested the completeness and accuracy of the Trust's formal consideration of indications of impairment and surplus assets within its estate. This included an assessment of the adequacy of the written instructions communicated to the valuer to inform the impairment process and a review of the evidence to support the conclusions formed, as well as a recalculation of any resulting impairments.</p> <p><b>Test of detail:</b> We compared the numbers, included in the land and building values in the Statement of Financial Position and PPE note, alongside the impairment charges to the Statement of Comprehensive Income and revaluation reserve movements to the independent valuation report and the results of the Trust's impairment review, and investigated any variances.</p>

## 2. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
<p><b>Fraudulent Revenue Recognition</b></p> <p>NHS Income (£316 million; 2018: £306 million)</p> <p><i>Réfer to page 75 (Audit Committee Report), note 1.4.1 (accounting policies) and notes 3 and 4 (financial disclosures)</i></p>	<p><b>Subjective Estimate</b></p> <p>The main source of income for the Trust is the provision of healthcare services to the public under contracts with NHS commissioners.</p> <p>The Trust also receives funding for Education, Training and Research from other bodies in the Department of Health boundary. These activities frequently span years and as such a proportion of the income each year is deferred.</p> <p>We recognise that the incentives in the NHS differ significantly to those in the private sector which have driven the requirement to make a rebuttable presumption that this is a significant risk. These incentives in the NHS include the requirement to meet regulatory and financial covenants, rather than broader share based management concerns.</p> <p>We have classified NHS income as a significant risk to respond to this.</p>	<p>Our procedures included:</p> <p><b>Test of detail:</b> We compared the actual income for the Trust's most significant commissioners against the block contracts agreed at the start of the year and checked the validity of any significant variations between the actual income and the contract via agreement to appropriate third party confirmations.</p> <p><b>Test of detail:</b> We compared the income balances reported by the Trust as part of the 2018/19 Agreement of Balances (AoB) exercise to the balances reported in the accounts.</p> <p><b>Test of detail:</b> For any variances or mismatches identified as part of the AoB exercise, we sought explanations and supporting evidence for the Trust's position from the client. This included mismatches arising from the deferral of income by the Trust where the funder had recognised the full amount in expenditure in the year.</p> <p><b>Test of detail:</b> We analysed deferred income balances, and compared a sample of the balances carried forward to documentation to determine whether the income was being deferred appropriately, in line with conditions of the funding. We also tested a sample of income released in year to determine whether income was being recognised appropriately under IFRS 15.</p> <p><b>Test of detail:</b> Cut-off procedures were performed in order to gain assurance that income has been correctly recognised in the period.</p>



## 2. Key audit matters: our assessment of risks of material misstatement (cont.)

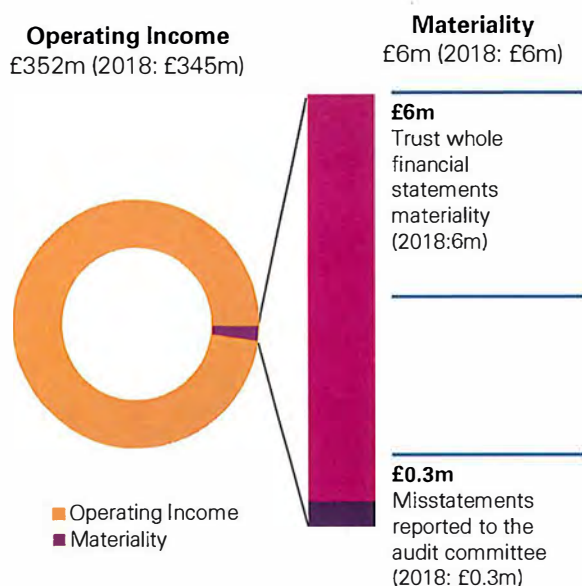
	The risk	Our response
<p><b>Fraudulent Expenditure Recognition</b></p> <p>Other Operating Expenditure (excluding staff costs, impairments and depreciation) (£79 million; 2018: £70 million)</p> <p>Trade and other payables (£35 million; 2017/18: £25 million)</p> <p><i>Refer to page 75 (Audit Committee Report), note 1.6 (accounting policies) and notes 7.1, 31.1 and 36.1 (financial disclosures)</i></p>	<p><b>Subjective Estimate:</b></p> <p>In the public sector, auditors also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). This may arise due to the audited body manipulating expenditure to meet externally set targets.</p> <p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition and so the auditor has regard to this when planning and performing audit procedures</p> <p>We do not consider this risk to apply to all expenditure in the period. The incentives for fraudulent expenditure recognition lie within accrued expenditure at year-end, as well as completeness of recognition of new provisions or release of existing provisions.</p> <p>Our response to this risk focused on non-pay spend, including agency staff payments. Salary costs are considered lower risk in terms of the scope for fraudulent recognition and misrepresentation by management.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>- <b>Test of detail:</b> We inspected all material invoices received in April 2019 to agree that these have been accounted for correctly by evaluating when the service had been delivered;</li> <li>- <b>Test of detail:</b> We inspected all material items of expenditure in the April 2019 bank statements to identify if there were any unrecorded liabilities that should have been accounted for in the 2018/19 financial statements;</li> <li>- <b>Test of detail:</b> We performed a year-on-year comparison of accruals posted in 2018/19 to those posted in 2017/18 to evaluate the completeness of the accruals balance, as well as agreeing a sample to supporting documentation;</li> <li>- <b>Test of detail:</b> We considered the completeness of provisions based on our cumulative knowledge of the Trust, inquiries with Directors, and inspection of legal correspondence. We considered whether there were events that would require a contingent liability disclosure in the accounts. We also considered the appropriateness of releases of provisions made in year by critically assessing the justification for the release against the relevant accounting standards;</li> <li>- <b>Test of detail:</b> We vouched a sample of journals posted before and after the year end to supporting documentation to confirm inclusion in the correct period and to critically assess whether any manual adjustments to expenditure were appropriate;</li> <li>- <b>Test of detail:</b> We inspected confirmations of balances provided by the Department of Health as part of the Agreement of Balances (AoB) exercise and compared the relevant payables recorded in the Trust's financial statements to the receivables balances recorded within the accounts of other providers and other bodies within the AoB boundary. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising expenditure to other providers and other bodies within the AoB boundary.</li> </ul>

### 3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £6 million (2017/18: £6 million), determined with reference to a benchmark of forecast operating income (of which it represents approximately 1.75%). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £0.3 million (2017/18: £0.3 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was [all] performed at the Trust’s headquarters in Prestwich.



### 4. We have nothing to report on going concern

The Accounting Officer has 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 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”).

Our responsibility is to conclude on the appropriateness of the Accounting Officer’s conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 Trust will continue in operation.

In our evaluation of the Accounting Officer’s conclusions, we considered the inherent risks to the Trust’s business model, including the impact of Brexit, and analysed how those risks might affect the Trust’s financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement on page 86 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Trust’s use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

### 5. We have nothing to report on the 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.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

#### Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2018/19.

#### Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors’ statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust’s position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2018/19 is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.



## 6. Respective responsibilities

### Accounting Officer's responsibilities

As explained more fully in the statement set out on page 86, 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on page 86 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

### 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](http://www.frc.org.uk/auditorsresponsibilities)

## REPORT ON OTHER LEGAL AND REGULATORY MATTERS

### We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- any matters have been reported in the public interest under Schedule 10(3) 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.

### We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the 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 Schedule 10 paragraph 1(d), 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, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risks identified during our risk assessment are set out overleaf together with the findings from the work we carried out on each area.

Significant Risk	Description	Work carried out and judgements
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<b>Sustainable resource deployment</b>	At month 6 the Trust reported a £2.2m deficit. The forecast outturn for the year at month 6 was in line with plan (deficit before impairment £1.68m).	Our work included:
	The Trust continued to recognise pressure from Out of Area Placements (OATS) costs which impacts the Trust's ability to meet financial targets.	<ul style="list-style-type: none"> <li>For the current year, we have reviewed the arrangements in place to deliver and report on the forecast outturn, and especially the arrangements in place to deliver the CIP, manage the OAPs position and report on and write off bad debts.</li> <li>Looking ahead, we also considered the extent to which the Trust will be able to deliver its control totals in the future, and maintain a surplus position across the medium term. This included a review of forecasts including cash flows, and the arrangements in place to deliver forecast positions. This includes delivery of targets required to secure additional Provider Sustainability Fund (PSF) income.</li> <li>As part of our work, we also considered other arrangements, including financial reporting to the Board to inform decision making and engagement with wider stakeholders to support the delivery of efficiencies.</li> </ul>
	Cost Improvement Plans (CIPs) have been achieved in prior years, although this has been through a combination of recurrent and non-recurrent schemes. Current and future year targets remained highly challenging in both scale and complexity to deliver.	
	Agency costs are also an area of pressure, although the Trust was still forecasting spending within its annual cap at month 6.	

**Our findings on this risk area:**

*Financial Performance*

The financial performance at the end of March 2019 was a reported financial surplus of £874k. This included a PSF bonus of £2,455k, being PSF over and above planned PSF (£2,199k). The financial statements for 2018/19 show a year end deficit of -£14.0m, but after adjusting for impairments of £14.8m this left a small surplus of c£0.9m. The Trust have agreed a deficit control total of £2.98m for 2019/20 (excluding PSF).

*Out of Area Placements (OAPs)*

Out of Area Placements cost the Trust £9m which equated to an average number of OAPs each month of 46.92, with a total of 17,106 bed days used across the year. System challenges continue to contribute to investment issues in the mental health urgent care pathways manifesting in a significant OAPs cost each year. Breaches of the 12 hour wait target for mental health patients are another significant system pressure. Finance directors in the system are working to develop a proposal on the business rules for further discussion with NHSI/E in due course.

*Cost Improvement Plan (CIP)*

The Trust delivered £11.9m of CIP in 18/19, exceeding its target of £11.4m. For 2019/20, the Trust is planning to deliver £10.1m. The Trust faced a deficit of c£7m during the year and formulated a recovery plan which required delivery of half the deficit from the Trust's own initiatives and half from commissioners. We are satisfied that the Trust had appropriate arrangements in place to secure financial sustainability in 2018/19. The Trust however continues face significant challenges into 2019/20. Whilst we have concluded that an unmodified audit opinion is appropriate, we recommend system-level negotiations are escalated to secure additional investment going forward.

Significant Risk	Description	Work carried out and judgements
<p><b>Informed decision making</b></p>	<p>Currently the Trust is rated as Requires Improvement by the CQC.</p> <p>The Trust is still in the process of responding to CQC actions from previous reviews.</p> <p>It also anticipates another full inspection during 2019.</p> <p>Recent internal audit reports have found evidence that some actions to address CQC findings have either not been completed or not been effective. This is contrary to assurances provided to Board.</p> <p>The Trust is in a period of leadership transition, with a new Chief Executive and interim/pending appointments for multiple Director posts.</p>	<p>Our work included:</p> <ul style="list-style-type: none"> <li>- We have reviewed papers presented to Board to provide updates on progress against CQC requirements;</li> <li>- We have compared these to the findings of internal audit in recent reports;</li> <li>- We have discussed findings with senior management and sought assurance around responses to recent findings and preparations for re-inspection.</li> </ul> <p><b>Our findings on this risk area:</b></p> <p>The Care Quality Commission (CQC) inspected the Trust in January and February 2018, with the formal CQC reports published in May 2018. The CQC rated the 'safe' and 'effective' domains as 'requires improvement' overall and 'well-led' at Trust level also as 'requires improvement'. The 'caring' and 'responsive' domains were rated as good overall.</p> <p>The Trust developed a Quality Improvement Action Plan to address all the requirements and recommendations contained within the CQC inspection reports. The following arrangements for action plan monitoring formed part of that overall process:</p> <ul style="list-style-type: none"> <li>* All actions were added to the Datix action tracking function in July/August 2018.</li> <li>* Action completion involved the action owner submitting evidence, validated by the Quality Insight &amp; Assurance team and then approved by the executive lead.</li> <li>* Monthly reporting to the Quality and Safety Sub-committee, Business Development and Delivery Sub-committee and People Sub-committee, with bi-monthly reporting to the Quality Committee (and through that reporting to Trust Board).</li> </ul> <p>The Trust's internal auditors (MIAA) undertook an initial review of action plan delivery, established that 43 of the completed actions signed off as "green – complete" by the Trust were validated compared to the Trust's position of 85. Actions on the Mental Health Pathway were a particular area where difficulty was experienced in validating actions. However, this position was reflective of the evidence recorded in Datix; not whether the action had actually been completed. MIAA subsequently carried out a further follow-up review and were able to revise the position as at the 2 April 2019 to confirm 78 actions assessed as complete, 15 partially complete and 3 not complete/ started.</p> <p>In May 2019, a review of all outstanding actions and evidence as determined by MIAA has been carried out by the Associate Director of Effectiveness. All evidence collated as part of the exercise has been validated by MIAA and as at 30 April 2019, all outstanding actions have been validated. While response to regulatory findings remains a significant risk factor, the Trust have mitigated the risk when taking the evidence in the round, albeit after year-end. This therefore, supports an unmodified VFM opinion, although the risk of negative regulatory findings during 2019/20 remains, particularly on the Trust's Mental Health Pathway.</p>



## **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 Care NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.



**Robert Jones**  
**for and on behalf of KPMG LLP (Statutory Auditor)**

*Chartered Accountants*  
One St Peter's Square,  
Manchester,  
M2 3AE

28 May 2019

## **INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF LANCASHIRE CARE NHS FOUNDATION TRUST ON THE QUALITY REPORT**

We have been engaged by the Council of Governors of Lancashire Care NHS Foundation Trust to perform an independent assurance engagement in respect of Lancashire Care NHS Foundation Trust's Quality Report for the year ended 31 March 2019 (the 'Quality Report') and certain performance indicators contained therein.

### **Scope and subject matter**

The indicators for the year ended 31 March 2019 subject to limited assurance consist of the following two national priority indicators:

- early intervention in psychosis (EIP): people experiencing a first episode of psychosis treated with a National Institute for Health and Care Excellence (NICE)-approved care package within two weeks of referral; and
- inappropriate out-of-area placements for adult mental health services

We refer to these national priority indicators collectively as the 'indicators'.

### **Respective responsibilities of the directors and auditors**

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the *Detailed requirements for quality reports for foundation trusts 2018/19* ('the Guidance'); and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the *NHS Foundation Trust Annual Reporting Manual* and the six dimensions of data quality set out in the Guidance.

We read the Quality Report and consider whether it addresses the content requirements of the *NHS Foundation Trust Annual Reporting Manual* and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes and papers for the period April 2018 to May 2019;
- papers relating to quality reported to the board over the period April 2018 to May 2019;
- feedback from commissioners, dated 10 May 2019, 14 May 2019 and 22 May 2019;
- feedback from governors, dated 19 February 2019;
- feedback from local Healthwatch organisations, dated 15 May 2019;
- feedback from Overview and Scrutiny Committee, dated 14 and 20 May 2019;
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 2019;
- The 2018 National Community Mental Health Survey;
- The 2018 National Staff Survey;

- Care Quality Commission Inspection, dated 23 May 2018;
- the 2018/19 Head of Internal Audit's annual opinion over the trust's control environment, dated 16 May 2019; and
- any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Lancashire Care NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2019, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Lancashire Care NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

#### **Assurance work performed**

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

#### **Limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

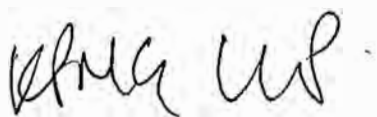
The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by Lancashire Care NHS Foundation Trust.

### **Conclusion**

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2019:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the Guidance; and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Guidance.



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28 May 2019



